FINANCIAL STATEMENTS TOGETHER WITH REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TRINITY COLLEGE
(Washington, D.C.)

June 30, 2006 and 2005

CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Trinity College:

We have audited the accompanying statements of financial position of Trinity College (Washington, D.C.) (the "College") as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I to the financial statements, the College has adopted Financial Accounting Standards Board Statement No. 143, *Asset Retirement Obligations,* and its interpretation FIN No. 47, *Conditional Asset Retirement Obligations* during 2006.

Washington, D.C.
September 1, 2006

Trinity College
(Washington, D.C.)

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2006 and 2005

ASSETS	**2006**	2005
Cash and cash equivalents	**$ 5,943,506**	$ 4,400,244
Accounts receivable (net of allowance for doubtful accounts of $275,000 and $944,417 at June 30, 2006 and 2005, respectively)	**2,084,906**	1,796,481
Investments (Note D)	**15,463,351**	15,097,102
Contributions receivable, net (Note F)	**707,270**	1,543,779
Student loans receivable (net of allowance for doubtful accounts of $100,000 at June 30, 2006 and 2005)	**970,172**	987,020
Other assets	**713,462**	442,030
Land, buildings and equipment, net (Note G)	**21,777,669**	22,189,258
Beneficial interest in investments held by third party trustees (Note E)	**10,764,184**	10,730,049
Total assets	**$ 58,424,520**	$ 57,185,963
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,028,383**	$ 993,290
Accrued wages and employee benefits	**318,882**	298,908
Deferred revenues and deposits	**1,771,329**	1,059,869
U.S. Government grants refundable	**1,248,419**	1,303,628
Bonds payable and other debt (Note H)	**19,030,778**	19,401,955
Conditional asset retirement obligation (Note I)	**817,116**	-
Total liabilities	**24,214,907**	23,057,650
Commitments and contingencies (Note K)		
Net assets (Notes B and C):		
Unrestricted	**12,242,649**	12,465,882
Temporarily restricted	**3,711,406**	3,461,408
Permanently restricted	**18,255,558**	18,201,023
Total net assets	**34,209,613**	34,128,313
Total liabilities and net assets	**$ 58,424,520**	$ 57,185,963

The accompanying notes are an integral part of these statements.

Trinity College
(Washington, D.C.)
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2006 and 2005

	2006	2005
Changes in unrestricted net assets:		
Operating activities:		
Revenues and other support:		
Tuition and fees	**$ 20,888,922**	$ 20,670,971
Less: Scholarships	**(4,709,759)**	(4,880,700)
	16,179,163	15,790,271
Government grants and contracts	**1,610,542**	1,312,018
Gifts and private grants	**1,458,737**	697,112
Auxiliary enterprises	**2,424,589**	2,417,902
Other revenues	**598,803**	136,803
Net assets released from restrictions	**701,445**	2,065,894
Total operating revenues and other support	**22,973,279**	22,420,000
Expenses:		
Instruction	**6,552,249**	6,317,052
Public service	**450,536**	405,877
Academic support	**2,000,502**	1,726,866
Student services	**3,579,918**	3,168,216
Institutional support	**7,792,308**	7,009,797
Auxiliary enterprises	**3,161,280**	2,948,415
Total expenses	**23,536,793**	21,576,223
Changes in unrestricted net assets from operating activities	**(563,514)**	843,777
Nonoperating activities:		
Investment income	**279,520**	493,097
Loss on disposal of equipment	**(24,057)**	-
Other gains and losses	**901,871**	62,908
Change in accounting principle, cumulative effect (Note I)	**(778,948)**	-
Extraordinary item (Note L)	**(38,105)**	-
Changes in unrestricted net assets	**(223,233)**	1,399,782
Changes in temporarily restricted net assets:		
Investment income	**438,488**	323,839
Unrealized loss in fair market value of investments	**(9,773)**	(64,996)
Gifts and private grants	**522,728**	472,198
Net assets released from restrictions	**(701,445)**	(1,937,950)
Changes in temporarily restricted net assets	**249,998**	(1,206,909)
Changes in permanently restricted net assets:		
Gifts	**20,400**	21,804
Reclassification of net assets	**-**	(127,944)
Unrealized gains (losses) in fair market value of beneficial interest in investments held by third party trustees	**34,135**	(250,519)
Changes in permanently restricted net assets	**54,535**	(356,659)
Changes in net assets	**81,300**	(163,786)
Net assets, beginning of year	**34,128,313**	34,292,099
Net assets, end of year	**$ 34,209,613**	$ 34,128,313

The accompanying notes are an integral part of these statements.

