TRENT UNIVERSITY

Financial Statements

April 30, 2007

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<u>Trent University's Mission Statement</u>

"Trent University aspires to be Canada's outstanding small university known for its commitment to liberal undergraduate education in the humanities, social sciences and natural sciences and to the centrality of the individual student. Within a collegial setting the University offers undergraduate and graduate programs, both traditional and interdisciplinary, which seek to advance learning through the creative interaction of teaching and research of the highest quality."

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY
YEAR ENDED APRIL 30, 2007

The management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

Management has prepared the financial statements in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly the University's financial position as at April 30, 2007, and the results of its operations and cash flows for the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. Additionally, management has ensured that financial information presented elsewhere in this annual report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reasonable basis for the preparation of financial statements.

The University's Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements and the annual report principally through its Investment & Audit Committee. The majority of the members of the Investment & Audit Committee are not officers or employees of the University. The Investment & Audit Committee meets regularly with management as well as with the external auditors to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Investment & Audit Committee with and without presence of management.

The financial statements for the year ended April 30, 2007, have been reported on by McColl Turner LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information in the financial statements.

Don O'Leary
D. O'Leary
Vice-President Administration

Bonnie M. Patterson
B.M. Patterson
President and Vice-Chancellor

September, 2007

Introduction to Trent University's Financial Statements 2006-07

The following four pages provide background and additional statistical data that capture trends in revenues and expenditures for the last five years. The charts and graphs provide two insights – one related to total revenues and expenditures for the University and the other related to operating accounts only. This information is intended to complement that contained in the financial statements providing the reader with a context for the year-end results.

Over the past four years, the Province of Ontario has assisted Ontario Universities in meeting the increase in demand for university education. Trent's plan was to grow its overall size to over 7,000 students including some 420 international students and up to 300 graduate students. The enrolment levels have been achieved and indeed exceeded. The Board of Governors approved a revised Strategic Directions document after a year long committee consultation that provides focus for university developments through 2014 when Trent will turn 50 years of age. To achieve our vision to create a learning environment where students think critically, are socially conscious and are prepared to make a difference in society, strategic pathways, decisions and investments aligned to that vision are critical. Financial stability is a cornerstone of the Board's oversight role and this year's results reflect continued progress.

Construction of the DNA Research and Teaching Facility started in July 2005 was completed in September 2006. Total building costs incurred were $16.6 million. Combined with other recent facilities projects such as the Chemical Science Building and Peter Gzowski College, this represents over $65 million dollars of new investment at Trent, the largest capital investment in the University's history.

The data provided on the following pages identifies a number of distinct trends –

- As a percentage share of operating revenue, government grants have increased as a result of enrolment growth and represent 54.8% of operating revenue while tuition has hit a record low as a percentage share of operating revenue at 41.6%.
- Tuition fee increases were limited by government policy to a maximum of 4.0% for continuing students and 4.5% for new students. Combined, grant and tuition dollars fall short of inflationary cost pressures that run over 5 per cent annually and budget pressures continue.
- The major expenditure in the budget continues to be in salaries and benefits, which represent 77.4% of operating expenditures. This is expected in a knowledge-intensive organization.
- In real dollars, more institutional funds were dedicated again this year to scholarships and bursaries for students. Trent's increase has been from $5.9 million in 2003 to $8.5 million in 2007, supporting our objective to be accessible to students regardless of socio-economic background.
- Significant growth in the total revenue and expenditure pattern of the University has occurred over 5 years, from a $86.3 million operation to an over $123 million operation.

With government support ignoring inflation, it is critical that we seek and diversify new sources of funds and expand our revenue base beyond that received from government and direct fees paid by students. The Board has approved one such project using University lands in a partnership development associated with power generation. A second project is under development associated with housing and potential retail opportunities. We will continue to seek improvements in our operational efficiency to help offset annual inflationary costs, however, with the lowest levels of per student funding amongst all provinces, this will be a significant challenge. We look forward to new government investments announced in the 2007 Federal budget. Planning strategically and staying focused will be important as we strive to maintain the quality of our programs and attract qualified students as competition increases both provincially and nationally.

