

Brock University

Report Date: December 13, 2005

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RATING

<u>Rating</u>	<u>Trend</u>	<u>Rating Action</u>	<u>Debt Rated</u>
A (high)	Stable	Provisional Rating – Finalized	Senior Unsecured Debentures

(All figures in Canadian dollars, unless otherwise noted.)

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RATING UPDATE

Dominion Bond Rating Service (“DBRS”) has finalized the provisional rating of A (high) with a Stable trend to the \$93 million Senior Unsecured Debentures issued by Brock University (“Brock” or the “University”). The rating is primarily supported by the relatively low debt burden of \$7,339 per full-time equivalent student (FTE) that the University will carry after the issue, and the improved management performance as highlighted by strong financial results in recent years, which has been aided by the implementation of new budgeting processes. The University’s below-average exposure to pension risk and manageable deferred maintenance backlog will help contain pressures on financial results going forward. As well, Brock’s stable revenue base, an important portion of which comes from the Province of Ontario (the “Province”), provides support for the rating by aiding the budgeting process and reducing the volatility of financial results. Limiting the rating, however, is the low level of expendable reserves largely due to the University’s relatively small endowment fund, of which only a portion is internally restricted and potentially available in case of unforeseen events. Additionally, although Brock’s reputation has strengthened in recent years, intensifying competition for students, including from universities with more established reputations, could make growing enrolment levels and maintaining student quality a challenge going forward.

Rising salaries in an environment of limited ability to control revenue growth could also weigh on financial results.

The University posted a solid \$10.2 million consolidated surplus in 2004-2005, led by rising grants for research and strong enrolment growth, which boosted government grants and tuition revenues. Labour costs and research activities were the key sources of spending pressure. Brock’s balanced 2005-2006 budget is aided by solid revenue growth as a result of government grants and 7.1% enrolment growth. On the spending side, labour costs remain the key source of pressure due to contractual salary increases and new faculty. The planned debt issue will boost total debt to approximately \$119 million, or \$7,339 per FTE, which is relatively low compared to other DBRS-rated universities.

Although there are no current plans for additional debt, new provincial funding for capital initiatives, and the University’s long-term capital plan, suggest that more debt may be needed over the medium term. However, DBRS believes that the University has some room within its rating to take on additional debt. Cost pressures, especially from salaries and benefits, will persist going forward, although, the new funding announced in the last Provincial budget and the University’s new financial management process should support financial results.

RATING CONSIDERATIONS

Strengths:

- Low debt burden
- Favourable outlook for enrolment in Ontario
- Low exposure to pension risk
- Relatively low deferred maintenance
- Stable revenue base

Challenges:

- Low level of expendable financial resources
- Limited ability to grow revenue
- Rising salary pressures
- Competition for students

FINANCIAL INFORMATION

	For the year ended April 30					
	<u>2005-06</u> (pro forma)	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
Operating surplus (deficit) (\$ millions)	n/a	10.2	13.2	(1.7)	2.9	(1.4)
Long-term debt (\$ millions)	123.0	83.9	81.7	77.0	69.4	55.1
Interest costs/total expenditures	n/a	2.6%	2.9%	3.0%	2.2%	2.2%
Interest coverage ratio (times)	3.0-5.0	4.9	5.6	2.3	4.2	2.3
Total endowment (\$ millions)*	n/a	24.0	19.4	14.6	15.0	15.0
Total enrolment (FTEs)**	16,757	15,642	14,348	12,217	10,970	9,866
Annual enrolment change	7.1%	9.0%	17.4%	11.4%	11.2%	5.7%
Long-term debt per FTE (\$)	7,339	5,364	5,692	6,301	6,328	5,584
Endowment per FTE (\$)*	n/a	1,535	1,350	1,192	1,371	1,519

* Market value. ** Full-time equivalent student (FTE), excluding continuing education. n/a = not available.

THE UNIVERSITY

Founded in 1964, Brock University is a comprehensive university that offers one of the widest selections of co-operative programs in Canada to a student body of 16,757 FTEs in 2005-2006 on its main campus in St. Catharines, Ontario, and a satellite campus in Hamilton, Ontario. Brock is the only university in the Niagara Region, which has a population of 431,000.

