

Financial statements of

**Trinity Western University**

April 30, 2006

# Trinity Western University

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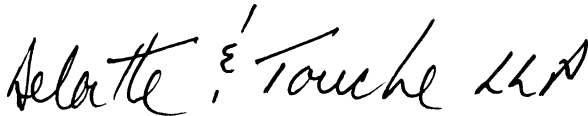
## Auditors' Report

The Board of Governors,  
Trinity Western University

We have audited the statement of financial position of Trinity Western University as at April 30, 2006 and the statements of operations and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. 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 management, 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Langley, British Columbia  
July 6, 2006


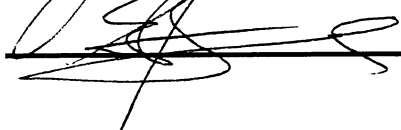
# Trinity Western University

## Statement of financial position

April 30

	2006	2005
<b>Assets</b>		
Current		
Funds held in trust	\$ 51,921	\$ 117,370
Accounts receivable	947,607	769,913
Inventory	371,826	352,079
Prepaid expenses	527,409	542,850
	<b>1,898,763</b>	1,782,212
Investments (Note 4)	8,277,246	5,617,748
Capital assets (Note 5)	48,154,892	44,541,696
	<b>\$ 58,330,901</b>	\$ 51,941,656
<b>Liabilities</b>		
Current		
Accounts payable	\$ 2,434,324	\$ 2,659,363
Student deposits and deferred income	4,289,099	4,287,021
Current portion of long-term debt (Note 6)	4,765,236	2,457,276
	<b>11,488,659</b>	9,403,660
Long-term debt (Note 6)	22,510,086	18,536,079
	<b>33,998,745</b>	27,939,739
<b>Fund balances</b>		
Restricted funds		
Capital fund	11,731,081	11,620,532
Specific purpose fund (Note 7)	5,923,426	6,702,856
Endowment fund (Note 7)	6,488,897	5,489,777
Unrestricted fund	188,752	188,752
	<b>24,332,156</b>	24,001,917
	<b>\$ 58,330,901</b>	\$ 51,941,656

Approved by the Board of Governors

  
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**Trinity Western University**  
Statement of operations and fund balances  
Year ended April 30

	Specific			Total		
	Unrestricted	Capital	Purpose	Endowment	2006	2005
<b>Revenues</b>						
Tuition and fees	\$ 35,054,226	\$ -	\$ -	\$ -	\$ 35,054,226	\$ 34,565,500
Ancillaries	11,890,619	-	-	-	11,890,619	13,275,897
Donations (Note 8)	973,203	836,616	3,178,066	721,496	5,709,381	5,067,673
Other (Note 9)	2,289,789	-	1,791,513	-	4,081,302	3,782,190
	50,207,837	836,616	4,969,579	721,496	\$ 56,735,528	\$ 56,691,260
<b>Expenditures</b>						
Compensation	27,933,819	-	1,380,684	-	29,314,503	29,173,769
Operating costs	5,970,920	-	3,799,206	-	9,770,126	9,893,932
Ancillaries	5,965,007	-	-	-	5,965,007	6,918,102
Scholarships and bursaries	5,299,018	-	551,481	-	5,850,499	4,824,833
Interest	-	1,063,256	74,012	-	1,137,268	824,628
Overhead	1,041,567	-	-	-	1,041,567	1,066,750
Amortization of capital assets	-	3,326,319	-	-	3,326,319	2,865,295
	46,210,331	4,389,575	5,805,383	-	56,405,289	55,567,309
<b>Excess (deficiency) of revenue over expenditures</b>	3,997,506	(3,552,959)	(835,804)	721,496	330,239	1,123,951
Interfund transfers (Note 10)	(3,997,506)	3,663,508	56,374	277,624	-	-
Change in fund balances for the year	-	110,549	(779,430)	999,120	330,239	1,123,951
Fund balances at the beginning of the year	188,752	11,620,532	6,702,856	5,489,777	24,001,917	22,877,966
<b>Fund balances at the end of the year</b>	\$ 188,752	\$ 11,731,081	\$ 5,923,426	\$ 6,488,897	\$ 24,332,156	\$ 24,001,917

