

Financial Statements of

ST. THOMAS UNIVERSITY

And Independent Auditors' Report thereon

Year ended April 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors

Opinion

We have audited the financial statements of St. Thomas University (the "University"), which comprise:

- the statement of financial position as at April 30, 2022
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of St. Thomas University as at April 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

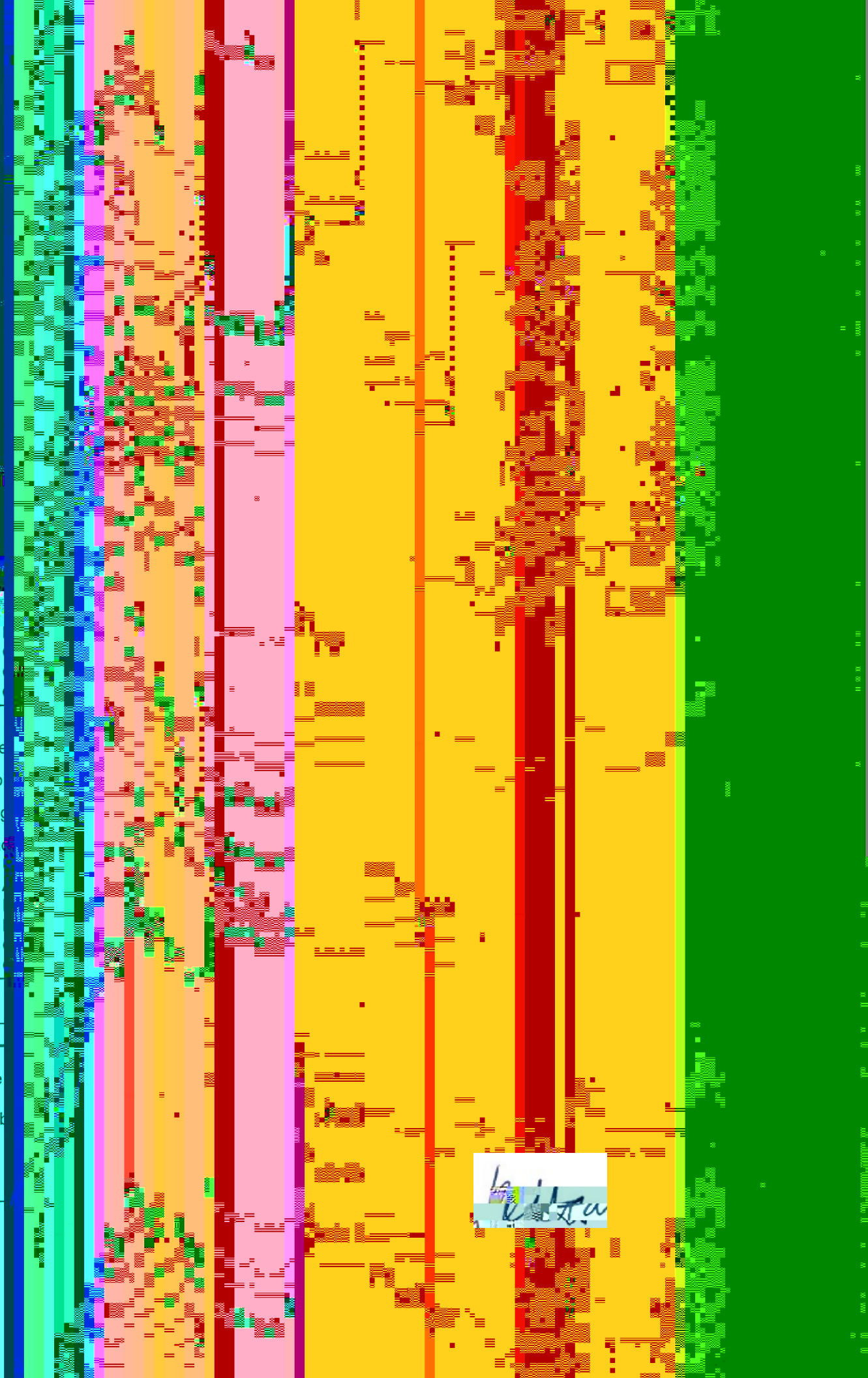
ST. THOMAS UNIVERSITY

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Year ended April 30, 2022

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ST. THOMAS UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2022, with comparative information for 2021

