



# 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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

***"Deloitte & Touche LLP"***

Chartered Accountants  
September 14, 2007

# Trinity Western University

## Statement of financial position

April 30

	2007	2006
<b>Assets</b>		
Current		
Funds held in trust	\$ 92,437	\$ 51,921
Accounts receivable	993,619	947,607
Inventory	369,431	371,826
Prepaid expenses	738,531	527,409
	<b>2,194,018</b>	1,898,763
Investments (Note 5)	10,497,670	8,277,246
Capital assets (Note 6)	47,379,450	48,154,892
	<b>\$ 60,071,138</b>	\$ 58,330,901
<b>Liabilities</b>		
Current		
Accounts payable	\$ 2,759,441	\$ 2,434,324
Student deposits and deferred income	4,289,692	4,289,099
Current portion of long-term debt (Note 7)	6,403,352	4,765,236
	<b>13,452,485</b>	11,488,659
Long-term debt (Note 7)	20,599,782	22,510,086
	<b>34,052,267</b>	33,998,745
<b>Fund balances</b>		
Restricted funds		
Capital fund	11,608,179	11,731,081
Specific purpose fund (Note 8)	5,956,275	5,923,426
Endowment fund (Note 8)	8,265,665	6,488,897
Unrestricted fund	188,752	188,752
	<b>26,018,871</b>	24,332,156
	<b>\$ 60,071,138</b>	\$ 58,330,901

Approved by the Board of Governors

*"Mr. Wade Larson"*

*"Dr. Jonathan S. Raymond"*

# Trinity Western University

## Statement of operations and fund balances

Year ended April 30

	Unrestricted	Capital	Specific Purpose	Endowment	Total 2007	2006
<b>Revenues</b>						
Tuition and fees	\$ 34,386,661	\$ -	\$ -	\$ -	\$ 34,386,661	\$ 35,054,226
Less: Scholarships and bursaries	(4,266,088)	-	-	-	(4,266,088)	(5,299,018)
Tuition and fees (net)	30,120,573	-	-	-	30,120,573	29,755,208
Ancillaries	10,608,566	-	-	-	10,608,566	11,890,619
Donations (Note 9)	1,894,891	612,011	1,648,841	528,852	4,684,595	5,709,381
Other (Note 10)	2,841,519	-	1,761,165	-	4,602,684	4,081,302
	45,465,549	612,011	3,410,006	528,852	50,016,418	51,436,510
<b>Expenditures</b>						
Compensation	27,122,390	-	689,037	-	27,811,427	29,314,503
Operating costs	6,928,171	-	2,169,702	-	9,097,873	9,770,126
Ancillaries	5,457,086	-	-	-	5,457,086	5,965,007
Scholarships and bursaries	-	-	442,197	-	442,197	551,481
Interest	-	1,477,587	50,738	-	1,528,325	1,137,268
Overhead and other	1,423,918	67,368	-	-	1,491,286	1,041,567
Amortization of capital assets	-	3,443,783	-	-	3,443,783	3,326,319
	40,931,565	4,988,738	3,351,674	-	49,271,977	51,106,271
<b>Excess (deficiency) of revenue over expenditures</b>	4,533,984	(4,376,727)	58,332	528,852	744,441	330,239
Interfund transfers (Note 11)	(4,533,984)	4,253,825	(25,483)	305,642	-	-
Change in fund balances for the year	-	(122,902)	32,849	834,494	744,441	330,239
Fund balances at the beginning of the year						
As previously reported	188,752	11,731,081	5,923,426	6,488,897	24,332,156	24,001,917
Change in accounting policy (Note 2)	-	-	-	942,274	942,274	-
As restated	188,752	11,731,081	5,923,426	7,431,171	25,274,430	24,001,917
<b>Fund balances at the end of the year</b>	\$ 188,752	\$ 11,608,179	\$ 5,956,275	\$ 8,265,665	\$ 26,018,871	\$ 24,332,156