# Trinity Western University

## Statement of cash flows

Year ended April 30

	2006	2005
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures		
Unrestricted fund	\$ 3,997,506	\$ 4,171,452
Specific purpose fund	(835,804)	(299,002)
Interest paid by the capital fund	(1,063,256)	(736,801)
	<b>2,098,446</b>	<b>3,135,649</b>
Change in non-cash operating working capital		
Accounts receivable	(177,694)	20,491
Inventory	(19,747)	31,790
Prepaid expenses	15,441	(86,927)
Accounts payable	(225,039)	451,625
Student deposits and deferred income	2,078	(127,032)
	<b>(404,961)</b>	<b>289,947</b>
	<b>1,693,485</b>	<b>3,425,596</b>
<b>Financing activities</b>		
Increase in long-term debt	6,216,411	4,723,551
Repayment of long-term debt	(3,271,264)	(3,567,146)
Capital donations received	836,616	250,238
Endowment additions	721,496	603,359
	<b>4,503,259</b>	<b>2,010,002</b>
<b>Investing activities</b>		
Funds held in trust	65,449	(117,370)
Purchase of capital assets	(6,939,516)	(4,750,208)
Increase in investments, net	(2,659,498)	(1,305,906)
	<b>(9,533,564)</b>	<b>(6,173,484)</b>
<b>Change in cash surplus during the year</b>	<b>(3,336,820)</b>	<b>(737,885)</b>
Cash surplus applied to long-term debt		
at beginning of the year	9,473,601	10,211,486
<b>Cash surplus applied to long-term debt</b>		
<b>at end of the year (Note 6)</b>	<b>\$ 6,136,781</b>	<b>\$ 9,473,601</b>

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 1. Purpose and authority

The mission of Trinity Western University, as an arm of the Church, is to develop godly Christian leaders: positive, goal-oriented university graduates with thoroughly Christian minds; growing disciples of Jesus Christ who glorify God through fulfilling the Great Commission, serving God and people in the marketplaces of life.

Established in 1962, Trinity Western University (TWU) operates under the authority of the Trinity Western University Act of the Province of British Columbia. TWU is a Christian liberal arts and sciences university offering undergraduate, graduate and continuing education programs. TWU is a not-for-profit entity, governed by a Board of Governors, the majority of whom are appointed by the Evangelical Free Church of Canada and the Evangelical Free Church of America. TWU is a registered charity and is therefore exempt from income taxes under section 149 of the Canadian Income Tax Act and section 501(c)(3) of the Internal Revenue Code in the United States of America.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles for not-for-profit organizations and reflect the following significant policies:

#### *Fund accounting*

TWU accounts provide for separate fund balances to be maintained at various times in order to recognize restrictions imposed on the use of available resources. The Statements of Financial Position and Cash Flows combine the assets and liabilities of all funds. The Statement of Operations and Fund Balances segregates the Unrestricted, Capital, Specific Purpose and Endowment funds.

TWU follows the restricted fund method of accounting for contributions.

The Unrestricted Fund reports on TWU's program delivery, administrative and ancillary activities.

The Capital Fund reports the net investment in capital assets.

The Specific Purpose Fund reports funds received but not yet expended for specific projects.

The Endowment Fund reports donations received primarily for scholarships. Investment gains and losses from the Endowment Fund are reported in the Unrestricted Fund, unless restricted by the donor.

#### *Controlled not-for-profit organizations*

The University does not consolidate controlled not-for-profit organizations into its financial statements. Information on controlled not-for-profit organizations is disclosed in note 3.

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 2. Significant accounting policies (continued)

#### *Revenue recognition*

Tuition fees and sales of goods and services are recognized as revenue at the time the goods are delivered or the services are provided.

Restricted contributions are recognized as revenue of one of the restricted funds in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions subject to internal restrictions are allocated to the appropriate funds through an inter-fund transfer.

Endowment donations are recognized as revenue in the Endowment Fund.

Gifts in kind are recorded at fair market value on the date of their donation, or at nominal value, when fair market value cannot be reasonably determined. Donated services are not recognized in these financial statements.

#### *Inventory*

Inventory is comprised of items held for resale by the University Bookstore and is valued at the lower of actual cost and net realizable value.

#### *Long-term investments*

Long-term portfolio investments are recorded at cost. The carrying value is written down to fair market value if there is a permanent impairment in value.

