

Financial Statements of

ST. THOMAS UNIVERSITY

Year ended April 30, 2007



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AUDITORS' REPORT

To the Chairman and The Board Of Governors

We have audited the statement of financial position of St. Thomas University as at April 30, 2007 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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
July 10, 2007

ST. THOMAS UNIVERSITY

Financial Statements

Year ended April 30, 2007

Financial Statements

	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4

Schedules

Schedule of Ancillary Enterprises	10
Schedule of Academic Expenses	11
Schedule of Computing Services Expenses	12
Schedule of Administrative and General Expenses	13
Schedule of Student Services Expenses	14
Schedule of Physical Plant Expenses	14

ST. THOMAS UNIVERSITY

Statement of Financial Position

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	\$ 341,363	\$ 3,193,530
Prepaid expenses	102,517	104,339
Accounts receivable:		
Students	755,501	756,297
Pledges	1,254,833	2,284,333
Other	342,768	527,183
	<u>2,796,982</u>	<u>6,865,682</u>
Long-term pledges receivable	2,067,070	3,038,567
Investments	29,908,146	29,400,056
Capital assets (note 2)	39,896,273	33,586,261
	<u>\$ 74,668,471</u>	<u>\$ 72,890,566</u>

Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Banker's acceptance	\$ 2,000,000	\$ -
Accounts payable and accrued liabilities	3,959,681	4,443,038
Fees received in advance	359,171	384,664
Current portion of long-term debt (note 5)	163,343	150,344
	<u>6,482,195</u>	<u>4,978,046</u>
Deferred contributions (note 4)	4,098,485	3,709,362
Long-term debt (note 5)	3,602,913	3,766,256
Fund balances:		
Unrestricted	529,078	539,957
Internally restricted	15,045,986	17,543,948
Endowments	444,300	444,300
Other externally restricted	12,674,795	12,239,036
Invested in capital assets (note 6)	31,790,719	29,669,661
	<u>60,484,878</u>	<u>60,436,902</u>
	<u>\$ 74,668,471</u>	<u>\$ 72,890,566</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, 2007, with comparative figures for 2006

	General		Internally	Endowments and Other	Capital	Grand Totals	
	Operating	Ancillary	Restricted	Externally Restricted	Assets	2007	2006
Revenue:							
Provincial operating grant	\$ 9,712,321	\$ -	\$ -	\$ -	\$ -	\$ 9,712,321	\$ 9,380,801
Other grants	651,122	-	-	99,581	600,558	1,351,261	3,881,952
Student fees	13,048,164	4,717,399	-	-	-	17,765,563	18,571,616
Investment income	33,815	-	963,676	564,322	-	1,561,813	3,607,625
Donations	5,340	-	-	326,765	913,075	1,245,180	1,410,610
Miscellaneous	351,010	1,079,672	72,607	2,145	-	1,505,434	1,390,700
	23,801,772	5,797,071	1,036,283	992,813	1,513,633	33,141,572	38,243,304
Expenses:							
Academic	13,212,750	-	313,777	292,919	-	13,819,446	13,468,162
Computing services	1,020,733	-	-	-	-	1,020,733	1,025,140
Administrative and general	3,876,277	254,519	106,625	129,296	-	4,366,717	4,230,623
Student services	1,641,078	3,051,882	-	-	-	4,692,960	4,903,561
Physical plant	1,734,613	2,064,844	-	-	-	3,799,457	3,795,711
Scholarships and awards	600,000	-	913,837	134,839	-	1,648,676	1,640,851
Grant transfer to UNB	1,652,200	-	-	-	-	1,652,200	1,608,200
Amortization	-	-	-	-	2,093,407	2,093,407	1,734,139
	23,737,651	5,371,245	1,334,239	557,054	2,093,407	33,093,596	32,406,387
Excess (deficiency) of revenue over expenses	64,121	425,826	(297,956)	435,759	(579,774)	47,976	5,836,917
Fund balance, beginning of year	539,957	-	17,543,948	12,683,336	29,669,661	60,436,902	54,599,985
	604,078	425,826	17,245,992	13,119,095	29,089,887	60,484,878	60,436,902
Transfers	(75,000)	(425,826)	(2,200,006)	-	2,700,832	-	-
Fund balance, end of year	\$ 529,078	\$ -	\$ 15,045,986	\$ 13,119,095	\$ 31,790,719	\$ 60,484,878	\$ 60,436,902