# Trinity Western University

## Statement of cash flows

Year ended April 30

	2007	2006
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenditures		
Unrestricted fund	\$ 4,533,984	\$ 3,997,506
Specific purpose fund	58,332	(835,804)
Interest paid by the capital fund	<b>(1,477,587)</b>	<b>(1,063,256)</b>
	<b>3,114,729</b>	<b>2,098,446</b>
Change in non-cash operating working capital		
Accounts receivable	<b>(46,012)</b>	(177,694)
Inventory	<b>2,395</b>	(19,747)
Prepaid expenses	<b>(211,122)</b>	15,441
Accounts payable	<b>325,117</b>	(225,039)
Student deposits and deferred income	<b>593</b>	2,078
	<b>70,971</b>	<b>(404,961)</b>
	<b>3,185,700</b>	<b>1,693,485</b>
<b>Financing activities</b>		
Increase in long-term debt	<b>2,174,595</b>	6,216,411
Repayment of long-term debt	<b>(2,864,863)</b>	(3,271,264)
Capital donations received	<b>612,011</b>	836,616
Endowment additions	<b>528,852</b>	721,496
	<b>450,595</b>	<b>4,503,259</b>
<b>Investing activities</b>		
Funds held in trust	<b>(40,516)</b>	65,449
Purchase of capital assets	<b>(2,735,709)</b>	(6,939,515)
Increase in investments, net	<b>(1,278,150)</b>	(2,659,498)
	<b>(4,054,375)</b>	<b>(9,533,564)</b>
<b>Change in cash surplus during the year</b>	<b>(418,080)</b>	<b>(3,336,820)</b>
Cash surplus applied to long-term debt		
at beginning of the year	<b>5,664,390</b>	9,001,210
<b>Cash surplus applied to long-term debt</b>		
<b>at end of the year (Note 7)</b>	<b>\$ 5,246,310</b>	<b>\$ 5,664,390</b>

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 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", the "University") 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. Changes in accounting policies

#### *Financial instruments*

The University adopted the following recommendations of the CICA Handbook:

- a) Section 3855, *Financial Instruments – Recognition and Measurement*. This Section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.
- b) Section 3861, *Financial instruments – Disclosure and Presentation*. This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

These new standards were applied retroactively as of May 1, 2006 without restatement of prior years figures. As a result of adopting these new standards the investments in marketable securities and the endowment fund balance increased by \$942,274 as at May 1, 2006.

The impact of these changes in accounting policies on the financial statements for the year ended April 30, 2007 and as at that date are an increase in investments in marketable securities and other income of \$341,513.

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 3. 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 4.

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. Settlement date accounting is used.

#### Classification

Funds held in trust  
Investments  
Accounts receivable  
Accounts payable  
Long-term debt

Held for trading  
Held for trading  
Loans and receivables  
Other liabilities  
Other liabilities



# Trinity Western University

## Notes to financial statements

April 30, 2007

### 3. Significant accounting policies (continued)

#### Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

#### Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

#### Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

#### Transaction Costs

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

#### Effective interest method

The University uses the effective interest method to recognize interest income or expense which includes transaction costs or fees and premiums or discounts earned or incurred for financial instruments.

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 3. 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.

#### *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 - 7 years
Vehicles	5 years

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 3. 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, 2007

#### **4. 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, 2007

### 4. Related party transactions (continued)

Financial summaries for controlled related parties and TWU's share of its interest in the ACTS joint venture are as follows:

	2007			Total	2006
	ACTS 30-Apr-07	TWUF 31-Mar-07	TWUF - US 31-Dec-06		Total
<b>Financial position</b>					
Total assets	\$ 30,600	\$ 125	\$ 4,122,195	\$ <b>4,152,920</b>	\$ 3,566,012
Total liabilities	70,520	2,000	1,948,983	<b>2,021,503</b>	1,757,763
Total net assets	\$ (39,920)	\$ (1,875)	\$ 2,173,212	\$ <b>2,131,417</b>	\$ 1,808,249
<b>Results of operations</b>					
Total revenues	\$ 350,969	\$ 1,201	\$ 1,021,153	\$ <b>1,373,323</b>	\$ 1,994,004
Total expenses	(476,109)	(1,604)	(944,273)	<b>(1,421,986)</b>	(1,650,738)
(Deficiency) excess	(125,140)	(403)	76,880	<b>(48,663)</b>	343,266
Contributions					
by TWU	111,000	-	124,178	<b>235,178</b>	236,040
	\$ (14,140)	\$ (403)	\$ 201,058	\$ <b>186,515</b>	\$ 579,306
<b>Cash flows</b>					
Cash (used) provided					
by operations	\$ (6,118)	\$ (403)	\$ (382,944)	\$ <b>(389,465)</b>	\$ (30,899)
Cash (used) provided					
in investing activities	6,118	-	356,916	<b>363,034</b>	(18,768)
<b>Net cash flow</b>	\$ -	\$ (403)	\$ (26,028)	\$ <b>(26,431)</b>	\$ (49,667)

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

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 4. Related party transactions (continued)