#### *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their fair market value on the date of the contribution. No amortization is taken in the year of acquisition and a full year of amortization is taken in the year of disposal. Amortization is provided using the straight-line basis over the estimated useful life of the assets as follows:

Roads and parking lots	40 years
Buildings	40 years
Furniture and equipment	10 years
Library collection	10 years
Computers	3 years
Vehicles	5 years



# Trinity Western University

## Notes to financial statements

April 30, 2006

### 2. Significant accounting policies (continued)

#### *Asset retirement obligations*

Legal obligations related to asset retirement obligations are recognized when a reasonable estimate of fair value can be made. These obligations are recorded at fair value with a corresponding increase in asset value. The liability is accreted over the life of the asset to fair value and the increase in asset value is depreciated over the remaining useful life of the asset. This includes future removal and site restoration costs as required due to environmental law or contract. Management has determined that the University has no asset retirement obligations at year end.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Endowments*

The externally restricted portion of the Endowment Fund is comprised of donations from external sources. The internally restricted portion is comprised of internal contributions and cumulative earnings net of scholarship distributions.

#### *Ancillaries*

Ancillaries include Housing Services, Dining Services, Conference Services, Bookstore and Trinity Western University's English as a Second Language (ESL) program. Compensation expenses for Ancillaries are included in the Compensation line of the Unrestricted Fund.

# Trinity Western University

Notes to financial statements

April 30, 2006

### 3. Related party transactions

#### *The Associated Canadian Theological Schools (ACTS)*

TWU is a 16.7% participant in the ACTS joint venture and recognizes this interest under the equity method. ACTS forms an instructional consortium of independent seminaries which have in common an extensive doctrinal compatibility and are committed to church leadership training in a manner which preserves the distinct goals of each of the six participating institutions. As ACTS, the six seminaries constitute the Graduate School of Theological Studies of Trinity Western University.

#### *Trinity Western University Foundation (TWUF)*

TWUF was established as a Crown Corporation under the Trinity Western University Foundation Act of the Province of British Columbia on July 20, 1989. Its main purpose is to receive, manage and invest funds to further the purposes of TWU. The Act provides TWUF with the status of an Agent of the Crown in the Right of the Province of British Columbia.

#### *Trinity Western University Foundation - US (TWUF - US)*

TWUF - US was incorporated under the Washington Non-Profit Corporation Act in 1980 to support and benefit Christian colleges with the Evangelical Free Churches of America and receive charitable donations for the benefit of TWU. TWUF - US was also established to provide financial backing for the Seminary and Christian colleges of Evangelical Free Churches of America so that they may be aided in providing liberal arts college education with a Christian emphasis.

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 3. Related party transactions (continued)

Financial summaries for these controlled related parties are as follows:

	2006			Total	2005
	ACTS 30-Apr-06	TWUF 31-Mar-06	TWUF - US 31-Dec-05		Total
<b>Financial position</b>					
Total assets	\$ 46,556	\$ 528	\$ 3,518,928	\$ <b>3,566,012</b>	\$ 2,444,674
Total liabilities	72,505	2,000	1,683,258	<b>1,757,763</b>	1,119,164
Total net assets	\$ (25,949)	\$ (1,472)	\$ 1,835,670	\$ <b>1,808,249</b>	\$ 1,325,510
<b>Results of operations</b>					
Total revenues	\$ 367,166	\$ 1	\$ 1,626,837	\$ <b>1,994,004</b>	\$ 975,059
Total expenses	(469,727)	(1,604)	(1,179,407)	<b>(1,650,738)</b>	(989,658)
(Deficiency) excess	(102,561)	(1,603)	447,430	<b>343,266</b>	(14,599)
Contributions by TWU	106,000	-	130,040	<b>236,040</b>	237,127
	\$ 3,439	\$ (1,603)	\$ 577,470	\$ <b>579,306</b>	\$ 222,528
<b>Cash flows</b>					
Cash (used) provided by operations	\$ (14,308)	\$ (1,603)	\$ (14,988)	\$ <b>(30,899)</b>	\$ 211,021
Cash (used) provided in investing activities	14,308	-	(33,076)	<b>(18,768)</b>	(141,225)
<b>Net cash flow</b>	\$ -	\$ (1,603)	\$ (48,064)	\$ <b>(49,667)</b>	\$ 69,796

These figures reflect 16.7% of ACTS and 100% of TWUF and TWUF-US.

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 3. Related party transactions (continued)

During the fiscal year TWU received the following amounts from related parties:

	2006				2005
	ACTS	TWUF	TWUF - US	Total	Total
Donations	\$ -	\$ -	\$ 561,333	\$ 561,333	\$ 104,517
Recovery of salaries	874,731	-	-	874,731	809,105
Provision of goods and services	373,274	-	-	373,274	349,588
	\$ 1,248,005	\$ -	\$ 561,333	\$ 1,809,338	\$ 1,263,210

These transactions are in the normal course of operations and are measured at the exchange amounts.

