

Financial Statements of

ST. THOMAS UNIVERSITY

Year ended April 30, 2014



ST. THOMAS UNIVERSITY

Financial Statements

Year ended April 30, 2014

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ST. THOMAS UNIVERSITY

Statement of Financial Position

Year ended April 30, 2014, with comparative information as at April 30, 2013

	2014	2013
Assets		
Current assets:		
Prepaid expenses	\$ 89,921	\$ 101,334
Accounts receivable:		
Students (note 2)	1,848,663	1,681,944
Pledges	48,153	50,000
Other	620,697	467,828
	<u>2,607,434</u>	<u>2,301,106</u>
Long-term pledges receivable	–	48,153
Investments (note 3)	29,795,781	29,293,557
Capital assets (note 4)	35,368,160	36,847,307
	<u>\$ 67,771,375</u>	<u>\$ 68,490,123</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Bank indebtedness	\$ 4,629,043	\$ 3,359,148
Accounts payable and accrued liabilities (note 5)	2,725,621	3,426,791
Fees received in advance	339,748	401,795
Current portion of capital lease obligation (note 7)	199,344	199,344
Current portion of long-term debt (note 8)	203,000	218,591
	<u>8,096,756</u>	<u>7,605,669</u>
Deferred contributions (note 6)	1,245,851	1,337,520
Capital lease obligation (note 7)	1,475,675	1,675,037
Long-term debt (note 8)	2,184,000	2,444,606
Derivatives (note 9)	303,543	422,610
Fund balances:		
Unrestricted	507,133	488,291
Internally restricted	8,379,810	9,163,454
Endowments	444,300	444,300
Other externally restricted	14,131,709	13,021,517
Capital assets (note 10)	31,002,598	31,887,119
	<u>54,465,550</u>	<u>55,004,681</u>
	<u>\$ 67,771,375</u>	<u>\$ 68,490,123</u>

See accompanying notes to financial statements.

On behalf of the Board:

Governor

Governor

ST. THOMAS UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2014, with comparative information for 2013

						2014	2013
	Operating	General Ancillary	Internally restricted	Endowments and other externally restricted	Capital assets	Grand total	Grand total
Revenues:							
Provincial operating grant	\$ 13,759,750	\$ -	\$ -	\$ -	\$ -	\$ 13,759,750	\$ 13,584,750
Other grants	2,329,111	-	-	93,417	167,926	2,590,454	2,912,202
Student fees	13,116,525	3,631,608	-	-	-	16,748,133	18,785,606
Gain in fair value of investments	348,056	-	1,618,390	1,648,303	-	3,614,749	2,229,048
Donations	118,339	-	-	272,039	232,400	622,778	415,578
Athletic revenues	465,586	-	-	-	-	465,586	436,762
Miscellaneous	297,658	464,691	-	10,296	-	772,645	1,521,180
	30,435,025	4,096,299	1,618,390	2,024,055	400,326	38,574,095	39,885,126
Expenses:							
Academic	17,864,528	-	285,578	599,976	-	18,750,082	18,216,935
Computing services	813,370	-	-	-	-	813,370	810,991
Administrative and general	5,257,018	614,343	95,183	59,874	-	6,026,418	5,523,222
Student services	2,421,516	904,262	-	-	-	3,325,778	5,874,743
Physical plant	2,142,091	2,512,311	-	-	-	4,654,402	4,577,453
Scholarships and awards	-	-	1,499,761	254,013	-	1,753,774	1,837,051
Grant transfer to UNB	1,917,660	-	-	-	-	1,917,660	1,917,660
Amortization	-	-	-	-	1,990,809	1,990,809	2,046,140
	30,416,183	4,030,916	1,880,522	913,863	1,990,809	39,232,293	40,804,195
Excess (deficiency) of revenues over expenses	18,842	65,383	(262,132)	1,110,192	(1,590,483)	(658,198)	(919,069)
Fund balance, beginning of year	488,291	-	9,163,454	13,465,817	31,887,119	55,004,681	55,926,876
	507,133	65,383	8,901,322	14,576,009	30,296,636	54,346,483	55,007,807
Gain (loss) on derivatives	-	-	-	-	119,067	119,067	(3,126)
Transfers	-	(65,383)	(521,512)	-	586,895	-	-
Fund balance, end of year	\$ 507,133	\$ -	\$ 8,379,810	\$ 14,576,009	\$ 31,002,598	\$ 54,465,550	\$ 55,004,681