Critical success factors in our financial stability have been an enhanced marketing and recruitment strategy and new academic directions. Included in this effort is the introduction of four new graduate programs to our program mix. As well, a major focus has been on building broader awareness of Trent and its attributes as a learning environment.

As you examine our financial statements*, OPERATING* activities include the University's academic programs, general operations and its ancillary operations. The ancillary operations of the University include services provided to students such as housing, food services, the bookstore, and commercial operations such as conferences and printing services.

INTERNALLY restricted activities are funds set aside for specific purposes and include internally funded research and trust activities. *EXTERNALLY* restricted activities include the operations that are funded from revenues received from external sources. The sources for these funds specify to the University how the funds must be spent and typically include research activities funded from federal or provincial government grants, and trust activities funded from donations.

Research activities continue to increase at Trent. Since 1990 the University has increased research revenue in real terms, and expressed as a percentage of total revenue, from 2.3% to its current level of 7.4%. This attests to the strength of our faculty capability that is so important to our future and the distinctiveness of Trent amongst our peer institutions in Canada.

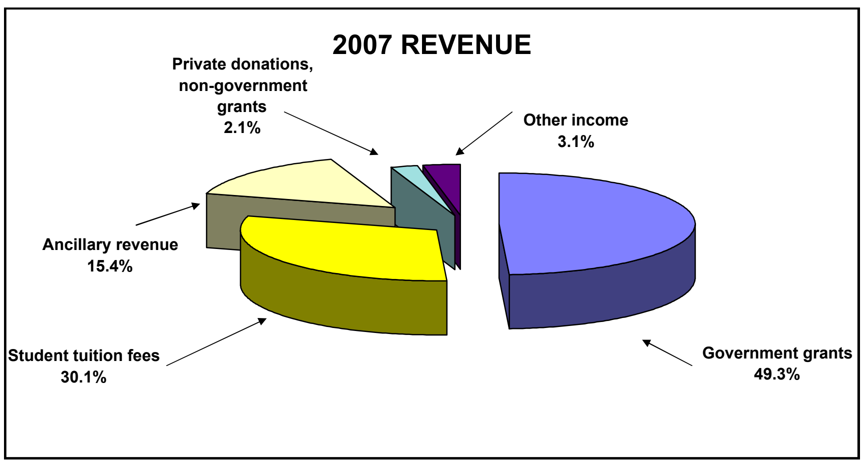
ENDOWMENTS increased by 9.0% over last year from $26.8 to $29.2 million. A significant component of that endowment, over $16 million, is used to support students directly with financial assistance.

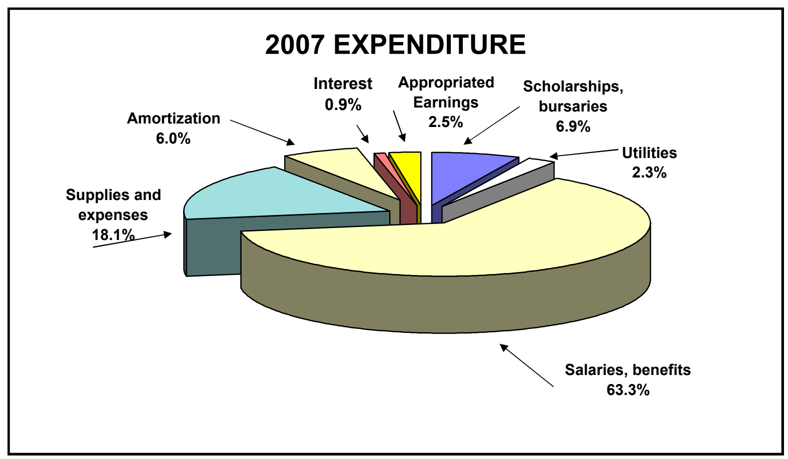
Professor Bonnie M. Patterson
President & Vice Chancellor
September, 2007