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

	2007			Total	2006
	ACTS	TWUF	TWUF - US		Total
Donations	\$ -	\$ -	\$ 44,682	\$ 44,682	\$ 561,333
Recovery of salaries	815,969	-	-	815,969	874,731
Provision of goods and services	377,122	-	-	377,122	373,274
	\$ 1,193,091	\$ -	\$ 44,682	\$ 1,237,773	\$ 1,809,338

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:

	2007	2006
ACTS	\$ 24,482	\$ (140,182)
TWUF - US	122,088	104,417
	\$ 146,570	\$ (35,765)

### 5. Investments

	2007	2006
Portfolio investments:		
Marketable securities	\$ 8,281,170	\$ 6,060,746
Shares of private company	2,216,500	2,216,500
	\$ 10,497,670	\$ 8,277,246

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 5. Investments (continued)

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

<b>2007</b>			
<b>Marketable Securities</b>	<b>Market Value</b>	<b>Fund Allocation</b>	<b>2007 Market Return</b>
Canadian Equity Fund	\$ 3,013,548	37.6%	16.4%
Global Equity Fund	2,256,071	28.2%	14.3%
Fixed Income Fund	2,563,327	30.2%	7.1%
Money Market Fund	318,374	4.0%	4.2%
Total McLean Budden	8,151,320	100.0%	12.7%
Other funds *	129,850		11.3%
Total Funds	<u>\$ 8,281,170</u>		

<b>2006</b>			
<b>Marketable Securities</b>	<b>Market Value</b>	<b>Fund Allocation</b>	<b>2006 Market Return</b>
Canadian Equity Fund	\$ 2,680,335	38.7%	28.1%
Global Equity Fund	1,929,630	27.8%	9.5%
Fixed Income Fund	2,106,669	30.4%	1.6%
Money Market Fund	212,681	3.1%	3.0%
Total McLean Budden	6,929,315	100.0%	14.1%
Other funds *	73,704		11.0%
Total Funds	<u>\$ 7,003,019</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, 2007

### 6. Capital assets

	2007			2006
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3,585,571	\$ -	\$ 3,585,571	\$ 3,395,491
Roads and parking lots	3,810,542	1,142,587	2,667,955	2,738,550
Buildings	44,993,810	12,144,134	32,849,676	33,408,423
Furniture and equipment	10,186,719	5,391,343	4,795,376	4,812,614
Library collection	6,499,092	4,595,917	1,903,175	1,919,811
Computers	5,113,120	3,541,552	1,571,568	1,854,147
Vehicles	64,639	58,510	6,129	25,856
	\$ 74,253,493	\$ 26,874,043	\$ 47,379,450	\$ 48,154,892



# Trinity Western University

## Notes to financial statements

April 30, 2007

### 7. Long-term debt

	2007	2006
Royal Bank of Canada revolving term facility, bearing interest between 4.82% and 5.32%, maximum borrowing capacity is reduced by \$1,120,878 at October 31, 2007, the balance maturing May 31, 2008.	\$ 16,757,416	\$ 17,503,353
Royal Bank of Canada demand loan, bearing interest at Royal Bank prime, payable on demand.	4,508,228	3,208,766
Royal Bank of Canada non-revolving term facility, payable monthly at \$68,000 including interest at 6.19%, due November 12, 2008.	4,426,687	4,954,664
Royal Bank of Canada non-revolving term facility, bearing interest at Royal Bank prime, payable in full May 31, 2008.	829,629	1,165,699
Deposit agreements payable, income contracts with varying terms, bearing interest at an average rate of 2.91%, \$249,131 comes due for renewal within the next fiscal year.	294,131	296,292
Loan payable to Canadian Western Trust for TWU's RRSP/RRIF program, revocable indefinite term contracts bearing interest at rates adjusted semi-annually, currently 4.25%, secured by a fixed charge on specific land and building.	163,230	105,879
Investment trust agreements, revocable income contracts bearing interest at an average rate of 8.91%. These contracts are for an indefinite term.	23,813	23,820
GMAC financing, repaid during the year	-	16,849
	<b>27,003,134</b>	27,275,322
Less current portion	<b>(6,403,352)</b>	(4,765,236)
	<b>\$ 20,599,782</b>	\$ 22,510,086

# Trinity Western University

## Notes to financial statements

April 30, 2007

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

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

2008	\$	6,403,352
2009		2,375,934
2010		2,529,585
2011		2,693,173
2012		2,867,341

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 \$1,528,325 (2006 - \$1,137,268).