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (658,198)	\$ (919,069)
Amortization of capital assets, not involving cash	1,990,809	2,046,140
Unrealized gain on investments	(3,614,749)	(2,229,048)
Deferred contributions recognized as revenue	(1,222,616)	(1,300,878)
Net change in non-cash operating working capital	(1,069,545)	(479,468)
	<u>(4,574,299)</u>	<u>(2,882,323)</u>
Financing and investing activities:		
Decrease in investments	3,112,525	2,298,145
Capital assets acquired	(511,662)	(2,157,317)
Capital assets acquired under capital lease	–	1,993,437
Pledges collected	48,153	50,000
Contributions received and deferred	1,130,947	1,121,666
Principal payment on long-term debt	(276,197)	(207,218)
Principal payment on capital lease obligation	(199,362)	(119,055)
	<u>3,304,404</u>	<u>2,979,658</u>
Increase (decrease) in cash position	(1,269,895)	97,335
Cash position, beginning of year	(3,359,148)	(3,456,483)
Cash position, end of year	<u>\$ (4,629,043)</u>	<u>\$ (3,359,148)</u>

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2014

St. Thomas University (the University) is a university incorporated by Special Act of the Legislative Assembly of New Brunswick providing undergraduate liberal arts and professional programs. The University is a registered charity under the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Basis of accounting:

The University follows the fund basis of accounting, which provides for a separate self-balancing group of accounts established to enable separate accountability for particular legal or contractual activities or for purposes of segregating assets that are to be used for certain designated purposes. Separate accounts are maintained for each fund. For financial statement purposes, funds that have similar characteristics have been combined into fund groups as follows:

Unrestricted funds are those which are not subject to restrictions by external parties as to use of the funds. Included in this category are the following:

General:

Includes all ordinary academic and administrative operations of the University as well as ancillary operations.

Internally restricted:

Includes funds established by the Board for various specific purposes as follows:

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2014

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Derivative financial instruments are utilized by the University in the management of its interest rate exposure. The University's policy is not to utilize derivative financial instruments for trading or speculative purposes. Derivative instruments are recorded on the statement of financial position as assets and liabilities and are measured at fair value. Changes in the derivative instruments' fair value are recognized in the statement of operations unless specific hedge accounting criteria are met. Changes in the fair value of effective cash flow hedges are included directly in the fund balances.

The University entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt. The sw

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Notes to Financial Statements (continued)

Year ended April 30, 2014

5. Accounts payable and accrued liabilities:

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Notes to Financial Statements (continued)

Year ended April 30, 2014

8. Long-term debt:

	2014	2013
5.375% Mortgage, secured by Holy Cross House, payable in semi-annual instalments of \$15,382 including principal and interest, paid in full April 2014	\$ —	\$ 84,197
5.140% Banker's acceptance, renewable monthly, currently repayable in monthly instalments of \$17,000 plus interest, due September 2023	2,387,000	2,579,000
	<u>2,387,000</u>	<u>2,663,197</u>
Less current portion of long-term debt	203,000	218,591
	<u>\$ 2,184,000</u>	<u>\$ 2,444,606</u>

The University has entered into a swap agreement whereby the University has fixed its interest rate on the renewable monthly banker's acceptanc

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2014

9. Derivatives:

The notional amount of interest rate swaps outstanding at year end is \$2,387,000 CAD (2013 - \$2,579,000).

10. Capital assets:

Investment in capital assets is calculated as follows:

	2014	2013
Capital assets	\$ 35,368,160	\$ 36,847,307
Long-term debt	(2,387,000)	(2,663,197)
Capital lease obligation	(1,675,019)	(1,874,381)
Derivatives	(303,543)	(422,610)
Invested in capital assets	\$ 31,002,598	\$ 31,887,119

11. Pension Plan:

The "Pension Plan for the Employees of St. Thomas University" is a defined-contribution pension plan under which contributions are made by both St. Thomas University and its employees. For the fiscal year ended April 30, 2014, the University expensed contributions of \$1,259,531 (2013 - \$1,232,931) under the terms of the Plan.

12. Financial risks:

Financial risk refers to the impact on the University's cash flows as a result of fluctuations in interest rates and the credit quality of student receivables and counterparties to financial instruments. The University manages its financial risk as follows:

(a) Interest rate risk:

Interest rate is minimized as fixed interest rates or interest rate swaps are entered into to fix interest rates on variable rate mortgages.

(b) Credit risk:

The University is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing with credit-worthy counterparties such as highly rated financial institutions.

To reduce credit risk with student accounts, the University places restrictions on registering for courses and the issuance of grades and degrees, until payment on account is made. The University also uses third party agencies to collect outstanding receivables.

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2014

12. Financial risks (continued):

(c) Currency risk:

The University realizes a small portion of its revenues in foreign currencies and is thus exposed to foreign exchange fluctuations. This risk is minimized, where possible, by timing the conversion of such revenues to Canadian dollars based on market conditions. In addition, all foreign currency is reflected in Canadian dollars for financial statement purposes.