Trinity College
(Washington, D.C.)

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Changes in net assets	**$ 81,300**	$ (163,786)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense and amortization of bond discount	**937,652**	772,760
Change in fair value of interest rate swap agreement	**(269,023)**	(62,908)
Provision for uncollectible accounts receivable	**(669,417)**	396,527
Provision for uncollectible contributions receivable	**(67,328)**	(27,289)
Realized and unrealized appreciation in investments	**5,895**	(68,355)
Loss on disposal of equipment	**24,057**	-
Changes in assets and liabilities:		
Decrease in accounts receivable	**380,992**	608,573
Decrease in contributions receivable	**903,837**	760,515
Increase in other assets	**(2,409)**	(40,851)
Increase (decrease) in accounts payable and accrued expenses	**35,093**	(516,820)
Increase in accrued wages and employee benefits	**19,974**	40,096
Increase (decrease) in deferred revenues and deposits	**711,460**	(66,977)
Increase in conditional asset retirement obligation	**817,116**	-
Permanently restricted contributions	**(20,400)**	(21,804)
Net cash provided by operating activities	**2,888,799**	1,609,681
Cash flows from investing activities:		
Purchases of investments	**(6,589,608)**	(13,129,808)
Sales of investments	**6,217,464**	12,171,941
Capital expenditures	**(544,746)**	(800,893)
Student loans advanced	**(208,000)**	(219,000)
Student loans collected	**224,848**	326,784
Net cash used in investing activities	**(900,042)**	(1,650,976)
Cash flows from financing activities:		
Proceeds from debt incurred	**48,446**	50,000
Payments on debt obligations	**(424,995)**	(91,625)
Permanently restricted contributions	**20,400**	21,804
Realized and unrealized appreciation on beneficial interest in investments held by third party trustees	**(34,135)**	250,519
Payments under capital lease obligations	**-**	(7,833)
(Decrease) increase in U.S. Government grants refundable	**(55,209)**	19,637
Net cash (used in) provided by financing activities	**(445,493)**	242,502
Net increase in cash and cash equivalents	**1,543,262**	201,207
Cash and cash equivalents, beginning of year	**4,400,244**	4,199,037
Cash and cash equivalents, end of year	**$ 5,943,506**	$ 4,400,244
Supplemental cash flow information:		
Interest paid	**$ 504,688**	$ 556,700

The accompanying notes are an integral part of these statements.

Trinity College
(Washington, D.C.)

NOTES TO FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A - ORGANIZATION

Trinity College (the "College") is an independent comprehensive college located in Washington, D.C. The College was founded in 1897 by the Sisters of Notre Dame de Namur and in accordance with the Act of Congress under which the College is chartered; it is governed by its Board of Trustees (the "Board"). The College includes the historic undergraduate women's college (the College of Arts and Sciences), the coeducational School of Education and the School of Professional Studies. The College also operates the Trinity Center for Women and Girls in Sports.

The College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools. The School of Education is accredited by the National Council for Accreditation of Teacher Education.

The College has been classified by the Internal Revenue Service as a 501(c)(3) organization and is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code and a similar provision of the tax law of the District of Columbia.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The College's net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified and reported as follows:

NOTE B (continued)

Unrestricted Net Assets - include all resources of the College, which are available for carrying out the College's operations and that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the College's Board of Trustees or may be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets - consist of net assets of the College, which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled by the actions of the College pursuant to those stipulations.

