

Financial Statements of

ST. THOMAS UNIVERSITY

Year ended April 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors

We have audited the accompanying financial statements of St. Thomas University, which comprise the statement of financial position as at April 30, 2015, the statements of oper

ST. THOMAS UNIVERSITY

Financial Statements

Year ended April 30, 2015

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ST. THOMAS UNIVERSITY

Statement of Financial Position

Year ended April 30, 2015, with comparative information as at April 30, 2014

	2015	2014
Assets		
Current assets:		
Prepaid expenses	\$ 99,654	\$ 89,921
Accounts receivable:		
Students (note 2)	1,863,775	1,848,663
Pledges	—	48,153
Other	400,054	620,697
	<u>2,363,483</u>	<u>2,607,434</u>
Investments (note 3)	29,330,908	29,795,781
Capital assets (note 4)	33,593,473	35,368,160
	<u>\$ 65,287,864</u>	<u>\$ 67,771,375</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Bank indebtedness (note 5)	\$ 5,308,033	\$ 4,629,043
Accounts payable and accrued liabilities (note 6)	2,905,623	2,725,621
Fees received in advance	355,021	339,748
Current portion of capital lease obligation (note 8)	199,344	199,344
Current portion of long-term debt (note 9)	213,000	203,000
	<u>8,981,021</u>	<u>8,096,756</u>
Deferred contributions (note 7)	1,058,089	1,245,851
Capital lease obligation (note 8)	1,276,318	1,475,675
Long-term debt (note 9)	1,971,000	2,184,000
Derivatives (note 10)	319,682	303,543
Fund balances:		
Unrestricted	250,000	507,133
Ancillary	(562,542)	—
Internally restricted	6,778,885	8,379,810
Endowments	444,300	444,300
Other externally restricted	15,156,980	14,131,709
Capital assets (note 11)	29,614,131	31,002,598
	<u>51,681,754</u>	<u>54,465,550</u>
	<u>\$ 65,287,864</u>	<u>\$ 67,771,375</u>

See accompanying notes to financial statements.

On behalf of the Board:

ST. THOMAS UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2015, with comparative information for 2014

						2015	2014
	Operating	General Ancillary	Internally restricted	Endowments and other externally restricted	Capital assets	Grand total	Grand total
Revenues:							
Provincial operating grant	\$ 14,082,351	\$ -	\$ -	\$ -	\$ -	\$ 14,082,351	\$ 13,759,750
Other grants	1,994,894	-	-	112,514	162,419	2,269,827	2,590,454
Student fees	13,127,332	3,010,517	-	-	-	16,137,849	16,748,133
Gain in fair value of investments	415,300	-	1,292,431	1,485,649	-	3,193,380	3,614,749
Donations	258,597	-	200	557,974	103,100	919,871	622,778
Athletic revenues	298,314	-	-	-	-	298,314	465,586
Miscellaneous	299,849	236,250	-	11,208	13,110	560,417	772,645
	30,476,637	3,246,767	1,292,631	2,167,345	278,629	37,462,009	38,574,095
Expenses:							
Academic	18,476,598	-	299,824	437,863	-	19,214,285	18,750,082
Computing services	927,065	-	-	-	-	927,065	813,370
Administrative and general	5,566,985	568,797	82,644	60,935	-	6,279,361	6,026,418
Student services	2,493,690	591,853	-	-	-	3,085,543	3,325,778
Physical plant	2,433,744	2,648,659	-	-	19,876	5,102,279	4,654,402
Scholarships and awards	-	-	1,472,966	343,276	-	1,816,242	1,753,774
Grant transfer to UNB	1,902,184	-	-	-	-	1,902,184	1,917,660
Amortization	-	-	-	-	1,902,707	1,902,707	1,990,809
	31,800,266	3,809,309	1,855,434	842,074	1,922,583	40,229,666	39,232,293
Excess (deficiency) of revenues over expenses	(1,323,629)	(562,542)	(562,803)	1,325,271	(1,643,954)	(2,767,657)	(658,198)
Fund balance, beginning of year	507,133	-	8,379,810	14,576,009	31,002,598	54,465,550	55,004,681
	(816,496)	(562,542)	7,817,007	15,901,280	29,358,644	51,697,893	54,346,483
Gain (loss) on derivatives	-	-	-	-	(16,139)	(16,139)	119,067
Transfers	1,066,496	-	(1,038,122)	(300,000)	271,626	-	-
Fund balance, end of year	\$ 250,000	\$ (562,542)	\$ 6,778,885	\$ 15,601,280	\$ 29,614,131	\$ 51,681,754	\$ 54,465,550