SUMMARY OF TOTAL REVENUE AND EXPENDITURE
(includes unrestricted, internally restricted, externally restricted, investments in capital assets)
(millions of dollars)

REVENUE										
2007	2006	2005	2004	2003		2007	2006	2005	2004	2003
$61.0	$55.8	$47.4	$42.8	$38.7	Government grants	49.3%	48.1%	45.2%	43.8%	44.8%
37.2	35.4	33.8	32.1	27.0	Student tuition fees	30.1%	30.6%	32.2%	32.8%	31.3%
19.0	17.8	17.2	15.8	13.3	Ancillary revenue	15.4%	15.4%	16.4%	16.2%	15.4%
2.6	3.2	2.3	3.2	3.5	Private donations, non-government grants	2.1%	2.8%	2.2%	3.3%	4.1%
3.8	3.6	4.2	3.8	3.8	Other income	3.1%	3.1%	4.0%	3.9%	4.4%
$123.6	$115.8	$104.9	$97.7	$86.3		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE										
2007	2006	2005	2004	2003		2007	2006	2005	2004	2003
$78.2	$71.0	$64.8	$58.5	$50.3	Salaries and benefits	63.3%	61.7%	61.8%	60.4%	59.0%
8.5	7.7	7.7	7.2	5.9	Scholarships and bursaries	6.9%	6.7%	7.4%	7.4%	6.9%
2.8	2.8	2.4	2.1	1.7	Utilities	2.3%	2.4%	2.3%	2.2%	2.0%
22.4	20.9	18.4	19.1	18.4	Supplies and expenses	18.1%	18.1%	17.6%	19.7%	21.5%
1.1	1.1	1.0	0.5	0.2	Interest	0.9%	1.0%	1.0%	0.5%	0.2%
7.4	6.7	5.2	4.6	3.6	Amortization	6.0%	5.8%	5.0%	4.8%	4.2%
3.1	5.0	5.1	4.8	5.3	Appropriated Earnings	2.5%	4.3%	4.9%	5.0%	6.2%
$123.5	$115.2	$104.6	$96.8	$85.4		100.0%	100.0%	100.0%	100.0%	100.0%





SUMMARY OF OPERATING REVENUE AND EXPENDITURE

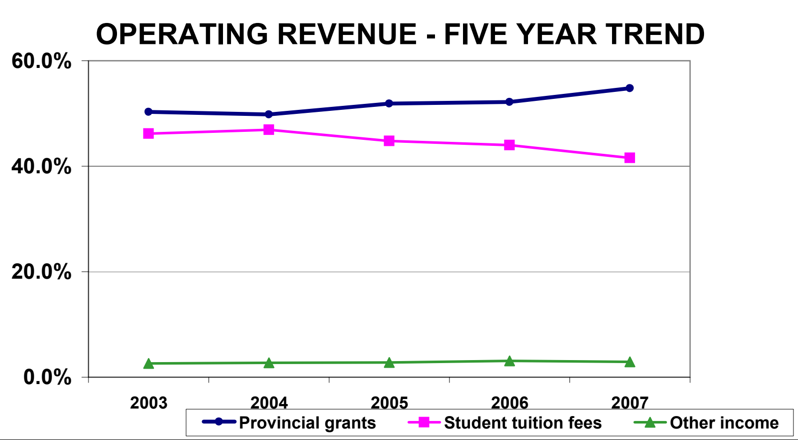
(millions of dollars)