						2022	2021
	General Operating	Ancillary	Internally restricted	Endowments and other externally restricted	Capital assets	Grand total	Grand total
Revenues:							
Provincial operating grant	\$ 14,873,678	\$ -	\$ -	\$ -	\$ -	\$ 14,873,678	\$ 14,726,406
Other grants	2,344,448	-	-	245,452	316,783	2,906,683	2,598,707
Student fees	15,701,389	2,075,746	-	-	-	17,777,135	16,336,755
Gain in fair value of investments	-	-	-	-	-	-	2,780,239
Donations	166,377	-	105,041	1,506,959	5,100	1,783,477	1,183,063
Athletic revenues	197,650	-	-	-	-	197,650	21,318
Miscellaneous	413,202	171,054	-	4,350	-	588,606	532,996
	33,696,744	2,246,800	105,041	1,756,761	321,883	38,127,229	38,179,484
Expenses:							
Academic	18,637,798	-	1,018,984	619,353	-	20,276,135	19,806,550
Computing services	1,348,240	-	-	-	-	1,348,240	1,387,650
Administrative and general	5,126,985	487,792	8,816	161,414	-	5,785,007	5,529,088
Student services	2,838,663	194,291	-	-	-	3,032,954	2,337,403
Physical plant	2,419,401	1,915,636	-	-	-	4,335,037	3,813,628
Scholarships and awards	1,339,381	174,427	429,029	646,625	-	2,589,462	2,554,997
Loss in fair value of Investments	10,051	-	22,206	176,006	-	208,263	-
Grant transfer to UNB	2,009,100	-	-	-	-	2,009,100	1,989,200
Amortization	-	-	-	-	1,683,005	1,683,005	1,540,052
	33,729,619	2,772,146	1,479,035	1,603,398	1,683,005	41,267,203	38,958,568
Excess (deficiency) of revenue over expenses	(32,875)	(525,346)	(1,373,994)	153,363	(1,361,122)	(3,139,974)	(779,084)
Fund balance, beginning of year	239,739	(3,027,801)	829,531	23,339,405	17,685,630	39,066,504	39,845,588
	206,864	(3,553,147)	(544,463)	23,492,768	16,324,508	35,926,530	39,066,504
Transfers	(10,836)	582,541	429,202	(500,000)	(500,907)	-	-
Fund balance, end of year	\$ 196,028	\$ (2,970,606)	\$ (115,261)	\$ 22,992,768	\$ 15,823,601	\$ 35,926,530	\$ 39,066,504

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2022, with comparative inform.713H for 2021

	2022	2021
Cash flows from operating activities:		
Deficiency of revenues over expenses	\$ (3,139,974)	\$ (779,084)
Amortization of capital assets, not involving cash	1,683,005	1,540,052
Unrealized losses (gain) on investments	208,263	(2,780,239)
Deferred contributions recognized as revenue	(2,904,349)	(2,263,924)
Net change in non-cash working capital	(523,754)	490,849
	<u>(4,676,809)</u>	<u>(3,792,346)</u>
Financing and investing activities:		
Draw on investments	2,000,000	2,500,000
Investment management fees	97,671	114,869
Donation of investments	(53,032)	(104,816)
Capital assets acquired	(3,723,242)	(4,003,243)
Contributions received and deferred	3,942,592	3,163,320
Construction financing Vanier Hall	4,290,000	3,350,000
Principal payment on long-term debt	(301,000)	(180,000)
Principal payment on capital lease obligation	(81,634)	(81,634)
	<u>6,171,355</u>	<u>4,758,496</u>
Increase in cash	1,494,546	966,150
Cash (bank indebtedness), beginning of year	883,715	(82,435)
Cash, end of year	<u>\$ 2,378,261</u>	<u>\$ 883,715</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended April 30, 2022

