

Financial Statements of

ST. THOMAS UNIVERSITY

And Independent Auditor's Report thereon

Year ended April 30, 2024



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INDEPENDENT AUDITOR'S 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, 2024
- 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").



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from mat



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- 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 auditor's 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 the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Fredericton, Canada

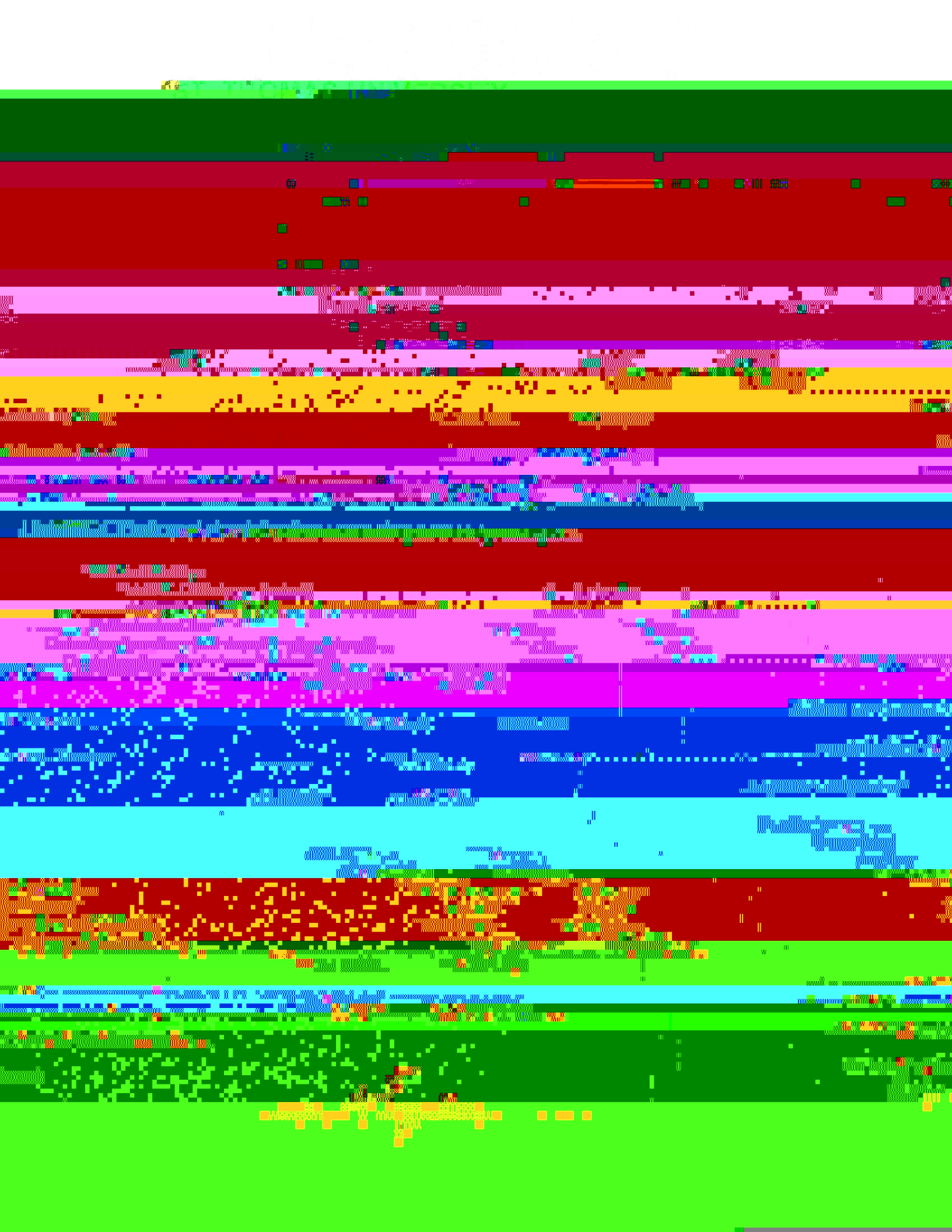
October 22, 2024

ST. THOMAS UNIVERSITY

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Year ended April 30, 2024

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ST. THOMAS UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2024, with comparative information for 2023