RATING CONSIDERATIONS

Strengths: (1) The \$93 million debenture issue is expected to boost debt to about \$123 million, or \$7,339 per FTE, which is among the smaller debt loads of DBRS-rated universities. Although there may be some pressure to increase debt further as part of the Province's 2005 budget initiatives and Brock's long-term capital plan, Brock has room within its current rating to add debt. As well, DBRS expects that debt arising out of provincial initiatives will have only a limited impact on the University's credit profile as the bulk of the principal and interest payments will be funded by the Province.

(2) Over the past five years, Brock's enrolment has surged by 70%, making it one of the fastest-growing universities in Ontario. Population growth in the province and rising educational requirements in the workplace should continue to provide support for university enrolment, although at a slower pace than in recent years due to the fading impact of the double cohort.

(3) The University's pension plan is a hybrid, consisting of a defined contribution plan, with minimum guarantees. This greatly reduces the risks that the University faces from unfunded liabilities, relative to many other universities. The University currently has a \$1.2 million liability in its pension plan, related to its minimum guarantee, which will be funded over 15 years. Also, Brock currently carries a \$6.7 million deficit in its non-pension benefit plans, which is one of the smallest liabilities among DBRS-rated universities. There are no assets set aside to fund the liability at present, like many other institutions, although the liability is expected to shrink over the medium term in contrast to most other universities.

(4) Since Brock is a relatively new university, its facilities are in somewhat better shape than many others in the province. The University has approximately \$17 million in deferred maintenance, or approximately 8% of replacement value, that will need to be funded in the years ahead. However, this backlog should not put undue pressure on debt or spending.

(5) Almost 79% of the University's revenue base comes from the Province (currently rated AA by DBRS) and tuition fees, which lends considerable stability to revenues and aids the budgeting process.

Challenges: (1) Brock has one of the smallest endowments per FTE among DBRS-rated universities, at \$1,535 as at April 30, 2005. Of the \$24 million held in the endowment, only \$2.9 million is internally restricted and could potentially be unencumbered to meet financial obligations, if required. The University also has \$10.6 million in internally restricted net assets and \$5.7 million in debt retirement assets to help support financial flexibility. These expendable resources total \$19.2 million, which is relatively low compared to other DBRS-rated universities.

(2) Although the tuition freeze is expected to end after 2005-2006 and the Province has not announced a new tuition policy, it is likely that there will continue to be restrictions on fee increases. This limits the University's financial flexibility as tuition fees account for a sizeable 35% of total revenues, and, until the new policy is announced, creates additional uncertainty over revenue growth.

(3) As at most Canadian universities, labour costs have been rising solidly in recent years, putting pressure on financial results. Higher staffing levels, accelerating faculty retirements, and rising demand for academics will only make managing salary pressures more difficult in the years ahead. Additionally, Brock has a restriction on the number of classes that faculty can teach per term, which puts additional hiring pressure on the University.

(4) The Niagara region, where Brock is located, has a population of 431,000, which is relatively small, and is expected to see a decline in population of university age over the next 20 years. The University will have to make continued efforts to attract students from the rest of the province, nationally, and internationally, bringing it into competition with large schools with strong reputations.

ISSUE DETAILS

- \$93 million senior unsecured debentures maturing December 14, 2045 (40-year bullet structure).
- **Interest:** 4.967% payable semi-annually in arrears on June 14 and December 14 of each year.
- **Rank:** Pari passu with all other senior unsecured obligations of the University.
- **Redemption:** Allowed any time prior to maturity at the option of the University at the then-applicable redemption price together with all accrued interest. The redemption price is the greater of par and the Government of Canada Yield Price (as defined in the Trust Indenture).
- **Defeasance:** Allowed at any time in the form of cash and/or securities issued or guaranteed by the Government of Canada, or by another provincial government that is rated at least AA at the time of defeasance.
- **Key Covenants:** Restrictions, subject to certain exceptions, on the giving of security in respect of indebtedness, the disposition of assets, and the merger or consolidation of the University.