St. Thomas University (the University) is a university incorporated by Special Act of the Legislative Assembly of New Brunswick providing undergradu

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Notes to Financial Statements (continued)

Year ended April 30, 2022

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

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Notes to Financial Statements (continued)

Year ended April 30, 2022

1. Significant accounting policies (continued):

(d) Revenue recognition:

The University uses the restricted fund method of accounting for contributions from donations and government grants. The deferral method is used on a limited basis where no specific restricted fund has been established.

Contributions and pledges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned and recorded as unrestricted or restricted if so directed by the contributor.

Revenue from student fees is recognized when the services are rendered, collections of amounts are fixed or determinable and the relevant receivable is reasonably assured.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The University has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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Notes to Financial Statements (continued)

Year ended April 30, 2022

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the University determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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 swap agreement requires the periodic exchange of payments without the exchange of the notional principal amount on which the payment is based. The University designated its interest rate hedge agreement as the hedge of the underlying debt. Interest expense on the debt is adjusted to include the payment made under the interest rate swap.

(f) Management estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of capital assets, and accounts receivable at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

2. Student accounts receivable:

	2022	2021
Accounts receivable	\$ 2,408,242	\$ 2,228,040
Less: allowance for doubtful accounts	(759,023)	(654,023)
	<u>\$ 1,649,219</u>	<u>\$ 1,574,017</u>

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Notes to Financial Statements (continued)

Year ended April 30, 2022

3. Investments:

	2022	2021
Canadian fixed income	\$ 7,567,319	\$ 10,919,223
Canadian equities	7,467,209	4,052,350
US equities	3,048,192	4,125,961
International equities	2,414,897	3,512,501
Other	75,223	215,707
	<u>\$ 20,572,840</u>	<u>\$ 22,825,742</u>

The Canadian fixed income investments have an effective interest rate of 1.60% to 4.93% (2021 - 1.90% to 4.93%) and mature between June 2022 and December 2031.

4. Capital assets:

April 30, 2022	Cost	Accumulated amortization	Net book value
Building under capital lease	\$ 2,006,753	\$ 1,042,202	\$ 964,551
Land improvements	2,680,193	1,765,649	914,544
Buildings	58,317,734	29,520,423	28,797,311
Equipment	12,058,815	9,305,909	2,752,906
	<u>\$ 75,063,495</u>	<u>\$ 41,634,183</u>	<u>\$ 33,429,312</u>

April 30, 2021	Cost	Accumulated amortization	Net book value
Building under capital lease	\$ 2,006,753	\$ 941,864	\$ 1,064,889
Land improvements	2,680,193	1,717,515	962,678
Buildings	55,371,993	28,231,629	27,140,364
Equipment	11,281,314	9,060,170	2,221,144
	<u>\$ 71,340,253</u>	<u>\$ 39,951,178</u>	<u>\$ 31,389,075</u>

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2022

5. Bank indebtedness:

The University has an operating loan agreement in the amount of \$2,000,000, which is due on demand and bears interest at the bank's prime rate.

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Notes to Financial Statements (continued)

Year ended April 30, 2022

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:

	2022	2021
2023	\$ 119,390	\$ 119,390
2024	119,390	119,390
2025	119,390	119,390
2026	119,390	119,390
2027	119,390	119,390
Thereafter	625,671	745,061
Total minimum lease payments	1,222,621	1,342,011
Less amount representing interest	(396,155)	(433,911)
Present value of net minimum capital lease payments	826,466	908,100
Current portion of capital lease obligation	81,634	73,116
	\$ 744,832	\$ 834,984

Interest of \$35,402 relating to capital lease obligation has been included in interest expense. The total amount of assets under capital lease is \$2,006,753 with related accumulated amortization of \$1,042,202.