Permanently Restricted Net Assets - include funds whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity with investment return available for expenditures according to restrictions, if any, imposed by the donors.

2. *Cash Equivalents*

The College considers all financial instruments with original maturities of three months or less to be cash equivalents.

3. *Accounts Receivable*

Accounts receivable consist of student accounts receivable, consortium receivables, grants receivable, and other receivables and are reflected at cost, less an allowance for doubtful accounts based on historical collection experience of the College, as applicable.

4. *Investments*

The College carries investments in equity and debt securities, with readily determinable market values, at fair value, with any related realized and unrealized gains or losses reported in the accompanying statements of activities.

5. *Beneficial Interest in Investments Held by Third Party Trustees*

The College has received irrevocable gifts from donors that are held and invested by third party trustees as required by the donors. These investments are recorded at fair value, as reported by the respective trustee, and classified as permanently restricted net assets in the accompanying statements of financial position. Investment return from these investments is available for general or specific purposes in accordance with donors' stipulations, if any.

NOTE B (continued)

6. *Land, Buildings and Equipment*

Land, buildings and equipment are carried at their acquisition or construction cost, or, if received as a gift, at fair market value at the date of donation. The College capitalizes fixed assets costing $5,000 or more and which have a useful life of more than one year. Depreciation is calculated using the straight-line method over the following estimated useful lives of the related assets:

Buildings	50 years
Land improvements	50 years
Building improvements	10 years
Equipment	5 years
Computer equipment	5 years

Construction in progress is carried at cost incurred to date and, when completed, is transferred to the appropriate land, buildings or equipment category and is depreciated in accordance with the College's policies as stated above.

7. *Revenues*

Revenues are recorded by the College on the accrual basis of accounting. The College derives its revenues primarily from student tuition, fees and related student activities, auxiliary enterprises, investment income, gifts and private grants.

8. *Gifts*

Gifts are recognized in the year an unconditional promise to give is received from a donor. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Gifts of assets, other than cash, are recorded at their estimated fair value.

The College reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified in the statements of activities as net assets released from restrictions.

NOTE B (continued)

The College reports pledges expected to be collected within one year at the estimated amount to be ultimately realized. Pledges to be paid to the College over a period of years are recorded at the present value of their estimated future cash flows by applying discount factors which correlate with the collection period of the respective pledge.

9. *U.S. Government Grants Refundable*

Funds provided by the U.S. Government under the Federal Perkins loan program are loaned to qualified students and may be reloaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the accompanying statements of financial position as a liability.

10. *Art Collection*

The College's art collection, which was acquired through purchases and contributions, is not recognized as an asset on the accompanying statements of financial position since the art is held purely for educational purposes. Purchased collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or in temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors.

11. *Operations*

The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that are an integral part of the College's educational programs and supporting activities. Nonoperating activities principally include investment income and other activities considered to be more of an unusual or non-recurring nature.

12. *Fair Value of Financial Instruments*

The carrying amounts of cash and cash equivalents, student accounts receivable, short-term pledges receivable, prepaid expenses and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

The fair value of long-term debt approximates the carrying amount as the related interest rates represent current market rates for debt with similar maturities and credit quality.

NOTE B (continued)

A reasonable estimate of the fair value of student loans receivable under the Federal Perkins loan program can not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

13. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for student accounts, loans and contribution receivable; provision for unrecorded liabilities; useful lives of fixed assets; conditional asset retirement obligations; and the reported fair value of certain of the College's assets and liabilities. Actual results could differ from those estimates.

