

Financial Statements of

ST. THOMAS UNIVERSITY

Year ended April 30, 2011

REPORT OF THE AUDITORS

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, 2011, the statement of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting standards, 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Thomas University as at April 30, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Chartered Accountants

Fredericton, Canada

September 9, 2011

ST. THOMAS UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2011, with comparative figures for 2010

							2011	2010
	Operating	General Ancillary	Internally restricted	Endowments and other externally restricted	Capital assets	Grand total	Grand total	
Revenues:								
Provincial operating grant	\$ 13,235,861	\$ -	\$ -	\$ -	\$ -	\$ 13,235,861	\$ 12,207,295	
Other grants	2,040,284	-	-	-	-			

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 723,096	\$ 4,768,052
Amortization of capital assets, not involving cash	1,961,947	1,980,812
Unrealized loss (gain) on investments	(2,702,045)	(3,937,889)
Deferred contributions recognized as revenue	(1,981,810)	(1,533,274)
Net change in non-cash operating working capital	881,864	(813,342)
	(1,116,948)	464,359
Financing and investing activities:		
Decrease in investments	2,029,877	28,110
Capital assets acquired	(3,217,834)	(420,094)
Pledges collected	1,110,000	270,001
Contributions received and deferred	2,066,587	2,398,726
Principal payment on long-term debt	(188,679)	(177,508)
	1,799,951	2,099,235
Increase (decrease) in cash position	683,003	2,563,594
Cash position, beginning of year	(463,431)	(3,027,025)
Cash position, end of year	\$ 219,572	\$ (463,431)

Cash position is defined as cash less bank indebtedness.

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Notes to Financial Statements

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2011

1. Significant accounting policies (continued):

(e) Asset impairment:

When a tangible capital asset no longer has any long-term service potential to the University, the excess of its net (

ST. THOMAS UNIVERSITY

Notes to Financial Statements (continued)

Year ended April 30, 2011

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Under Section 3855, all financial asset instruments are classified as one of the following: held-to-maturity (HTM), loans and receivables (L&R), held-for-trading (HFT), or available-for-sale (AFS). All financial liability instruments are classified as either held-for-trading (HFT) or other liabilities (OL). Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in operations. Financial assets available-for-sale are measured at fair value, with changes in fair value recorded in net assets until the investment is derecognized or impaired at which time the amounts would be recorded in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held for trading, are measured at amortized cost based on the effective interest method.

Balance sheet category	Category	Explanation
Assets:		
Cash	HFT	Measure at fair value
Accounts receivable:		
Students	L&R	Measured at amortized cost
Pledges	HFT	Measure at fair value
Other	L&R	Measured at amortized cost
Investments	HFT	Measure at fair value
Liabilities:		
Accounts payable and accrued liabilities	OL	Measured at amortized cost
Fees received in advance	OL	Measured at amortized cost
Long-term debt	OL	Measured at amortized cost

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, contributions and accounts receivable and accrued liabilities 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.

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Notes to Financial Statements (continued)

Year ended April 30, 2011

2. Investments:

	2011	2010
CIBC Wood Gundy	\$ 19,969,456	\$ -
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Notes to Financial Statements (continued)

Year ended April 30, 2011

9. Fair value of financial assets and financial liabilities:

Bank indebtedness, accounts payable and accrued liabilities and fees received in advance approximates their carrying amounts due to the immediate short-term maturity of these financial instruments. Investments are carried at fair value.

The fair value of the outstanding interest rate swap as at April 30, 2011 is a liability of \$298,062 (2010 - liability of \$237,656) and has been estimated based on mid-market quotations, in which case the liability is not expected to require an earlier cash payment.

Long-term pledges receivable are recorded at fair value.

The carrying value of the long-term debt approximates their fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

10. Financial risk:

interest rates and the credit quality of student receivables and counter parties to financial instruments. The University manages its financial risk as follows:

(b) 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.

(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 creditworthy 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:

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Notes to Financial Statements (continued)

Year ended April 30, 2011

11. Expense allocation:

In adherence to CICA 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:

	2011	2010
Physical plant	\$ 136,062	\$ 128,895
Administrative	55,106	79,019
Support	42,731	49,361
	<u>\$ 233,899</u>	<u>\$ 257,275</u>

In addition, salaries and wages of \$50,000 (2010 - \$40,000) were allocated to the Learn and Earn program based on budgeted expenses.

ST. THOMAS UNIVERSITY

Schedule of Ancillary Enterprises

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Revenues:		
Student fees:		
Residence fees and dining hall	\$ 5,156,712	\$ 4,995,522
English language programs	536,931	474,194
	<u>5,693,643</u>	<u>5,469,716</u>
Miscellaneous:		
Cafeteria	510,807	475,213
Catering	597,565	575,737
Conference rentals	146,749	182,920
Other	116,491	77,156
	<u>1,371,612</u>	<u>1,311,026</u>
	<u>\$ 7,065,255</u>	<u>\$ 6,780,742</u>
Expenses:		
Student services:		
Food service	\$ 3,464,369	\$ 3,375,817
Proctor services	161,250	159,025
Bus services	59,250	58,750
Miscellaneous	89,461	35,411
	<u>3,774,330</u>	<u>3,629,003</u>
Administrative and general:		
Administrative salaries	379,894	369,423
Bad debts	35,000	35,000
	<u>414,894</u>	<u>299,986</u>
Physical plant:		
Cable	65,931	67,258
Cleaning and janitorial	339,038	338,360
Communications	231,770	175,977
Electricity	349,042	335,640
Furniture and equipment	10,189	6,854
Heat	208,429	221,543
Insurance	49,391	54,776
Interest on long-term debt	162,404	171,978
Kitchen fuel		

ST. THOMAS UNIVERSITY

Schedule of Academic Expenses

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Wages and salaries:		
Full-time	\$ 9,220,603	\$ 8,876,065
Part-time	1,918,622	1,864,484
On leave	1,114,862	826,493
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	12,254,087	11,567,042
Staff other than academic	313,542	315,313
Employee benefits	1,623,586	1,543,677
Departmental:		
Teaching supplies and support	104,186	

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Schedule of Computing Services Expenses

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Wages and salaries	\$ 530,028	\$ 539,764
Employee benefits	83,995	83,055
Software licenses	196,143	229,513
Information systems support	13,870	15,528
Computing support	37,206	83,432
	<u>\$ 861,242</u>	<u>\$ 951,292</u>

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Schedule of Administrative and General Expenses

Year ended April 30, 2011, with comparative figures for 2010

	2011	2010
Wages and salaries	\$ 2,476,171	\$ 2,184,424
Employee benefits	361,753	338,741
Administrative general and supplies:		
Advertising and publicity	318,902	322,160
Association fees	72,868	66,287
Bad debts	90,000	97,913

ST. THOMAS UNIVERSITY

Schedule of Student Services Expenses