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Notes to Financial Statements (continued)

Year ended April 30, 2022

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Notes to Financial Statements (continued)

Year ended April 30, 2022

11. Pension plan:

The "Pension Plan for the Employees of St. Thomas University" is a defined-contribution pension

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Notes to Financial Statements (continued)

Year ended April 30, 2022

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:

	2022	2021
Physical plant	\$ 165,620	\$ 83,854
Administrative	156,526	155,907
Support	55,597	55,729
	<u>\$ 377,743</u>	<u>\$ 295,490</u>

In addition, salaries and wages of \$Nil (2021 - \$Nil) for student wages were allocated to Ancillary.

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Schedule of Academic Expenses from Operations

Year ended April 30, 2022, with comparative information for 2021
(Unaudited)

	2022	2021
Wages and salaries:		
Full-time	\$ 11,227,938	\$ 11,266,630
Part-time	2,299,796	2,175,688
On leave	1,185,012	1,223,927
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	14,712,746	14,666,245
Staff other than academic	413,420	404,377
Employee benefits	2,029,577	2,074,044
Departmental:		
Teaching supplies and support	121,508	98,371
Special projects	28,112	29,236
Native Studies BSW Program	201,228	201,340
Miscellaneous	16,790	18,367
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	367,638	347,314
Travel, study and research:		
Professional development and travel allowances	251,993	310,991
Research projects and academic conferences	690,844	698,101
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	942,837	1,009,092
General academic:		
Materials and supplies	16,064	14,701
Postage	8,436	12,823
Telephone	10,305	13,249
Graduation	37,557	8,299
Recruiting	23,180	17,633
Relocation	6,448	7,405
Special projects	17,524	26,768
Service contracts	13,976	15,461
Fees and dues	38,090	63,033
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	171,580	179,372
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	\$ 18,637,798	\$ 18,680,444

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Schedule of Computing Services Expenses from Operations

Year ended April 30, 2022, with comparative information for 2021
(Unaudited)

	2022	2021
Wages and salaries	\$ 608,603	\$ 573,514
Employee benefits	105,249	106,695
Computing licenses and support	344,866	412,111
Distance technology and support	289,522	295,330
	<u>\$ 1,348,240</u>	<u>\$ 1,387,650</u>

ST. THOMAS UNIVERSITY

Schedule of Administrative and General Expenses from Operations

Year ended April 30, 2022, with comparative information for 2021
(Unaudited)

	2022		2021
Wages and salaries	\$ 3,388,321	\$	3,325,409
Employee benefits	531,917		518,364
Administrative general and supplies:			

ST. THOMAS UNIVERSITY

Schedule of Student Services Expenses from Operations

Year ended April 30, 2022, with comparative information for 2021
(Unaudited)

	2022	2021
Wages and salaries	\$ 1,797,611	\$ 1,661,965
Employee benefits	231,344	217,279
Athletics	586,999	164,411
Campus Ministry	8,909	2,905
Student support programs	213,800	201,210
	<u>\$ 2,838,663</u>	<u>\$ 2,247,770</u>

Schedule of Physical Plant Expenses from Operations

Year ended April 30, 2022, with comparative information for 2021
(Unaudited)

	2022	2021
Wages and benefits	\$ 165,622	\$ 251,565
Utilities and insurance:		
Heat	493,472	457,174
Electricity	221,696	179,030
Water and sewage	11,741	8,210
Telephone	161,241	162,764
Insurance	74,726	68,757
	<u>962,876</u>	<u>875,935</u>
Cleaning and janitorial	638,622	599,924
Furniture and equipment	188,326	95,513
Maintenance and repairs	397,956	401,570
Interest on Grant-Harvey lease	35,402	38,082
Security	30,597	32,574
	<u>\$ 2,419,401</u>	<u>\$ 2,295,163</u>

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Schedule of Transfers of Funds