NOTE C – NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2006 and 2005:

	2006	2005
Capital expenditures	**$ 227,772**	$ 81,185
For use in subsequent years (principally representing contributions receivable)	**-**	4,000
Instruction	**1,214,021**	1,256,055
Student aid	**1,586,651**	1,473,899
Student services	**123,748**	122,698
Public service	**58,213**	67,682
Academic support	**126,592**	85,515
Life income fund	**238,573**	241,859
Term endowment	**135,836**	128,515
	$ 3,711,406	$ 3,461,408

NOTE C (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events, as follows for the years ended June 30, 2006 and 2005:

	2006	2005
Released for program purposes and capital expenditures	**$ 697,445**	$ 1,930,230
Released from time restrictions	**4,000**	7,720
	$ 701,445	$ 1,937,950

Permanently restricted net assets consist of the following at June 30, 2006 and 2005:

	2006	2005
Endowment fund	**$ 7,491,374**	$ 7,470,974
Beneficial interest in investments held by third party trustees (Note E)	**10,764,184**	10,730,049
	$18,255,558	$18,201,023

NOTE D - INVESTMENTS

The College's investments are carried at fair value based upon quoted market prices. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

The College's investments at June 30, 2006 and 2005 are comprised of the following:

	2006	2005
Cash and cash equivalents	**$ 427,344**	$ 393,857
Common stocks and mutual funds	**6,049,426**	5,242,723
Corporate bonds and mutual funds	**5,106,845**	4,856,018
U.S. Government bonds	**3,879,736**	4,604,504
	$15,463,351	$15,097,102

NOTE D (continued)

The College's investment return for the years ended June 30, 2006 and 2005 is comprised of the following:

	2006	2005
Interest and dividends	**$ 718,008**	$ 816,936
Unrealized and realized appreciation (depreciation) in fair market value of investments	**24,362**	(315,515)
	$ 742,370	$ 501,421

The College's investment return is reported in the financial statements for the years ended June 30, 2006 and 2005 as follows:

	2006	2005
Unrestricted	**$ 279,520**	$ 493,097
Temporarily restricted	**428,715**	258,843
Permanently restricted	**34,135**	(250,519)
	$ 742,370	$ 501,421

The College's endowment is managed to achieve a prudent long-term total return. The College's Trustees established a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return (dividend and interest income and investment gains) at a rate (the spending rate) of up to 5% annually of a 3-year moving average of the investment pool fair value. The College utilized investment return, as determined under the College's spending policy, as defined above, as part of current operations for the years ended June 30, 2006 and 2005.

Investment management and custodial fees are netted against investment returns, and approximated $79,400 and $31,700 in fiscal 2006 and 2005, respectively.

NOTE E - BENEFICIAL INTEREST IN INVESTMENTS HELD BY THIRD PARTY TRUSTEES

On April 28, 1988, the College was informed that it was named as a beneficiary of the Clair Boothe Luce Fund, a program administered by the Henry Luce Foundation, Inc. (the "Foundation"). The College's share of such funds had a market value of approximately $6,575,000 and $6,550,000 at June 30, 2006 and 2005, respectively, and is reflected as a permanently restricted beneficial interest in investments held by third party trustees in the accompanying statements of financial position. Income derived from the College's share is distributed annually and amounted to $295,000 and $300,000 during the years ended June 30, 2006 and 2005, respectively. The annual income distribution from the Foundation is restricted for scholarships, fellowships, and professorships for women in science and technology and is recorded as an increase in temporarily restricted net assets.

In addition, the College is the beneficiary of several other trusts that are held by third party trustees. The Helen Rotterman trust is a perpetual trust with a market value of $754,067 and $761,082 at June 30, 2006 and 2005, respectively, with income distributions to be used for unrestricted purposes. The M. Rotterman trust is a perpetual trust with a market value of $2,164,825 and $2,149,908 at June 30, 2006 and 2005, respectively, with income distributions to be used for unrestricted purposes. The Russell T. Finn trust is a life income trust with a market value of $989,650 and $965,141 at June 30, 2006 and 2005, under which Mr. Finn's beneficiaries will receive income on the trust assets during their lifetime. The Dougherty Scholarship Irrevocable trust is a perpetual trust with a market value of $280,642 and $303,918 at June 30, 2006 and 2005, respectively, with income distributions to be used for educational purposes. These trusts are reported as permanently restricted beneficial interest in investments held by third party trustees in the accompanying statements of financial position.

NOTE F - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of bequests receivable, centennial campaign receivables and annual fund receivables.