- **Use of Proceeds:** To refinance \$53 million in bank loans and long-term debt incurred through the capital expansion program, pay \$10 million in breakage costs and other fees, and to fund \$30 million in new capital spending.
- **Key Events of Default:**
 - Failure to make principal or redemption price payment when due if not remedied within two business days;
 - Failure to make interest payment when due if not remedied within five business days;
 - Failure to comply with covenants;
 - Payment default exceeding 30 days on, or acceleration of, indebtedness exceeding \$10 million;
 - Application for an order terminating the existence of the University;
 - Any event of insolvency that continues undismissed or unstayed for 60 days, or the appointment of any receiver that continues for 90 days.
- **Trustee:** BNY Trust Company of Canada.

2004-2005 OPERATING PERFORMANCE

- Brock posted a consolidated surplus of \$10.2 million in 2004-2005, modestly smaller than the \$13.2 million surplus recorded in the prior year.
- Revenues rose by 12.5% in 2004-2005, led by grants for research and 9% enrolment growth.
 - Research grants, which are recorded as revenue as the associated expenditures are incurred, rose by \$6.1 million, or 62.9%, due to increased research activity and greater success in attracting research funding.
 - Despite the tuition fee freeze, robust FTE enrolment growth helped lead to a \$5.9 million, or 9.3%, increase in tuition revenues.
- Aided by enrolment growth, revenue from provincial operating grants grew by a solid \$4.8 million, or 7.5%. Operating grants were also boosted by \$750,000 in compensation for the tuition freeze.
- Grants and other restricted revenues rose by \$2.8 million to \$4.8 million, aided by strong growth in donations.
- Total expenditures increased by 15.4%, driven by academic and research expenditures.
- Total spending on salaries and benefits grew by \$12 million, or 11.9%, due to contractual salary increases and a larger staff complement.
 - Contractual salary and benefits adjustments as well as pressures related to higher enrolment were the key drivers of academic spending, which rose by 16.6%.
- Increased research activity and improved success in attracting grants helped boost research spending.
- Maintenance costs were also boosted by higher utilities charges and increased needs from higher enrolment and expanded capital assets.
- Interest charges were 5.6% higher due to the moderately higher debt level during the year.

OPERATING OUTLOOK

The University conducts its day-to-day business through four major funds, the operating fund and ancillary enterprises, research and student awards, capital, and endowments. Like most other universities, Brock currently only produces detailed budget estimates for the operating fund and ancillary operations, which account for approximately 80% of total spending.

- The University plans to balance its budget in 2005-2006, in accordance with policy.
- Key assumptions include:
 - Full average funding for new students, but no inflation adjustment.
 - FTE enrolment growth of 4.3% was originally projected, which has been revised up to 7.1% growth in the updated budget.
 - Domestic tuition fees remain frozen at 2003-2004 levels and no change to international fees.
- Total revenues are expected to rise by \$13.9 million, or 8.6%, over the prior year, largely due to increased government funding.
 - The basic operating grant is the largest driver, rising by \$6 million due to enrolment growth.
 - The University expects to receive an additional \$3.1 million in 2005-2006 from the Quality Improvement Fund for funding unfunded basic income units (BIUs) and quality-related initiatives.
 - Compensation for the tuition freeze is set to rise by \$750,000 to \$1.5 million.
 - The University will recognize the one-time \$3.7 million grant from the Province for facilities renewal.
- Tuition revenues are forecast to rise by \$3.5 million, or 5.9%, in 2005-2006, entirely due to enrolment growth as all tuition fees remain unchanged.
- Total expenditures are projected to increase by \$15.3 million, or 9.6%, with labour cost pressures the largest driver.
 - Salaries and benefits are projected to increase by \$9.7 million due to contractual salary increases, 20 new academic and library positions, and rising benefit costs as a result of higher salaries.
- Spending on deferred maintenance will receive a boost as the University plans to use all of the \$3.7 million facilities renewal grant received from the Province.
- To help contain costs, non-salary operating budgets were not increased, except for a modest amount of items approved in the 2004-2005 mid-year update and 2005-2006 mid-year allocations of \$1.8 million, made available due to updated budget figures.
 - Of the mid-year allocations, 77% are one-time needs that will not be added to future base budgets.