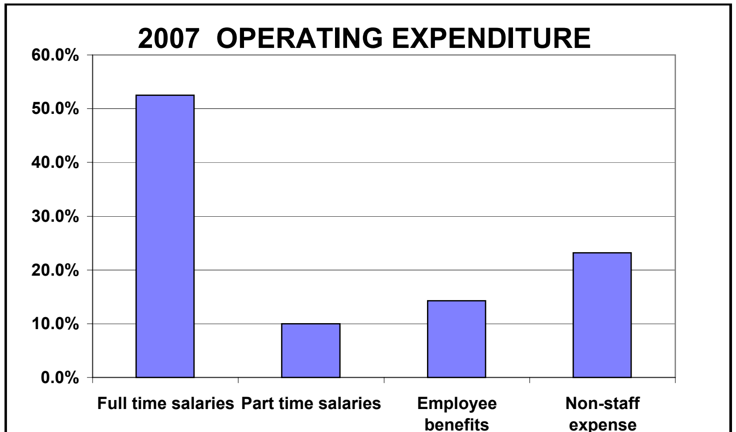
REVENUE

2007	2006	2005	2004	2003		2007	2006	2005	2004	2003
$49.1	$41.9	$39.2	$34.0	$29.3	Provincial grants	54.8%	52.2%	51.9%	49.8%	50.3%
37.2	35.4	33.8	32.1	27.0	Student tuition fees	41.6%	44.0%	44.8%	46.9%	46.2%
0.6	0.6	0.4	0.4	0.5	Donations and grants	0.7%	0.7%	0.5%	0.6%	0.9%
2.6	2.5	2.1	1.9	1.6	Other income	2.9%	3.1%	2.8%	2.7%	2.6%
$89.5	$80.4	$75.5	$68.4	$58.4		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE

2007	2006	2005	2004	2003		2007	2006	2005	2004	2003
$69.0	$62.2	$56.8	$50.8	$43.0	Salaries and benefits	77.2%	78.0%	75.5%	75.0%	74.5%
7.0	6.3	6.4	5.8	4.6	Scholarships and bursaries	7.8%	7.9%	8.5%	8.6%	8.0%
1.6	1.3	1.2	1.1	0.8	Utilities	1.8%	1.6%	1.6%	1.6%	1.4%
7.2	6.9	5.1	6.0	4.9	Supplies and expenses	8.1%	8.6%	6.8%	8.9%	8.5%
0.1	0.0	0.0	0.0	0.0	Interest	0.1%	0.0%	0.0%	0.0%	0.0%
4.5	3.1	5.7	4.0	4.4	Appropriated earnings	5.0%	3.9%	7.6%	5.9%	7.6%
$89.4	$79.8	$75.2	$67.7	$57.7		100.0%	100.0%	100.0%	100.0%	100.0%





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AUDITORS' REPORT

To the Board of Governors
Trent University

We have audited the statement of financial position of Trent University as at April 30, 2007 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the University's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McColl Turner LLP

Licensed Public Accountants

Peterborough, Ontario
August 9, 2007

Trent University

Statement of Financial Position

April 30, 2007

(with comparative figures for April 30, 2006)
(thousands of dollars)

	2007	2006
ASSETS		
Current		
Cash and short term investments	$ 19,702	$ 18,841
Accounts receivable	3,951	3,716
Inventories	68	83
Prepaid expenses and deposits	715	458
	24,436	23,098
Long term investments (note 3)	30,631	28,594
Capital assets (note 4)	136,506	128,051
	$ 191,573	$ 179,743
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	$ 11,456	$ 13,044
Current portion of long term debt	1,216	1,057
Deferred revenue (note 5)	15,599	16,103
	28,271	30,204
Long term debt (note 6)	29,006	22,122
	57,277	52,326
Deferred capital contributions (note 7)	70,942	69,632
NET ASSETS		
Deficit (note 8)	(9,257)	(9,319)
Internally restricted (note 9)	13,376	12,383
Investment in capital assets (note 10)	30,004	27,901
Endowments (note 11)	29,231	26,820
	63,354	57,785
	$ 191,573	$ 179,743

Approved by the Board of Governors

Governor ____________ Governor ____________

The accompanying notes are an integral part of the financial statements

Trent University

Statement of Changes in Net Assets
Year Ended April 30, 2007
(with comparative figures for April 30, 2006
(thousands of dollars)