13. Expense allocation:

In adherence to CPA HB Section 4470, *Disclosure of allocated expenses by not-for-profit organizations*, the following allocations were made during the year:

Salaries and wages have been allocated to Ancillary based on estimated time spent as follows:

	2014	2013
Physical plant	\$ 145,204	\$ 142,555
Administrative	220,361	159,399
Support	62,358	47,372
	<hr/>	<hr/>
	\$ 427,923	\$ 349,326

In addition, salaries and wages of \$60,000 (2013 - \$50,000) were allocated to the Learn and Earn program based on budgeted expenses.

ST. THOMAS UNIVERSITY

Schedule of Ancillary Enterprises

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Revenues:		
Student fees:		
Residence fees and dining hall	\$ 3,146,129	\$ 5,175,678
English language programs	485,479	494,584
	<u>3,631,608</u>	<u>5,670,262</u>
Miscellaneous:		
Cafeteria	80,046	491,523
Catering	141,325	472,577
Conference rentals	138,449	153,395
Other	104,871	103,122
	<u>464,691</u>	<u>1,220,617</u>
	<u>\$ 4,096,299</u>	<u>\$ 6,890,879</u>
Expenses:		
Student services:		
Food service	\$ 563,814	\$ 3,315,951
Bus services	63,631	66,600
Miscellaneous	81,013	106,277
Proctor services	195,804	175,600
	<u>904,262</u>	<u>3,664,428</u>
Administrative and general:		
Administrative salaries	574,343	486,064
Bad debts	40,000	60,000
	<u>614,343</u>	<u>546,064</u>
Physical plant:		
Cable	85,166	68,786
Cleaning and janitorial	417,413	358,445
Communications	181,245	213,075
Electricity	324,350	341,666
Furniture and equipment	13,438	57,087
Heat	201,164	206,391
Insurance	38,753	40,876
Interest on long-term debt	131,459	142,463
Kitchen fuel	16,411	13,881
Laundry and linen	12,160	11,608
Maintenance and repairs	667,341	605,021
Miscellaneous	10,327	12,845
Physical plant salaries	145,204	142,555
Property management fees	49,122	46,317
Security	151,313	151,818
Water and sewerage	67,445	65,367
	<u>2,512,311</u>	<u>2,478,201</u>
	<u>\$ 4,030,916</u>	<u>\$ 6,688,693</u>

ST. THOMAS UNIVERSITY

Schedule of Academic Expenses from Operations

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Wages and salaries:		
Full-time	\$ 11,123,763	\$ 10,744,560
Part-time	2,099,518	2,083,432
On leave	514,641	568,736
	<u>13,737,922</u>	<u>13,396,728</u>
Staff other than academic	364,925	348,453
Employee benefits	1,962,398	1,868,677
Departmental:		
Teaching supplies and support	101,018	100,211
Special projects	40,700	40,626
Native Studies BSW Program	105,086	135,591
Miscellaneous	46,910	30,921
	<u>293,714</u>	<u>307,349</u>
Travel, study and research:		
Professional development and travel allowances	260,492	255,754
Research projects and academic conferences	787,528	861,502
	<u>1,048,020</u>	<u>1,117,256</u>
General academic:		
Materials and supplies	43,987	66,178
Postage	20,361	30,315
Telephone	15,706	11,492
Graduation	83,215	84,647
Recruiting	26,883	33,683
Relocation	32,049	6,557
Special projects	65,713	33,363
Service contracts	54,576	36,777
Fees and dues	115,059	92,253
	<u>457,549</u>	<u>395,265</u>
	<u>\$ 17,864,528</u>	<u>\$ 17,433,728</u>

ST. THOMAS UNIVERSITY

Schedule of Computing Services Expenses from Operations

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Wages and salaries	\$ 488,831	\$ 523,506
Employee benefits	84,640	89,363
Computing licenses and support	239,899	198,122
	<u>\$ 813,370</u>	<u>\$ 810,991</u>

ST. THOMAS UNIVERSITY

Schedule of Student Services Expenses from Operations

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Wages and salaries	\$ 1,242,699	\$ 1,145,365
Employee benefits	160,281	138,964
Student health insurance	38,817	88,590
Athletics	876,830	726,981
Campus Ministry	17,089	15,889
Student support programs	85,800	94,526
	<u>\$ 2,421,516</u>	<u>\$ 2,210,315</u>

Schedule of Physical Plant Expenses from Operations

Year ended April 30, 2014, with comparative information for 2013

	2014	2013
Wages and benefits	\$ 144,092	\$ 142,870
Utilities and insurance:		
Heat	432,372	410,645
Electricity	230,262	205,731