Outlook:

- Brock's financial position is expected to remain sound going forward.
- Labour costs will be the primary source of pressure on the University's finances, with salaries rising due to increasing demand for faculty as a result of higher enrolment and accelerating retirements.
 - Two of the University's five unions' (faculty and professional librarians, and maintenance and trades) agreements expire early in 2006-2007, which poses a risk to spending.
 - Brock also plans to hire 34 additional faculty in 2006-2007.
- The new initiatives announced in the Provincial budget should help the University deal with some of its cost pressures going forward.
- However, the tuition policy to be in place for 2006-2007 has yet to be announced, and is an important uncertainty.
 - Initial indications point to the Province implementing some limited fee-setting ability, which will be an improvement over the current freeze, although the University's financial flexibility will remain constrained.

Capital Plan:

- Since 2001, the University has spent over \$87 million on capital projects, including residences, parking, labs, and teaching space.
- The debenture issue will be used to help retire the debt incurred as part of the capital expansion, and to finance new projects, which include:
 - The purchase and refurbishment of 573 Glenridge, a 32,000 square foot building that will be used for offices and class space, which is expected to be finished in early 2006.
 - Plaza 2006, an 83,000 square foot facility that will house offices, the book store, and the Lifespan Development Research Centre, which is slated for completion in late 2006.
 - An addition to Welch Hall to increase office and class space.
- A number of additional projects have been identified for possible development over the next two to three years, including a new science building and renovations to the faculty of business. However, no additional projects have been approved yet.

DEBT PROFILE

- Total debt stood at \$83.9 million at the end of 2004-2005, up \$2.2 million from the prior year.
 - Due to solid enrolment growth, the debt burden per FTE slipped to \$5,364 from \$5,692 in 2004-2005.
- The interest coverage ratio was healthy at 4.9 times in 2004-2005, down modestly from 5.6 times.
- The University has a hybrid pension plan, which consists of a defined contribution plan subject to a minimum guarantee, which greatly reduces the University’s risk compared with defined benefit plans. Brock has a \$1.2 million liability related to the minimum guarantee portion of the plan, which is being funded over 15 years.
- The market value of endowment assets rose by 24% to \$24 million in 2004-2005, largely due to rising donations as endowment spending was marginally higher than investment income on endowments.
- The University’s financial flexibility is supported by expendable resources of \$19.2 million, which consists of \$2.9 million in internally restricted endowment assets, \$5.7 million in internal debt retirement funds earmarked for existing debt that will not be refinanced by the debenture issue, and \$10.6 million in internally restricted net assets.
 - Brock plans to set up an internal debt retirement fund that will accumulate funds to retire the debenture issue at maturity.
 - The University also owns over 100 hectares of undeveloped land valued at approximately \$2 million.

Outlook:

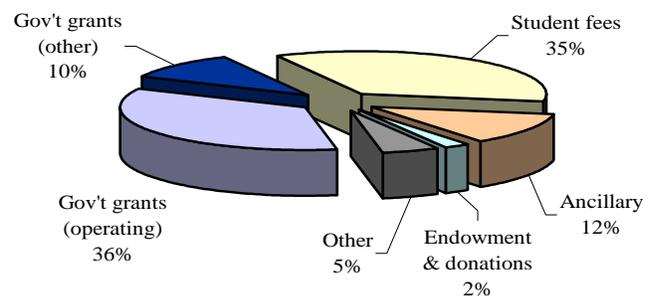
- Debt will rise to about \$123 million, as the \$93 million debenture issue will be used to refinance existing debt, pay breakage fees, and fund just over \$30 million in capital projects.
 - This will result in a debt burden per FTE of \$7,339, which is somewhat lower than most other DBRS-rated universities.
- The interest coverage ratio is projected to remain sound in the three times to five times range as the debenture issue is not expected to result in a substantial increase in interest charges, since the debts to be retired generally have higher interest rates.
- Projects under consideration by the University may put some pressure on debt, although there are no firm plans. However, the University has some flexibility within its rating to add a moderate amount of debt.
- Estimated at \$6.9 million, the non-pension benefits liability is expected to continue to narrow as the number of people covered by some of the plans falls, as new employees are not being added.