Included in accounts receivable (payable) are the following amounts with related parties:

	2006	2005
ACTS	\$ (140,182)	\$ (162,781)
TWUF - US	81,615	105,417
	\$ (58,567)	\$ (57,364)

### 4. Investments

	2006	2005
Portfolio Investments:		
Marketable securities	\$ 6,060,746	\$ 4,987,748
Shares of private company	2,216,500	630,000
	\$ 8,277,246	\$ 5,617,748

Investment income of \$485,383 (2005 - \$299,282) realized during the year from the endowment resources are recognized in the Unrestricted Fund.

The fair market value of the marketable securities as at April 30, 2006 was \$7,009,290 (2005 - \$5,609,372).

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 4. Investments (continued)

The composition and return on investment of the marketable securities are as follows:

<b>2005-06</b>				
<b>Marketable Securities</b>	<b>Carrying Value</b>	<b>Market Value</b>	<b>Fund Allocation</b>	<b>2005-06 Market Return</b>
Canadian Equity Fund	\$ 1,998,695	\$ 2,680,335	38.7%	28.1%
Global Equity Fund	1,603,495	1,929,630	27.8%	9.5%
Fixed Income Fund	2,165,900	2,106,669	30.4%	1.6%
Money Market Fund	212,681	212,681	3.1%	3.0%
Total McLean Budden	5,980,771	6,929,315	100.0%	14.1%
Other funds *	79,975	79,975		11.0%
Total Funds	<u>\$ 6,060,746</u>	<u>\$ 7,009,290</u>		

<b>2004-05</b>				
<b>Marketable Securities</b>	<b>Carrying Value</b>	<b>Market Value</b>	<b>Fund Allocation</b>	<b>2004-05 Market Return</b>
Canadian Equity Fund	\$ 1,883,682	\$ 2,275,788	41.0%	12.1%
Global Equity Fund	1,347,530	1,555,751	28.0%	-1.3%
Fixed Income Fund	1,484,694	1,505,991	27.1%	8.3%
Money Market Fund	217,842	217,842	3.9%	2.4%
Total McLean Budden	4,933,748	5,555,372	100.0%	7.4%
Other funds *	54,000	54,000		12.3%
Total Funds	<u>\$ 4,987,748</u>	<u>\$ 5,609,372</u>		

TWU's Board of Governors, through its Business/Finance Committee, monitors the performance of the investment manager (McLean Budden), with the advice of an external investment advisor. The Business/Finance Committee of the Board has established a Board Investment Committee (B.I.C.) to carry out its responsibilities. Administrative responsibility regarding the custodial activities of investments is delegated to the University's Management Investment Committee (M.I.C.). Fund Managers are retained by the M.I.C. to carry out the daily investment decisions and oversight of the funds.

The external investment advisor is an independent consultant who analyzes and evaluates the external fund manager's investment performance, strategies and compliance with the University's Investment Management Policy through regular written reports and presentations to the M.I.C. and B.I.C.

The market return on investments includes interest income, dividends, capital gains and unrealized gains / losses.

\* The return on investment for the Other funds above is for the year ending December 31.

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 5. Capital assets

	2006			2005
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3,395,491	\$ -	\$ 3,395,491	\$ 3,395,491
Roads and parking lots	3,786,475	1,047,925	2,738,550	2,579,288
Buildings	44,540,118	11,131,695	33,408,423	29,037,111
Furniture and equipment	9,355,026	4,542,412	4,812,614	5,150,091
Library collection	6,297,326	4,377,515	1,919,811	1,933,215
Computers	4,394,561	2,540,414	1,854,147	2,388,983
Vehicles	64,640	38,784	25,856	57,517
	<b>\$ 71,833,637</b>	<b>\$ 23,678,745</b>	<b>\$ 48,154,892</b>	<b>\$ 44,541,696</b>