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (2,767,657)	\$ (658,198)
Amortization of capital assets, not involving cash	1,902,707	1,990,809
Unrealized gain on investments	(3,193,380)	(3,614,749)
Deferred contributions recognized as revenue	(967,850)	(1,222,616)
Net change in non-cash operating working capital	439,226	(1,069,545)
	<u>(4,586,954)</u>	<u>(4,574,299)</u>
Financing and investing activities:		
Decrease in investments	3,658,253	3,112,525
Capital assets acquired	(128,020)	(511,662)
Pledges collected	–	48,153
Contributions received and deferred	780,088	1,130,947
Principal payment on long-term debt	(203,000)	(276,197)
Principal payment on capital lease obligation	(199,357)	(199,362)
	<u>3,907,964</u>	<u>3,304,404</u>
Increase in bank indebtedness	(678,990)	(1,269,895)
Bank indebtedness, beginning of year	(4,629,043)	

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2015

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:

- Capital
- Pension
- Scholarship
- Special projects
- Aquinas Chair in Interdisciplinary Studies
- John XXIII Chair in Catholic Theology

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2015

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 recor

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2015

3. Investments:

	2015	2014
Canadian fixed income	\$ 12,994,940	\$ 12,442,482
Canadian equities	5,743,528	6,143,430
US equities	5,989,988	6,579,332
International equities	3,978,829	3,974,138
Other	623,623	656,399
	<u>\$ 29,330,908</u>	<u>\$ 29,795,781</u>

The Canadian fixed income have an effective interest rate of 2.65% to 5.96% (2014 - 2.65% to 5.96%) and mature between June 2015 and December 2022.

4. Capital assets:

April 30, 2015	Cost	Accumulated amortization	Net book value
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ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2015

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities includes \$270,111 (2014 - \$267,511) in amounts owing for government remittances including payroll deductions and HST.

7. Deferred contributions:

Deferred contributions relate to expenses of future periods and represent time-restricted contributions as well as unspent externally restricted contributions for purposes of research and other academic projects.

	2015	2014
Balance, beginning of year	\$ 1,245,851	\$ 1,337,520
Less amounts recognized as revenue in the year	(967,850)	(1,222,616)
Add amounts received related to future periods	780,088	1,130,947
Balance, end of year	\$ 1,058,089	\$ 1,245,851

8. Capital lease obligation:

The University has financed dedicated space at the Grant-Harvey Centre by entering into a capital leasing arrangement. Capital lease repayment is due as follows:

	2015	2014
2015	\$ —	\$ 278,369
2016	265,786	268,422
2017	256,237	258,475
2018	246,689	248,527
2019	237,140	238,580
2020	227,592	—
Thereafter	508,850	733,069
Total minimum lease payments	1,742,294	2,025,442

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2015

9. Long-term debt:

	2015	2014
Term facility repayable in monthly instalments of \$18,000 plus interest, due September 2023	\$ 2,184,000	\$ 2,387,000
Less current portion of long-term debt	213,000	203,000
	\$ 1,971,000	\$ 2,184,000

The term credit facility bears interest at Banker's Acceptance floating rates, renewable monthly, plus stamping fees, totalling 5.14% (2014 - 5.14%).

The University has entered into a swap agreement whereby the University has fixed its interest rate on the renewable monthly banker's acceptances. Swap payments are reflected as interest expense and accounted for on an accrual basis.

Principal due within each of the next five years on long-term debt is approximately as follows:

2016	\$ 213,000
2017	

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2015

12. 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, 2015, the University expensed contributions of \$1,319,048 (2014 - \$1,259,531) under the terms of the Plan.

13. 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.

(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.

14. 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:

	2015	2014
Physical plant	\$ 165,933	\$ 145,204
Administrative	227,192	220,361
Support	66,912	62,358
	<u>\$ 460,037</u>	<u>\$ 427,923</u>

In addition, salaries and wages of \$60,000 (2014 - \$60,000) for student wages were allocated to the Learn and Earn program.