	2007					2006
	Deficit	Internally Restricted	Investment in Capital Assets	Endowments	Total	Total
Net assets (deficit), beginning of year	$ (9,319)	$ 12,383	$ 27,901	$ 26,820	$ 57,785	$ 49,443
Excess of revenue over expense for the year	3,158	-	-	-	3,158	5,549
Change in internally restricted net assets	(993)	993	-	-	-	-
Change in investment in capital assets	(2,103)	-	2,103	-	-	-
Change in Endowments	-	-	-	2,411	2,411	2,793
Net assets (deficit), end of year	$ (9,257)	$ 13,376	$ 30,004	$ 29,231	$ 63,354	$ 57,785

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University

Statement of Operations
Year Ended April 30, 2007
(with comparative figures for April 30, 2006)
(thousands of dollars)

	2007	2006
REVENUE		
Government grants	$ 61,015	$ 55,843
Tuition fees	37,244	35,390
Ancillary sales and services	18,979	17,839
Donations and grants	2,638	3,215
Investment income	1,879	1,780
Miscellaneous	1,892	1,771
	123,647	115,838
EXPENSE		
Salaries and benefits	78,259	71,023
Scholarships and bursaries	8,520	7,744
Utilities	2,859	2,786
Supplies	22,362	20,859
Interest	1,111	1,150
Amortization		
Library acquisitions	712	703
Other capital assets	6,666	6,024
	120,489	110,289
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	3,158	5,549
Change in Internally Restricted Net Assets	(993)	(821)
Change in Investment in Capital Assets	(2,103)	(4,138)
DECREASE IN DEFICIT FOR THE YEAR	62	590
DEFICIT – beginning of year	(9,319)	(9,909)
DEFICIT – end of year	$ (9,257)	$ (9,319)

The accompanying notes are an integral part of the financial statements

Trent University

Statement of Cash Flows
Year Ended April 30, 2007
(with comparative figures for April 30, 2006)
(thousands of dollars)

	2007	2006
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	$ 3,158	$ 5,549
Amortization of capital assets	7,378	6,727
Change in non-cash working capital items	(2,568)	4,359
Increase in deferred capital contributions	1,310	2,323
	9,278	18,958
ENDOWMENT ACTIVITIES		
Endowment contributions	2,411	2,793
FINANCING AND INVESTING ACTIVITIES		
Proceeds from long term debt	7,165	-
Repayment of long term debt	(122)	(466)
Purchase of capital assets	(15,834)	(17,249)
Increase in long term investments	(2,037)	(3,848)
	(10,828)	(21,563)
NET INCREASE IN CASH FOR THE YEAR	861	188
CASH POSITION - beginning of year	18,841	18,653
CASH POSITION - end of year	$ 19,702	$ 18,841

The accompanying notes are an integral part of the financial statements

1. AUTHORITY

Trent University operates under the authority of The Trent University Act, 1962-63. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General

The financial statements of the University have been prepared by management in accordance with accounting principles generally accepted in Canada and consistently applied.

The combined financial statements reflect the assets, liabilities, revenue, expenses and other transactions of all the operations of the University and organizations that the University has the primary economic interest in or controls.

The University accounts identify financial activity separately for operating transactions, internally restricted transactions, externally restricted transactions and endowment related transactions.

- Operating transactions are for general activities.
- Internally restricted related transactions are generally for funds designated for specific activities by university management.
- Externally restricted related transactions are associated with funds received from external sources which can only be spent in accordance with the restrictions provided by the sources providing the funds.
- Revenue and expense from operating, internally restricted and externally restricted transactions are reported in the Statement of Operations.
- Endowment related transactions include contributions which are designated as endowment by the source providing the funds and contributions designated as endowment by university management. Internally and externally restricted endowment contributions are reported on the statement of Changes in Net Assets.

The financial statements do not include the assets, liabilities, revenue and expenses of the Trent University Foundation (see note 14).