UNIVERSITY FUNDING IN ONTARIO

Canadian universities generally have access to three key sources of revenue for their core teaching and research activities: (1) government grants, (2) student fees, and (3) fundraising/endowment income. For Brock, these sources accounted for 83% of consolidated revenue in 2004-2005.

Still the main source of revenue for universities, provincial government funding has seen its importance reduced markedly over the past decade in Ontario, and in many other provinces, due to provincial budget cuts introduced in the mid-1990s. In compensation for the budget cuts, Ontario universities were given full fee-setting discretion over a range of unregulated programs and were allowed to raise tuitions substantially for those programs over which the Province maintained fee-setting authority. This led to an

**2004-2005
Consolidated Revenue Sources
(total: \$196.3 million)**



increase in universities' reliance on tuition fees and other private funding sources, as in other provinces. This trend was put on hold when the Province decided to freeze tuition fees for 2004-2005 and 2005-2006 while a review of university funding was undertaken. The review made a number of policy recommendations; however, the government has yet to announce any substantial policy changes as a result of the review.

Government Funding (Provincial and Federal – 45.3%):

Government funding includes: (1) operating grants, (2) research grants and contracts, and (3) capital grants. Operating grants are, by far, the most important and stable revenue source of the three. Operating grants are provided exclusively by the Province, primarily through a formula that allocates a certain number of BIUs to each student based on the cost of the program he/she is enrolled in. Targeted funding, which is mainly aimed at expanding enrolment in high-demand programs, and performance-based grants also account for a small, though growing, portion of Provincial operating funding.

No inflation adjustment is provided in base operating funding. However, the Province continues to provide Ontario universities with full average funding for enrolment growth. In addition, the Province agreed to compensate universities for the costs of the two-year tuition freeze, estimated at \$58 million system-wide in 2005-2006. The 2005-2006 Provincial budget boosted university funding in response to the recommendations of the post-secondary review, allocating additional funds to increase capacity in medical schools, boost graduate growth, and to support quality initiatives, which includes fully funding unfunded BIUs.

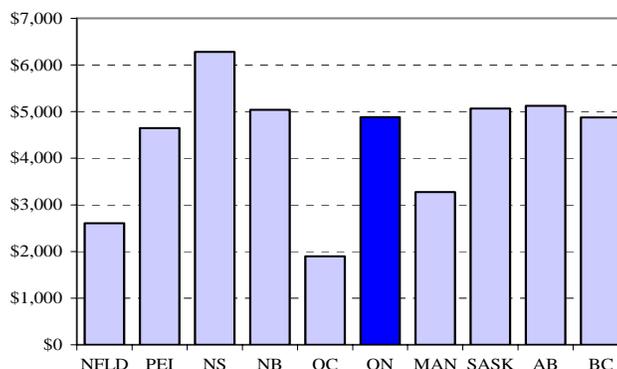
Government funding for research and capital projects also represents an important and growing source of revenue for universities in Ontario. The federal government generally accounts for 65% to 75% of total public research funding, while the bulk of capital funding comes from the Province.

Student Fees (35.2%):

Until recently, tuition fees in Ontario for international and graduate students, as well as for professional programs such as business, law, medicine, and engineering, were set freely by the institutions, while the Province regulated fees for all other programs, limiting increases to 2% annually. Effective for the 2004-2005 school year, all domestic tuition fees

were frozen at 2003-2004 levels for two years. This left Ontario universities with discretion over international fees only, notably limiting their financial flexibility. The Province has compensated universities for the cost of the freeze, which is estimated at \$1.5 million for Brock in 2005-2006. While the government has indicated that the freeze is unlikely to be extended beyond the two-year period and the post-secondary review recommended a new framework for tuition regulation that would allow increases, the Province has yet to announce the tuition policy that will take effect when the freeze expires.

2005-2006 Average Undergraduate Tuition Fees



Source: Statistics Canada.