						2024	2023
	General Operating	Ancillary	Internally restricted	Endowments and other externally restricted	Capital assets	Grand total	Grand total
Revenues:							
Provincial operating grant	\$ 15,631,959	\$ -	\$ -	\$ -	\$ -	\$ 15,631,959	\$ 15,096,744
Other grants	3,115,180	-	-	227,589	150,315	3,493,084	3,468,859
Student fees	16,052,883	2,776,090	-	-	-	18,828,973	17,833,021
Gain in fair value of investments	54,227	-	126,289	999,353	-	1,179,869	938,027
Donations	117,338	-	111,676	840,706	-	1,069,720	3,095,545
Athletic revenues	417,987	-	-	-	-	417,987	324,246
Miscellaneous	636,529	300,070	-	35,782	-	972,381	770,720
	36,026,103	3,076,160	237,965	2,103,430	150,315	41,593,973	41,527,162
Expenses:							
Academic	19,402,666	-	610,498	605,139	-	20,618,303	19,904,482
Computing services	1,383,568	-	-	-	-	1,383,568	1,357,120
Administrative and general	5,936,123	521,385	-	292,023	-	6,749,531	6,613,058
Student services	3,827,257	239,912	-	-	-	4,067,169	3,762,667
Physical plant	2,892,995	1,563,271	-	-	-	4,456,266	4,160,585
Scholarships and awards	1,181,946	97,205	626,569	658,120	-	2,563,840	2,801,448
Grant transfer to UNB	2,110,600	-	-	-	-	2,110,600	2,039,200
Amortization	-	-	-	-	1,730,395	1,730,395	1,810,566
	36,735,155	2,421,773	1,237,067	1,555,282	1,730,395	43,679,672	42,449,126
Excess (deficiency) of revenue over expenses	(709,052)	654,387	(999,102)	548,148	(1,580,080)	(2,085,699)	(921,964)
Fund balance, beginning of year	9,081	(3,406,833)	(781,419)	24,292,849	14,890,888	35,004,566	35,926,530
	(699,971)	(2,752,446)	(1,780,521)	24,840,997	13,310,808	32,918,867	35,004,566
Transfers	418,366	(636,000)	100,000	(400,000)	517,634	-	-
Fund balance, end of year	\$ (281,605)	\$ (3,388,446)	\$ (1,680,521)	\$ 24,440,997	\$ 13,828,442	\$ 32,918,867	\$ 35,004,566

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (2,085,699)	\$ (921,964)
Amortization of capital assets, not involving cash	1,730,395	1,810,566
Unrealized gain on investments	(1,179,869)	(938,027)
Deferred contributions recognized as revenue	(2,848,241)	(4,071,609)
Net change in non-cash operating working capital	(926,908)	637,757
	<u>(5,310,322)</u>	<u>(3,483,277)</u>
Investing activities:		
Draw on investments	1,500,000	–
Investment management fees	88,872	88,570
Donation of investments	(23,094)	(86,470)
Capital assets acquired	(134,316)	(521,261)
Cash provided by (used in) investing activities	<u>1,431,462</u>	<u>(519,161)</u>
Financing activities:		
Contributions received and deferred	2,373,777	3,037,580
Principal payment on long-term debt	(436,000)	(427,000)
Principal payment on capital lease obligation	(81,634)	(81,634)
Cash provided by financing activities	<u>1,856,143</u>	<u>2,528,946</u>
Decrease in cash and cash equivalents	(2,022,717)	(1,473,492)
Cash and cash equivalents, beginning of year	904,769	2,378,261
Cash (bank indebtedness) end of year	<u>\$ (1,117,948)</u>	<u>\$ 904,769</u>

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2024

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 with the University. Includes the following:

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Notes to Financial Statements (continued)

Year ended April 30, 2024

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

Other externally restricted includes funds established with contributions by external parties that require the funds and investment income to be expended for specific purposes as follows:

Endowments:

Includes resources contributed whereby contributors have directed that the original capital contributed must remain unspent and investment income is subject to restriction and is reported as restricted. Included in endowments is the Chair in Canadian Citizenship and Human Rights.

Externally restricted funds:

Includes resources contributed whereby contributors have directed that the original capital and investment income is subject to restriction and is reported as restricted. Included in externally restricted funds are the following:

Funded chairs in Gerontology, Native and Aboriginal Cultures of Atlantic Canada, Dalton

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Notes to Financial Statements (continued)

Year ended April 30, 2024

1. Significant accounting policies (continued):

(d) Capital assets and impairment (continued):

Capital assets are amortized on a declining-balance basis using the following annual rates:

Asset	Rate
Building under capital lease	5%
Land improvements	5%
Buildings	5%
Equipment	10%

(e) 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.

(f) Financial instruments:

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Notes to Financial Statements (continued)

Year ended April 30, 2024

1. Significant accounting policies (continued):

(f) 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

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Notes to Financial Statements (continued)

Year ended April 30, 2024

2. Student accounts receivable:

	2024	2023
Accounts receivable	\$ 1,825,341	\$ 2,498,161
Less: allowance for doubtful accounts	(641,859)	(1,389,023)
	\$ 1,183,482	\$ 1,109,138

3. Investments:

	2024	2023
Bonds and cash	\$ 1,501,459	\$ 1,730,897
Canadian fixed income	7,046,062	6,933,237
Canadian equities	7,343,047	7,468,358
US equities	1,617,264	2,595,309
International equities	2,568,689	2,690,278
Alternative Private Equity	977,679	-
Other	68,658	90,688
	\$ 21,122,858	\$ 21,508,767

The Canadian fixed income investments have an effective interest rate of 1.6% to 6.003% (2023 - 1.60% to 6.003%) and mature between June 2024 and May 2035.