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 6. Long-term debt

	2006	2005
Royal Bank of Canada revolving term facility, bearing interest between 3.47% and 4.73%, maximum borrowing capacity is reduced by \$1,066,670 at October 31, 2006, the balance maturing May 31, 2007.	\$ 17,503,353	\$ 14,213,000
Royal Bank of Canada demand loan, bearing interest at Royal Bank prime, payable on demand.	3,208,766	951,753
Royal Bank of Canada non-revolving term facility, payable monthly at \$68,000 including interest at 6.19%, due November 12, 2008.	4,954,664	5,451,064
Royal Bank of Canada non-revolving term facility, bearing interest at Royal Bank prime, payable in full May 31, 2007.	1,165,699	-
Deposit agreements payable, income contracts with varying terms, bearing interest at an average rate of 2.57%, \$166,292 comes due for renewal within the next fiscal year.	296,292	263,799
Loan payable to Canadian Western Trust for TWU's RRSP/RRIF program, revocable indefinite term contracts bearing interest at rates adjusted semi-annually, currently 4%, secured by a fixed charge on specific land and building.	105,879	32,250
Investment trust agreements, revocable income contracts bearing interest at an average rate of 8.9%. These contracts are for an indefinite term.	23,820	47,791
GMAC financing, repayable in monthly instalments of \$1,400, due April 28, 2007, secured by specific assets	16,849	33,698
	<b>27,275,322</b>	20,993,355
Less current portion	<b>(4,765,236)</b>	(2,457,276)
	<b>\$ 22,510,086</b>	\$ 18,536,079

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 6. Long-term debt (continued)

The estimated principal repayments over the next five years, assuming credit facilities are renegotiated with similar terms, are as follows:

2007	\$	4,765,236
2008		2,097,345
2009		2,232,935
2010		2,377,291
2011		2,530,980

The Royal Bank loans are secured by a general security agreement, a fixed charge on specific land and building (pari passu with the loan payable to Canadian Western Trust) and an agreement to not encumber any land or buildings without prior consent of the Royal Bank.

Total interest paid on all borrowings during the year amounted to \$1,137,268 (2005 - \$824,628).

Changes in long-term debt during the year:

	2006			2005
	Debt amortized over a 15 year period	Debt amortized over a period less than 15 years	Total	Total
Gross debt at the beginning of the year	\$ 24,354,591	\$ 6,112,365	\$ 30,466,956	\$ 29,310,551
Projects transferred	57,409	(57,409)	-	-
Increase in debt	5,503,671	712,740	6,216,411	4,723,551
Debt repayment	(1,634,438)	(1,636,826)	(3,271,264)	(3,567,146)
Gross debt at the end of the year	\$ 28,281,233	\$ 5,130,870	33,412,103	30,466,956
Temporary repayment through cash surplus			(6,136,781)	(9,473,601)
			\$ 27,275,322	\$ 20,993,355



# Trinity Western University

## Notes to financial statements

April 30, 2006

### 7. Specific purpose fund and endowment fund

Restrictions imposed on the following funds are:

	2006		2005	
	Specific Purpose	Endowment	Specific Purpose	Endowment
Externally restricted	\$ 3,139,559	\$ 6,245,350	\$ 1,546,637	\$ 5,489,777
Internally restricted	2,783,868	243,547	5,156,219	-
	<b>\$ 5,923,426</b>	<b>\$ 6,488,897</b>	<b>\$ 6,702,856</b>	<b>\$ 5,489,777</b>

### 8. Donations

During the year TWU received donations from the following sources:

	2006	2005
Business	\$ 494,654	\$ 559,818
Churches	113,221	156,201
Foundations	1,910,778	1,430,843
Individuals	3,190,728	2,920,811
	<b>\$ 5,709,381</b>	<b>\$ 5,067,673</b>

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 9. Other income

The components of other income are as follows:

	2006				2005
	Unrestricted	Specific Purpose	Endowment	Total	Total
Rental income	\$ 249,819	\$ -	\$ -	\$ 249,819	\$ 222,813
Investment income	485,383	-	-	485,383	299,282
Parking receipts	396,189	-	-	396,189	387,979
Project revenues	-	1,077,119	-	1,077,119	1,726,783
Student related	390,457	714,394	-	1,104,851	332,274
Wellness Centre	191,262	-	-	191,262	205,581
US exchange	142,476	-	-	142,476	208,826
Miscellaneous	434,203	-	-	434,203	398,652
	\$ 2,289,789	\$ 1,791,513	\$ -	\$ 4,081,302	\$ 3,782,190

### 10. Interfund transfers

Transfers between the various funds during the year are summarized as follows:

	Unrestricted	Capital	Specific Purpose	Endowment
Debt Related				
Debt Repayment - RBC	\$ (1,634,438)	\$ 1,634,438	\$ -	\$ -
Debt Repayment - TWULIP, other	(570,118)	570,118	-	-
Debt Repayment - GMAC	(16,849)	16,849	-	-
Interest on long term debt	(1,137,268)	1,063,256	74,012	-
Capital assets funded by SP Fund, other	-	378,847	(378,847)	-
	(3,358,673)	3,663,508	(304,835)	-
Appropriations	-	-	-	-
Investment income, net of expenses	(452,235)	-	-	452,235
Investment earnings distribution	-	-	242,484	(242,484)
Travel Studies	(186,348)	-	186,348	-
Project funds endowed	(250)	-	(67,623)	67,873
	\$ (3,997,506)	\$ 3,663,508	\$ 56,374	\$ 277,624

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 11. Interfund loans

The loans receivable (payable) between the various funds as outlined below are non-interest bearing and have no specific terms for repayment.