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Capital assets

Capital assets are recorded at cost, or in the case of donated assets, at fair market value on the date of the donation.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years	Library books and serials	5 years
Equipment and furnishings	10 years	Rare collections	no amortization
Computer equipment	5 years	System software	5 years
Vehicles	5 years		

(d) Investments

Long term investments are stated at cost or, if there is a decline in market value below cost that is considered to be other than a temporary decline, the investments are written down to market value. Market values of long term investments are reported in note 3.

(e) Revenue recognition

The University follows the deferral method of accounting for revenue derived from the provision of service and from revenue contributions. Contributions may either be operating, internally restricted, externally restricted or endowed.

- Revenue received by the University for the provision of goods and services is recognized when goods and services are provided. Student fees are recognized as revenue when courses are provided.
- Operating contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are incurred. Externally restricted contributions can only be used for the purposes designated by external contributors. Pledged donations are not recorded until received due to the uncertainty involved in their collection.
- Contributions for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the related capital assets are amortized.
- Endowment contributions and related restricted investment revenue are reported as direct increases in net assets when received.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) Retirement Plans

The University maintains contributory defined benefit pension plans which cover eligible faculty and staff. The assets, liabilities and results of operations of the plans are included in the financial statements of the respective Trent University pension funds. Accrued pension benefits are actuarially determined using the projected benefit method pro rated on service and discounted using current market interest rates. The obligations also reflect management's best estimate of salary escalation, retirement ages of employees and other actuarial factors. The cost of providing post-retirement benefits is reflected in the year of the employee's service rather than as paid. Unamortized actuarial losses in excess of 10% of the greater of accrued benefit obligations and fair value of plan assets at the beginning of the year are amortized over the average remaining service period of active employees.

(g) Fund raising activities

Gifts and grants from fundraising activities are recorded when received. Pledges are recorded upon payment.

(h) Sabbaticals and other leaves

The cost of sabbaticals and leaves are recorded when paid.

(i) Contributed services

Volunteers as well as members of the University community including alumni contribute an extensive number of hours per year to assist the institution in carrying out its service delivery activities. Such contributed services are not recognized in the financial statements.

(j) Financial instruments

The carrying amounts reported in the statement of financial position for accounts receivable, accounts payable and accrued liabilities, and long term debt approximate fair market value. The market value of long term investments has been reported in note 3.

(k) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

Trent University
Notes to the Financial Statements
April 30, 2007
(thousands of dollars)

3. LONG TERM INVESTMENTS

Investments are monitored by a Committee of the Board of Governors. Investments are managed by investment managers subject to asset mix and performance benchmarks contained in the investment policy of the Board of Governors. The investment managers report on a regular basis to the Committee of the Board.

The cost and market values of the long term investments at April 30 were:

	2007		2006	
	Cost	Market	Cost	Market
Cash	$ 1,526	$ 1,526	$ 479	$ 479
Bonds	12,436	12,751	11,844	11,933
Equities	16,669	20,464	16,271	18,268
	$ 30,631	$ 34,741	$ 28,594	$ 30,680

Long term investments include investments of endowment funds $27,354 (2006 - $25,422) and of employee early retirement plans $3,277 (2006 - $3,172).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	$ 7,314	$ -	$ 7,314	$ 7,562	$ -	$ 7,562
Buildings	157,219	47,718	109,501	136,724	43,986	92,738
Equipment, software	39,775	22,691	17,084	34,923	20,405	14,518
Library books, serials	21,901	19,495	2,406	21,192	18,783	2,409
Construction in progress	201	-	201	10,824	-	10,824
	$ 226,410	$ 89,904	$ 136,506	$ 211,225	$ 83,174	$ 128,051

The net investment in capital assets is set out in note 10.