Fundraising and Endowment Contributions (2.8%):

Brock recently completed the Good, Better, Brock campaign, which raised \$30.5 million. Aided by the campaign and a five-year fundraising strategy, endowment contributions have grown on average by 8.4% annually since 2000, and have helped the endowment fund reach \$24 million at April 30, 2005, or \$1,535 per FTE.

Only unrestricted donations received by universities are recognized as revenue on receipt. Funds collected with external restrictions or designated by the Board are allocated directly to endowments to be held in perpetuity. The spending rate is reviewed annually, based on a three-year moving average of the book value of the investment pool. Investment income above spending allocations and administration costs are added to capital, up to the rate of inflation. Any additional investment income will be allocated to a stabilization reserve to be drawn down when investment income falls short of spending allocations.

Brock University

Consolidated Financial Summary (DBRS-adjusted) (\$ thousands)	For the year ended April 30				
	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
Total operating revenue	196,315	174,481	132,730	119,256	104,818
Total expenditures	186,130	161,328	134,381	116,364	106,189
Operating Balance Before Transfers	10,185	13,153	(1,651)	2,892	(1,371)
Contributions from (to) committed funds (1)	(6,996)	(3,002)	170	(914)	306
Decrease (increase) in investment in capital assets	4,823	(146)	(2,978)	(1,223)	(3,207)
Other (2)	-	-	-	-	(7,380)
Change in Unrestricted Net Assets	8,012	10,005	(4,459)	755	(11,652)
Revenue					
Tuition fees	69,162	63,257	47,153	41,313	38,368
Provincial grants	68,934	64,146	48,692	45,726	42,501
Research grants	15,888	9,751	10,295	7,447	5,341
Grants and other revenues for restricted purposes	4,768	2,006	-	-	-
Endowment investment income	691	701	617	636	713
Other investment income	483	1,258	640	702	641
Ancillary services	23,947	22,368	17,571	16,385	13,798
Amortization of deferred capital contributions	4,203	3,280	3,171	2,427	2,265
Other revenue	8,239	7,714	4,591	4,620	1,191
Total Revenue	196,315	174,481	132,730	119,256	104,818
Expenditures					
Academic	92,326	79,171	65,359	57,379	55,298
Student aid	7,896	7,974	6,743	5,712	5,555
Research	15,888	9,751	8,476	5,565	3,919
Maintenance, administration, and student support	36,025	33,563	26,758	24,573	22,086
Interest	4,845	4,634	3,979	2,601	2,334
Amortization	13,024	11,390	9,921	7,840	6,642
Ancillary services	16,126	14,845	13,145	12,694	10,355
Total Expenditures	186,130	161,328	134,381	116,364	106,189
Salary and Benefit Expenditures	112,595	100,627	88,533	74,786	69,245
Gross Capital Expenditures	10,197	27,135	19,623	36,094	30,862

(1) Internally restricted funds set aside for specific purposes.

(2) On May 1, 2000, Brock changed its accounting for non-pension benefits, which resulted in an increase in its liabilities and a reduction in net assets.

DBRS-Adjusted Statement of Cash Flow	For the year ended April 30				
	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
Operating balance before fund contributions	10,185	13,153	(1,651)	2,892	(1,371)
Amortization	13,024	11,390	9,921	7,840	6,642
Other non-cash adjustments	(4,203)	(3,280)	(3,171)	(2,427)	(2,265)
Cash flow from operations	19,006	21,263	5,099	8,305	3,006
Change in working capital	3,956	1,689	2,176	(1,442)	4,517
Operating cash flow after working capital	22,962	22,952	7,275	6,863	7,523
Net capital expenditures*	(3,515)	(22,831)	(17,637)	(32,795)	(9,345)
Free cash flow	19,447	121	(10,362)	(25,932)	(1,822)

* Defined as gross capital expenditures less contributions restricted for capital purposes.