Changes in long-term debt during the year:

	2007			2006
	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	\$ 28,281,234	\$ 4,658,478	\$ 32,939,712	\$ 29,994,565
Projects transferred	1,710,365	(1,710,365)	-	-
Increase in debt	1,947,888	226,707	2,174,595	6,216,411
Debt repayment	(1,965,116)	(899,747)	(2,864,863)	(3,271,264)
Gross debt at the end of the year	<u>\$ 29,974,371</u>	<u>\$ 2,275,073</u>	<u>32,249,444</u>	32,939,712
Temporary repayment through cash surplus			(5,246,310)	(5,664,390)
			<u>\$ 27,003,134</u>	<u>\$ 27,275,322</u>

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 8. Specific purpose fund and endowment fund

Restrictions imposed on the following funds are:

	2007		2006	
	Specific Purpose	Endowment	Specific Purpose	Endowment
Externally restricted	\$ 3,648,947	\$ 6,755,227	\$ 3,139,559	\$ 6,245,350
Internally restricted	2,307,328	1,510,438	2,783,867	243,547
	\$ 5,956,275	\$ 8,265,665	\$ 5,923,426	\$ 6,488,897

### 9. Donations

During the year TWU received donations from the following sources:

	2007	2006
Business	\$ 809,692	\$ 494,654
Churches	80,544	113,221
Foundations	1,327,776	1,910,778
Individuals	2,466,583	3,190,728
	\$ 4,684,595	\$ 5,709,381

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 10. Other income

The components of other income are as follows:

	<b>2007</b>				2006
	Unrestricted	Specific Purpose	Endowment	<b>Total</b>	Total
Rental income	\$ 263,255	\$ -	\$ -	<b>\$ 263,255</b>	\$ 249,819
Investment income					
Realized	517,619	-	-	<b>517,619</b>	485,383
Unrealized	341,513	-	-	<b>341,513</b>	-
Parking receipts	373,279	-	-	<b>373,279</b>	396,189
Project revenues	-	1,438,475	-	<b>1,438,475</b>	1,077,118
Student related	587,651	322,690	-	<b>910,341</b>	1,104,851
Wellness Centre	168,805	-	-	<b>168,805</b>	191,262
US exchange	168,153	-	-	<b>168,153</b>	142,476
Miscellaneous	421,244	-	-	<b>421,244</b>	434,204
	<b>\$ 2,841,519</b>	<b>\$ 1,761,165</b>	<b>\$ -</b>	<b>\$ 4,602,684</b>	<b>\$ 4,081,302</b>

### 11. Interfund transfers

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

	Unrestricted	Capital	Specific Purpose	Endowment
Debt related				
Debt repayment - RBC	\$ (1,594,908)	\$ 1,594,908	\$ -	\$ -
Debt repayment - TWULIP, other	(36,804)	-	36,804	-
Debt repayment - GMAC	(16,848)	16,848	-	-
Interest on long term debt	(1,528,325)	1,477,587	50,738	-
Capital assets funded by SP Fund, other	-	1,164,482	(500,216)	(664,266)
	<b>(3,176,885)</b>	<b>4,253,825</b>	<b>(412,674)</b>	<b>(664,266)</b>
Appropriations	(266,235)	-	266,235	-
Investment income, net of expenses	(823,854)	-	-	823,854
Investment earnings distribution	-	-	3,924	(3,924)
Travel Studies	(267,010)	-	267,010	-
Project funds endowed	-	-	(149,978)	149,978
	<b>\$ (4,533,984)</b>	<b>\$ 4,253,825</b>	<b>\$ (25,483)</b>	<b>\$ 305,642</b>

# Trinity Western University

## Notes to financial statements

April 30, 2007

### 12. Interfund loans

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

	2007	2006
Unrestricted Fund	\$ 5,028,361	\$ 5,013,411
Capital Fund	(8,768,136)	(9,148,488)
Specific Purpose Fund	3,739,775	3,706,926
Endowment Fund	-	428,151
	\$ -	\$ -

### 13. 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

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### 13. 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, 2007 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.

### 14. 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 \$880,740 (2006 - \$879,403) to employee retirement plans. The fair market value of the assets owned by employees in the University sponsored program at April 30, 2007 was \$17,817,448 (2006 - \$17,365,202). There is no past service liability with respect to this program.

### 15. 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:

	<b>2007</b>	2006
Contributed principal	<b>\$ 387,000</b>	\$ 387,000
Market value	<b>\$ 496,848</b>	\$ 477,428
Income earned	<b>\$ 22,527</b>	\$ 19,983
Distribution to TWU	<b>\$ 20,907</b>	\$ 19,524

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, 2007

### **16. 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 included in note 5 is based on quoted market prices. The fair value of the private company shares was determined by discounting their stated retraction amount for a credit risk factor.

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.

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

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