As of June 30, 2006 and 2005, the College had recorded bequests receivable of $112,000 and $112,000, respectively.

The College recognizes pledges and bequests, due in more than one year, at the present value of the estimated future cash flows, discounted at risk-free rates of return assigned in the years in which the promises originate. These risk-free rates ranged from 4.0% to 6.7% at June 30, 2006 and 2005.

NOTE F (continued)

Contributions receivable, net, at June 30, 2006 and 2005, consist of the following:

	2006	2005
Less than one year	**$ 650,314**	$ 463,623
One to five years	**92,862**	1,230,422
Total	**743,176**	1,694,045
Less: discount to present value	**(2,898)**	(49,930)
	740,278	1,644,115
Less: allowance for doubtful accounts	**(33,008)**	(100,336)
	$ 707,270	$ 1,543,779

NOTE G - LAND, BUILDINGS AND EQUIPMENT, NET

Land, buildings and equipment, net, consist of the following at June 30, 2006 and 2005:

	2006	2005
Land	**$ 83,218**	$ 83,218
Land improvements	**1,361,697**	1,361,697
Buildings	**28,625,213**	28,625,213
Building improvements	**3,017,863**	2,755,420
Equipment	**4,262,986**	4,212,579
Computer equipment	**1,950,543**	1,303,732
Construction in progress	**294,606**	622,500
	39,596,126	38,964,359
Less: accumulated depreciation	**(17,818,457)**	(16,775,101)
	$ 21,777,669	$ 22,189,258

At June 30, 2006, land, building and equipment includes capitalized conditional asset retirement obligations at a cost of $160,664 which have been fully depreciated.

NOTE H - BONDS PAYABLE AND OTHER DEBT

Bonds payable and other debt consist of the following at June 30, 2006 and 2005:

	2006	2005
District of Columbia, Series 2001 Revenue Bonds (Note H-1)	**$ 18,810,286**	$ 19,199,913
Other debt obligation (Note H-2)	**220,492**	202,042
	$ 19,030,778	$ 19,401,955

1. *District of Columbia, Series 2001 Revenue Bonds*

On July 11, 2001, the College issued, through the District of Columbia, Series 2001 revenue bonds in the amount of $19,345,000. The bond proceeds were for the sole purpose of the development, design, equipping, renovation and construction of the Trinity Center for Women and Girls in Sports and related field and ground renovations. The bonds are secured by a standby letter of credit. The bonds bear interest at variable rates determined by the marketing agent. On July 15, 2003, the College entered into an interest rate swap agreement (the "Agreement") with Wachovia Bank to fix the interest rate associated with its District of Columbia, Series 2001 revenue bonds. The Agreement, which expires on July 1, 2008, fixed the interest rate for each semiannual payment at 2.87%. The interest rate swap agreement was executed with a high-credit quality financial institution and the College believes the risk of nonperformance by the counterparty is not significant. The fair value of the swap agreement was approximately $332,000 and $63,000 at June 30, 2006 and 2005 and is included in other assets in the accompanying financial statements.

Pursuant to the bond agreement, the College is subject to certain debt covenants. As of June 30, 2006 and 2005, the College was in compliance with all debt covenants.

NOTE H (continued)

The bonds are subject to mandatory sinking fund payments as follows:

1st business day of each July	
2006	$ 410,000
2007	430,000
2008	445,000
2009	465,000
2010	485,000
Thereafter, through 2031	16,715,000
	18,950,000
Less: amount representing unamortized bond discount	(139,714)
	$ 18,810,286

Interest expense began accruing upon issuance of the debt and is payable semiannually. For the years ended June 30, 2006 and 2005, interest expense amounted to $504,688 and $556,581, respectively. Principal payments, pursuant to the terms of the bond issuance, commenced during fiscal 2006.