(thousands of dollars)

5. DEFERRED REVENUE

Deferred revenue represents unexpended amounts received in the current and prior years for services to be provided in a future year. Details of the year-end balances are as follows:

	2007	2006
Externally restricted donations	$ 4,399	$ 4,414
Student fees	2,125	1,048
Federal and Provincial Government grants	8,317	9,900
Other	758	741
	$ 15,599	$ 16,103

6. LONG TERM DEBT

Long term debt consists of:

	2007	2006
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	$ 2,786	$ 2,883
Physics Building extension	691	803
Bradburn House renovations	449	477
Gzowski College Residence	11,796	11,961
DNA Building	7,165	-
Faculty voluntary early retirement program	5,712	5,652
Future cost of post-retirement benefits	1,302	1,032
Other	321	371
	30,222	23,179
Amount due within one year shown as current liability	1,216	1,057
	$ 29,006	$ 22,122

Canada Mortgage and Housing Corporation debentures bear interest at rates from 5.875% to 8.25% and will mature on various dates between 2017 and 2024 payable in annual blended instalments of $313.

(thousands of dollars)

6. LONG TERM DEBT (continued)

The financing for the Physics Building extension represents a term loan with the Bank of Montreal at a fixed rate of 6.48% payable in monthly blended instalments of $13. The final payment falls due May 31, 2008 and management intends to refinance.

The loan regarding the Bradburn House is a mortgage with the Bank of Montreal at a fixed rate of 4.445%, payable in blended monthly instalments of $6, secured by specific land and buildings. The final payment falls due September 30, 2008 and management intends to refinance.

The residence and dining portion of the Peter Gzowski College/First Peoples House of Learning is funded through an interest rate swap agreement with the Bank of Montreal due to mature on May 1, 2034 with an effective rate of interest of 6.415%. Total principal and interest payments in 2007 were $927 (2006 - $928).

The University entered into a Financing Agreement with Ontario Infrastructure Projects Corporation for a maximum principal amount of $40,300 for several capital projects. The DNA Building financing of $7,165 represents the first advance against this facility. Management intends to convert the advance to a Debenture with a fixed rate. The current 30 year rate is 5.35%.

The faculty voluntary early retirement programs reflect payments required by individual contracts over varying future periods. The current and future costs of these programs have been reflected in the deficit and are based on the effective early retirement dates. Future costs will be funded from future cost savings, therefore, the recognition of future costs in current year's expenditure increases the deficit (note 8).

The principal repayments estimated in each of the next five years are as follows:

2007-2008	$	1,216
2008-2009		1,253
2009-2010		1,291
2010-2011		1,308
2011-2012		1,351

(thousands of dollars)

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of externally restricted contributions used for the purchase of capital assets. Details of the changes in the deferred capital contributions balance are as follows:

	2007	2006
Balance - beginning of year	$ 69,632	$ 67,309
Add contributions received for capital acquisitions	5,370	6,063
Less amortization of deferred capital contributions	(4,060)	(3,740)
Balance - end of year	$ 70,942	$ 69,632

8. DEFICIT

Details of the deficit are as follows:

	2007	2006
Deficit as per Statement 1	$ (9,257)	$ (9,319)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	2,573	2,695
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,401	1,287
Balance of deficit for general University operations	$ (5,283)	$ (5,337)

9. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2007	2006
Internally restricted research and trust	$ 786	$ 571
Funds committed for specific purposes	12,590	11,812
	$ 13,376	$ 12,383

(thousands of dollars)

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2007	2006
Capital assets (note 4)	$ 136,506	$ 128,051
Less amounts financed by long term debt:		
Long term debt pertaining to capital assets	(23,208)	(16,496)
Deferred capital contributions (note 7)	(70,942)	(69,632)
Less amounts financed internally	(12,352)	(14,022)
	$ 30,004	$ 27,901

11. ENDOWMENTS

Details of year end balances are as follows:

	2007		2006	
	Cost	Market	Cost	Market
Student assistance	$ 16,335	$ 21,173	$ 15,034	$ 18,108
General endowment	1,799	3,077	1,781	2,791
Library	1,131	1,904	1,117	1,724
Research	47	70	47	65
Colleges, departments, other	4,018	6,763	3,821	5,988
Reinvested realized earnings	5,901		5,020	
	$ 29,231	$ 32,987	$ 26,820	$ 28,676

Reinvested realized earnings is the amount of earnings available for allocation to unit holders based on the Board's investment earnings distribution policy. The policy allows a maximum annual distribution of 4% on the average four-year rolling unit value at December 31.