Brock University

Consolidated Balance Sheet (\$ thousands)

	As at April 30				
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Assets					
Cash and short-term investments	32,714	14,559	144	2,842	2,863
Receivables	5,518	7,823	8,684	9,313	6,727
Restricted investments (1)	29,146	21,490	28,635	28,115	39,778
Capital assets	161,904	164,731	148,986	139,284	111,030
Other assets	3,451	3,049	1,187	1,278	1,360
Total Assets	<u>232,733</u>	<u>211,652</u>	<u>187,636</u>	<u>180,832</u>	<u>161,758</u>
Liabilities and Equity					
Payables and other current liabilities	29,177	27,151	23,308	21,194	19,929
Deferred capital contributions	63,108	60,629	59,605	60,790	59,266
Employee future benefits obligations	5,469	5,442	6,595	7,253	7,456
Long-term debt	83,897	81,666	76,979	69,419	55,087
Total liabilities	181,651	174,888	166,487	158,656	141,738
Committed funds (2)	12,639	5,643	2,641	2,811	1,897
Endowment - internally restricted (3)	2,551	2,697	2,944	3,048	3,447
Endowment - externally restricted (3)	18,786	14,507	11,798	11,070	11,407
Equity in capital assets	18,568	23,391	23,245	20,267	19,044
Unrestricted net assets	(1,462)	(9,474)	(19,479)	(15,020)	(15,775)
Total Liability and Equity	<u>232,733</u>	<u>211,652</u>	<u>187,636</u>	<u>180,832</u>	<u>161,758</u>
Commitments & Other Obligations	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Capital commitments	5,648	16,255	22,615	20,100	36,000
Pension plan deficit (if any - funding basis)	1,160	1,160	1,160	-	-
Post-employment benefits	6,732	6,839	7,701	8,266	8,070
	<u>13,540</u>	<u>24,254</u>	<u>31,476</u>	<u>28,366</u>	<u>44,070</u>

(1) Book value.

(2) Funds set aside for specific purposes (e.g. departmental carry-forwards, pension cost deferral, etc.).

(3) Externally restricted endowment assets consist of funds that are subject to restrictions imposed by the donors.

Internally restricted endowment assets are funds whose use is restricted internally by the Board of Trustees.

DBRS-Adjusted Summary Statistics (For the year ended April 30)

	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
Total Enrolment (FTE) (1)	15,642	14,348	12,217	10,970	9,866
- Undergraduate	89%	91%	92%	91%	91%
- Graduate	11%	9%	8%	9%	9%
Total annual enrolment change	9.0%	17.4%	11.4%	11.2%	5.7%
Total Employees (headcount)	4,911	4,541	4,193	3,899	3,565
- Faculty	524	499	454	429	394
Revenue Mix (as % of total DBRS-adjusted revenue)					
- Government funding (federal + provincial)	45.3%	42.4%	11.2%	10.1%	6.2%
- Student fees	35.2%	36.3%	72.2%	73.0%	77.2%
- Ancillary	12.2%	12.8%	2.4%	2.0%	2.2%
- Investment and endowment income	0.6%	1.1%	0.9%	1.1%	1.3%
- Other	6.6%	7.5%	13.2%	13.7%	13.2%
Debt and Liquidity Analysis					
Total debt (\$ millions)	83.9	81.7	77.0	69.4	55.1
- Per FTE student (\$)	5,364	5,692	6,301	6,328	5,584
Debt, contingencies, & commitments (\$ millions) (2)	95.0	103.4	106.2	96.8	98.5
- Per FTE student (\$)	6,074	7,204	8,692	8,822	9,988
Cash and cash equivalents (\$ millions)	32.7	14.6	0.1	2.8	2.9
- As % of current liabilities	112%	54%	1%	13%	14%
Interest costs as % of total expenditures	2.6%	2.9%	3.0%	2.2%	2.2%
Interest coverage ratio (times)	4.9	5.6	2.3	4.2	2.3
Endowment Funds					
Total market value (\$ millions)	24.0	19.4	14.6	15.0	15.0
- Per FTE student (\$)	1,535	1,350	1,192	1,371	1,519
- Annual change	24.0%	33.0%	-3.2%	0.4%	-8.9%

Payout ratio: determined annually, based on three-year average of the book value of endowments.

(1) Full-time equivalent, excluding continuing education. (2) Includes accrued employee future benefits.