	2006	2005
Unrestricted Fund	5,013,411	\$ 5,352,925
Capital Fund	(9,148,488)	(11,927,809)
Specific Purpose Fund	3,706,926	6,072,856
Endowment Fund	428,151	502,028
	\$ -	\$ -

### 12. Contingent liabilities

#### *Evangelical Free Church of Canada*

TWU has agreed to provide the Evangelical Free Church of Canada (EFCC) perpetual occupancy of specific office premises on campus. In return, the EFCC has contributed certain amounts towards construction costs of their premises.

By an agreement dated July 30, 1996, TWU has agreed to repay the EFCC an amount based on the appraised value of the space occupied by EFCC, should they choose to vacate the office premises.

#### *Canadian University Reciprocal Insurance Exchange*

Since 1988 Trinity Western University has been a member of the Canadian University Reciprocal Insurance Exchange (C.U.R.I.E.), a self-insurance co-operative providing property and general liability insurance coverage to 56 university subscribers in Canada. Under this co-operative arrangement, the University participates in the periodic return of excess premiums and shares in any losses realized by C.U.R.I.E., in proportion to its participation in C.U.R.I.E. For the current fiscal year, there was neither a return of excess premium nor a share in any loss; there are no anticipated member assessments in the near future based on C.U.R.I.E.'s current financial position.

# Trinity Western University

## Notes to financial statements

April 30, 2006

### 12. Contingent liabilities (continued)

#### *Letter of guarantee*

In accordance with the Post-secondary Education Choice and Excellence Act of the Province of Ontario [S.O. 2000, Chap. 36], the University has provided a \$150,000 letter of guarantee to the Ministry of Training, Colleges and Universities to operate the Laurentian Leadership Centre in Ottawa.

#### *Canada Institute of Linguistics (CANIL) ground lease*

The University has entered into a ground lease that allows CANIL to construct and occupy a building on University lands for a period of 35 years with four tenant renewal options of five years each. Under the terms of the arrangement, CANIL may vacate the premises at any time and require TWU to purchase its interest in the building according to a reducing balance formula. At April 30, 2006 CANIL's interest in the building totaled approximately \$2,000,000. At the end of the lease term, including all renewals, title and ownership of the building will pass to the University.

### 13. Retirement plans

Trinity Western University makes a defined contribution to registered retirement plans for employees. Both the employee and employer portions vest immediately. Employees have full discretion to invest the funds within the University sponsored program.

During the year the University contributed \$879,403 (2005 - \$896,603) to employee retirement plans. The fair market value of the assets owned by employees in the University sponsored program at April 30, 2006 was \$17,365,202 (2005 - \$14,089,155). There is no past service liability with respect to this program.

### 14. Trinity Western Advancement Fund

Trinity Western University established a permanent Endowment Fund with the Vancouver Foundation in 1986, known as the Trinity Western Advancement Fund:

	2006	2005
Contributed Principal	\$ 387,000	\$ 387,000
Market Value	\$ 477,428	\$ 442,740
Income Earned	\$ 19,983	\$ 19,105
Distribution to TWU	\$ 19,524	\$ 18,986

Under the terms of the Fund, the capital and any addition thereto shall be held permanently by Vancouver Foundation, the income from which shall be used for scholarships, bursaries and for such other educational purposes as may be determined by the University's Board of Governors from time to time.

# Trinity Western University

Notes to financial statements

April 30, 2006

## **15. Financial instruments**

The carrying values of funds held in trust, accounts receivable and accounts payable approximate their fair values due to their liquidity and short-term maturity. The fair value of the marketable securities is disclosed in Note 4. The fair value of the private company shares cannot be reasonably determined because no quoted market price exists for these shares.

Long-term debt, including the current portion, bear interest at current rates; as a result their carrying values approximate their fair market values.

Unless otherwise noted, it is management's opinion that the University is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## **16. Reclassification of prior years amounts**

Certain prior year amounts have been reclassified to conform to the current year's presentation.