(thousands of dollars)

11. ENDOWMENTS (continued)

Student Assistance - Ontario Student Opportunity Trust Fund – Phase I and II and Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the first and second phases of the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support (OTSS). Under the programs the Government matched funds raised by the University. The purpose of the programs is to assist academically qualified individuals who for financial reasons would not otherwise be able to attend university. The Phase I and II information is for the period May 1, 2006 to April 30, 2007 with comparative figures for April 1, 2005 to April 30, 2006. The OTSS information is for the period April 1 to March 31, 2007 and 2006.

	2007			2006		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Endowment balance including preservation of capital, beginning of year	$ 6,983	$ 1,700	$ 1,649	$ 7,098	$ 1,694	$ -
Donations	21	-	589	1	-	589
Matching funds from MTCU	-	-	589	-	-	589
Transfers to/from Expendable Trust	(59)	-	-	-	-	-
Unmatched cash donations transferred to OTSS	-	-	-	-	(145)	-
Preservation of capital	85	24	441	(116)	151	471
Endowment balance, end of year	$ 7,030	$ 1,724	$ 3,268	$ 6,983	$ 1,700	$ 1,649
Market value, end of year	$ 7,437	$ 1,710	$ 2,290	$ 6,822	$ 1,560	$ 1,242

(thousands of dollars)

11. ENDOWMENTS (continued)

	2007			2006		
	Phase I	Phase II	OTSS	Phase I	Phase II	OTSS
Expendable funds available for bursaries, beginning of year	$ 333	$ 70	$ 13	$ 321	$ 43	$ -
Investment income	239	59	54	251	58	12
Expendable donations	-	-	4	-	-	1
Transfers to/from Endowment	59	-	-	-	-	-
Bursaries awarded	(261)	(56)	(7)	(239)	(31)	-
Expendable funds available for bursaries in subsequent years	$ 370	$ 73	$ 64	$ 333	$ 70	$ 13
Number of bursaries awarded	306	58	18	251	22	-

(thousands of dollars)

12. RETIREMENT PLANS

The estimated accrued benefit obligations and plan assets available to provide these benefits were as follows:

	2007		2006	
	Faculty	Non-faculty	Faculty	Non-faculty
Fair value of plan assets	$ 144,460	$ 79,723	$ 127,797	$ 69,959
Accrued benefit obligations	154,923	78,769	138,617	69,056
Funded status – surplus (deficit)	(10,463)	954	(10,820)	903
Portion of deficit funded by member contributions	1,906	-	1,896	-
Valuation allowance	-	(954)	-	(903)
Unamortized actuarial loss	$ (8,557)	$ -	$ (8,924)	$ -

The significant actuarial assumptions used in determining the accrued benefit obligations were as follows:

	2007	2006
Discount rate	5.25%	5.60%
Rate of compensation increase	3.75%	4.00%
Rate of inflation	2.25%	2.50%

The current year's charge to operations was $5,214 (2006 - $4,142) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2004. The next required actuarial valuations will be July 1, 2007. The University has a practice of performing annual valuations for accounting purposes for defined benefit plans. The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 each year.

13. CONTINGENT LIABILITIES

Reciprocal Insurance
Trent University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public insurance risks for some forty institutions. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. As at December 31, 2006, CURIE had a surplus of $16,507 (2005 - $11,175).

14. TRENT UNIVERSITY FOUNDATION

The Trent University Foundation was incorporated as a separate crown corporation without share capital under the University Foundations Act, 1992, effective August 25, 1994. The Directors are appointed by the Lieutenant Governor in Council of Ontario. The objects of the Foundation are to solicit, receive, manage and distribute at its discretion money and other property to support education and research at the University. The net assets of the Foundation as at March 31, 2007 were $3 (2006 - $3).

15. COMPARATIVE FINANCIAL STATEMENTS

Certain of the comparative figures have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.