2. *Other Debt Obligation*

The College entered into an agreement with Aramark to outsource its facility and dining hall services effective January 5, 2003 and June 15, 2003, respectively. In an effort to update the College's existing facilities, Aramark provided two interest-free unsecured loans to the College, pursuant to the management service agreements dated May 5, 2003 and October 14, 2003, in the amount of $70,000 and $200,000 for dining hall and facility services, respectively. The loans are payable over a 10-year period. In July 2004, the College terminated the dining hall services contract with Aramark and the unamortized balance of the $70,000 was paid in full. On September 8, 2004, Sodexho Inc. provided a $50,000 interest-free unsecured loan to the College for dining hall improvements, payable over a 5-year period.

NOTE I - CONDITIONAL ASSET RETIREMENT OBLIGATION

In March 2005, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"), an interpretation of Statement of Financial Accounting Standards ("SFAS") No. 143, "Asset Retirement Obligations." FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143 includes a legal obligation associated with the retirement of a tangible long-lived asset in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. The College has conditional asset retirement obligations primarily associated with its fully depreciated buildings. The College adopted FIN 47 in fiscal 2006 and recognized a liability of $817,116. The cumulative effect of the change in accounting principle of $778,948 was reflected in the College's statement of activities for the year ended June 30, 2006.

NOTE J - RETIREMENT PLAN

After one year of full-time employment and attaining the age of twenty-one, faculty and staff of the College are eligible for participation in a contributory pension and retirement plan administered by the Teachers Insurance and Annuity Association and College Retirement Equities Fund. The College automatically contributes 2% of all eligible employees' base salary, and matches an additional voluntary contribution of up to 6%. The College's contributions to this plan were $304,120 and $260,285 for the years ended June 30, 2006 and 2005, respectively.

NOTE K - COMMITMENTS AND CONTINGENCIES

The College may be a party to various litigations, and other claims in the ordinary course of business. In the opinion of management, the College does not expect the ultimate resolution of these actions to have a material adverse effect on the College's financial position, changes in net assets or cash flows.

NOTE L – EXTRAORDINARY ITEM

During June 2006, unprecedented rainstorms and flooding affected the northeast region of the United States. As a result, on June 26, 2006, Trinity sustained significant water damage to the Trinity Center basement. This affected the fitness facility, administrative and athletic offices. The costs for removal of the water and moisture totaled $38,105. During fiscal 2007, expenses for the repair of the damaged areas are estimated at $25,000.

NOTE M - ALLOCATION OF CERTAIN EXPENSES

The College allocates operation and maintenance of plant, depreciation and interest and amortization on indebtedness based on proportional expenditures using estimates of building square footage and the functional use of each facility. For the years ended June 30, 2006 and 2005, the following allocations of expenses were included in the accompanying statements of activities:

	2006			
	Operation and Maintenance of Plant	Depreciation and Accretion	Interest and Amortization on Indebtedness	**Total**
Instruction	$ 875,648	$ 117,586	$ 127,515	**$ 1,120,749**
Academic support	175,130	23,517	25,503	**224,150**
Student services	700,518	344,120	102,012	**1,146,650**
Institutional support	700,518	94,069	102,012	**896,599**
Auxiliary enterprises	1,050,777	391,155	153,019	**1,594,951**
	$ 3,502,591	$ 970,447	$ 510,061	**$ 4,983,099**

	2005			
	Operation and Maintenance of Plant	Depreciation and Accretion	Interest and Amortization on Indebtedness	Total
Instruction	$ 733,703	$ 84,413	$ 139,175	$ 957,291
Academic support	146,741	16,882	27,835	191,458
Student services	586,962	285,085	111,340	983,387
Institutional support	586,962	67,530	111,340	765,832
Auxiliary enterprises	880,444	318,850	167,010	1,366,304
	$ 2,934,812	$ 772,760	$ 556,700	$ 4,264,272

October __, 2006

Ms. Barbara Lettiere
Trinity College
125 Michigan Avenue, NE
Washington, D.C. 20017-1094

Dear Ms. Lettiere:

Enclosed are fifty copies of the financial statements for Trinity College for the year ended June 30, 2006 and 2005. A report letter describing the scope of our work is included with the financial statements.

Very truly yours

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Enc. 50