ST. THOMAS UNIVERSITY

Schedule of Ancillary Enterprises

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Student fees:		
Residence fees	\$ 2,830,616	\$ 3,146,129
English language programs	179,901	485,479
	<u>3,010,517</u>	<u>3,631,608</u>
Miscellaneous:		
Cafeteria	–	80,046
Catering	–	141,325
Conference rentals	144,676	138,449
Other	91,574	104,871
	<u>236,250</u>	<u>464,691</u>
	<u>\$ 3,246,767</u>	<u>\$ 4,096,299</u>
Expenses:		
Student services:		
Food services	\$ 241,000	\$ 563,814
Bus services	56,842	63,631
Miscellaneous	89,818	81,013
Proctor services	204,193	195,804
	<u>591,853</u>	<u>904,262</u>
Administrative and general:		
Administrative salaries	528,797	574,343
Bad debts	40,000	40,000
	<u>568,797</u>	<u>614,343</u>
Physical plant:		
Cable	87,500	85,166
Cleaning and janitorial	408,477	417,413
Communications	157,774	181,245
Electricity	361,123	324,350

ST. THOMAS UNIVERSITY

Schedule of Academic Expenses from Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Wages and salaries:		
Full-time	\$ 10,366,643	\$ 11,123,763
Part-time	2,359,470	2,099,518
On leave	1,549,255	514,641
	<u>14,275,368</u>	<u>13,737,922</u>
Staff other than academic	407,262	364,925
Employee benefits	1,987,764	1,962,398
Departmental:		
Teaching supplies and support	103,109	101,018
Special projects	44,004	40,700
Native Studies BSW Program	182,113	105,086
Miscellaneous	39,318	46,910
	<u>368,544</u>	<u>293,714</u>
Travel, study and research:		
Professional development and travel allowances	276,735	260,492
Research projects and academic conferences	749,150	787,528
	<u>1,025,885</u>	<u>1,048,020</u>
General academic:		
Materials and supplies	43,850	43,987
Postage	25,750	20,361
Telephone	18,595	15,706
Graduation	76,552	83,215
Recruiting	14,981	26,883
Relocation	24,922	32,049
Special projects	53,556	65,713
Service contracts	38,934	54,576
Fees and dues	114,635	115,059
	<u>411,775</u>	<u>457,549</u>
	<u>\$ 18,476,598</u>	<u>\$ 17,864,528</u>

ST. THOMAS UNIVERSITY

Schedule of Computing Services Expenses from Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Wages and salaries	\$ 561,737	\$ 488,831
Employee benefits	103,224	84,640
Computing licenses and support	262,104	239,899
	<u>\$ 927,065</u>	<u>\$ 813,370</u>

ST. THOMAS UNIVERSITY

Schedule of Administrative and General Expenses from Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Wages and salaries	\$ 3,122,177	\$ 2,838,042
Employee benefits	483,916	437,885
Administrative general and supplies:		
Advertising and publicity	339,434	427,353
Association fees	91,585	91,300
Bad debts	380,000	84,380
Conferences and special events	63,601	97,125
Committees	9,793	7,289
Credit card fees	18,013	23,201
Interest expense	70,621	57,286
Miscellaneous	61,292	50,964
Office supplies	41,364	58,176
Payroll processing fees	2,195	2,061
Postage	59,157	39,590
Professional fees	285,368	289,294
Publications	124,508	159,458
Staff recruiting	15,225	12,665
Student recruitment	198,773	180,380
Student recruitment – ACOA project	–	159,711
Service contracts	42,084	50,467
Special projects	79,287	107,197
Telephone	10,019	7,684
Travel	49,824	61,541
University hospitality	18,749	13,969
	1,960,892	1,981,091

ST. THOMAS UNIVERSITY

Schedule of Student Services Expenses from Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Wages and salaries	\$ 1,376,815	\$ 1,242,699
Employee benefits	171,445	160,281
Student health insurance	55,255	38,817
Athletics	708,369	876,830
Campus Ministry	15,714	17,089
Student support programs	166,092	85,800
	<u>\$ 2,493,690</u>	<u>\$ 2,421,516</u>

Schedule of Physical Plant Expenses from Operations

Year ended April 30, 2015, with comparative information for 2014

	2015	2014
Wages and benefits	\$ 169,931	\$ 144,092
Utilities and insurance:		
Heat	580,945	432,372
Electricity	241,223	230,262

ST. THOMAS UNIVERSITY

Schedule of Transfers of Funds

Year ended April 30, 2015

	To	From	From	To
	General Operating	Internally restricted	Endowments and other externally restricted	Capital assets
Aquinas Chair	\$ 766,496	\$ (766,496)	\$ -	\$ -
Capital	-	(271,626)	-	271,626
Criminology Chair	90,000	-	(90,000)	-
Gerontology Chair	100,000	-	(100,000)	-
Aboriginal Studies Chair	110,000	-	(110,000)	-
	\$ 1,066,496	\$ (1,038,122)	\$ (300,000)	\$ 271,626

Year ended April 30, 2014

	From	From	To
	General Ancillary	Internally restricted	Capital assets
Capital	\$ (65,383)	\$ -	\$ 65,383
Capital	-	(521,512)	521,512
	\$ (65,383)	\$ (521,512)	\$ 586,895