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Notes to Financial Statements (continued)

Year ended April 30, 2024

4. Capital assets:

April 30, 2024	Cost	Accumulated amortization	Net book value
Building under capital lease	\$ 2,006,753	\$ 1,242,877	\$ 763,876
Land improvements	2,716,437	1,857,335	859,102
Buildings	58,624,720	32,239,864	26,384,856
Equipment	12,371,162	9,835,068	2,536,094
	<u>\$ 75,719,072</u>	<u>\$ 45,175,144</u>	<u>\$ 30,543,928</u>

April 30, 2023	Cost	Accumulated amortization	Net book value
Building under capital lease	\$ 2,006,753	\$ 1,142,539	\$ 864,214
Land improvements	2,713,255	1,812,203	901,052
Buildings	58,576,584	30,912,589	27,663,995
Equipment	12,288,164	9,577,418	2,710,746
	<u>\$ 75,584,756</u>	<u>\$ 43,444,749</u>	<u>\$ 32,140,007</u>

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.

The University has available a \$4,000,000 revolving demand facility which bears interest at renewable Banker's Acceptance floating rates, plus stamping fees. The balance outstanding at April 30, 2024 was \$nil (2023 - \$Nil).

6. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities includes \$347,167 (2023 - \$336,618) in amounts owing for government remittances including payroll deductions and HST.

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Notes to Financial Statements (continued)

Year ended April 30, 2024

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.

	2024	2023
Balance, beginning of year	\$ 3,260,654	\$ 4,294,683
Less amounts recognized as revenue in the year	(2,848,241)	(4,071,609)
Add amounts received related to future periods	2,373,777	3,037,580
Balance, end of year	\$ 2,786,190	\$ 3,260,654

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:

	2024	2023
2025	\$ 119,360	\$ 119,360
2026	119,360	119,360
2027	119,360	119,360
2028	119,360	119,360
2029	119,360	119,360
Thereafter	386,961	506,311
Total minimum lease payments	983,761	1,103,111
Less amount representing interest	(320,563)	(358,279)
Present value of net minimum capital lease payments	663,198	744,832
Current portion of capital lease obligation	81,634	81,634
	\$ 581,564	\$ 663,198

Interest of \$30,716 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 \$1,242,877.

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Notes to Financial Statements (continued)

Year ended April 30, 2024

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, 2024, the University expensed contributions of \$1,401,775 (2023 - \$1,373,031) 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) Derivatives:

The notional amount of interest rate swaps outstanding at year end is \$11,664,000 CAD (2023 - \$12,100,000 CAD). At April 30, 2024, the interest rate swap agreements had a fair value of \$2,057,202 (2023 - \$1,683,951).

(c) 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.

(d) 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.

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Notes to Financial Statements (continued)

Year ended April 30, 2024

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:

	2024	2023
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ST. THOMAS UNIVERSITY

Schedule of Ancillary Enterprises

Year ended April 30, 2024, with comparative information for 2023
(Unaudited)

	2024	2023
Revenues:		
Residence fees	\$ 2,776,090	\$ 2,539,520
Miscellaneous	300,070	200,148
	\$ 3,076,160	\$ 2,739,668
Expenses:		
Residence bursaries	\$ 97,205	\$ 161,948
Student services:		
Bad debts	25,000	230,000
Miscellaneous	38,131	40,231
Proctor services	176,781	164,336
	239,912	434,567
Administrative and general:		
Administrative salaries	521,385	482,717
Physical plant:		
Cleaning and janitorial	377,774	345,042
Communications	125,797	124,291
Electricity	145,447	132,372
Furniture and equipment	8,623	43,165
Heat	185,471	187,523
Insurance	50,337	52,117
Interest on long-term debt	199,288	330,918
Kitchen fuel	15,228	12,995
Laundry and linen	12,748	3,652
Maintenance and repairs	143,893	159,240
Miscellaneous	7,184	49
Physical plant salaries	173,858	166,147
Security	84,217	78,210
Water and sewage	33,406	21,928
	1,563,271	1,657,649
	\$ 2,421,773	\$ 2,736,881

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Schedule of Computing Services Expenses from Operations

Year ended April 30, 2024, with comparative information for 2023
(Unaudited)

	2024	2023
Wages and salaries	\$ 680,904	\$ 593,756
Employee benefits	117,938	104,962
Computing licenses and support	575,183	459,558
Distance technology and support	9,543	198,844
	\$ 1,383,568	\$ 1,357,120

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Schedule of Administrative and General Expenses from Operations

Year ended April 30, 2024, with comparative information for 2023
(Unaudited)

	2024	2023
Wages and salaries	\$ 3,738,675	\$ 3,492,707
Employee benefits	560,803	552,848
Administrative general and supplies:		
Association fees	98,872	94,327
Bad debts	183,540	585,967
Conferences and special events	15,454	60,998
Committees	6,709	1,205
Credit card fees	46,791	41,326

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Schedule of Student Services Expenses from Operations

Year ended April 30, 2024, with comparative information for 2023
(Unaudited)

	2024	2023
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