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 47,976	\$ 5,836,917
Amortization of capital assets, not involving cash	2,093,407	1,734,139
Deferred contributions recognized as revenue	(3,691,771)	(1,082,149)
Net change in non-cash operating working capital	1,048,797	(2,050,583)
	(501,591)	4,438,324
Financing and investing activities:		
Increase in investments	(508,090)	(3,646,412)
Capital assets acquired	(8,403,419)	(5,167,716)
Pledges collected	2,630,383	1,278,011
Contributions received and deferred	4,080,894	3,690,190
Principal payment on long-term debt	(150,344)	(146,396)
	(2,350,576)	(3,992,323)
Increase (decrease) in cash position	(2,852,167)	446,001
Cash position, beginning of year	3,193,530	2,747,529
Cash position, end of year	\$ 341,363	\$ 3,193,530

See accompanying notes to financial statements.

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2007

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:

(a) General:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) 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

Year ended April 30, 2007

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

Restricted funds include 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 thereon is reported as restricted. Included in endowments are the following:

Chair in Canadian Citizenship and Human Rights

The Dr. Bernie Vigod Memorial Lectures Trust

Other:

Includes funded chairs in Gerontology, Native and Aboriginal Cultures of Atlantic Canada, Irving Chair in Journalism and Studies in Criminology and Criminal Justice.

Capital Assets

(c) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value. Investments are pooled for investment management purposes but separate records of capital and investment income are maintained by fund.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the University's ability to provide services, its carrying amount is written down to its residual value.

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

Land improvements	5%
Buildings	5%
Equipment	10%

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2007

1. Significant accounting policies (continued):

(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 and collection of the relevant receivable is reasonably assured.

(f) Long-term pledges receivable:

Pledges made for capital assets receivable over a long-term period are carried at a discounted amount to reflect the present value of the pledges.

(g) Financial instruments:

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.

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 in the debt is adjusted to include the payment made under the interest rate swap.

(h) Use of 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.

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2007

2. Capital assets:

	Cost		Accumulated amortization		Net Book Value	
	2007	2006	2007	2006	2007	2006
Land						
improvements	\$ 2,355,560	\$ 1,768,115	\$ 749,159	\$ 682,072	\$ 1,606,401	\$ 1,086,043
Buildings	49,774,962	42,430,809	15,510,058	13,904,744	34,264,904	28,526,065
Equipment	8,882,222	8,410,401	4,857,254	4,436,248	4,024,968	3,974,153
	<u>\$61,012,744</u>	<u>\$52,609,325</u>	<u>\$21,116,471</u>	<u>\$19,023,064</u>	<u>\$39,896,273</u>	<u>\$ 33,586,261</u>

3. Pledges received:

During the year \$433,194 (2006 - \$3,626,400) of new pledges were recognized as revenue.

4. 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.

	2007	2006
Balance, beginning of year	\$ 3,709,362	\$ 1,101,320
Less amounts recognized as revenue in the year	(3,691,771)	(1,082,148)
Add amounts received related to future periods	4,080,894	3,690,190
<u>Balance, end of year</u>	<u>\$ 4,098,485</u>	<u>\$ 3,709,362</u>

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2007

5. Long-term debt:

	2007	2006
5 3/8% mortgage, secured by Holy Cross House, payable in semi-annual instalments of \$15,382 including principal and interest, due March 2016	\$ 217,256	\$ 235,600
5.21% banker's acceptance, renewable monthly, repayable in monthly instalments of \$12,000 plus interest, due September 2013	3,549,000	3,681,000
	<u>3,766,256</u>	<u>3,916,600</u>
Less current portion of long-term debt	163,343	150,344
	<u>\$ 3,602,913</u>	<u>\$ 3,766,256</u>

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:

2008	163,343
2009	168,396
2010	177,508
2011	188,679
2012	197,915

6. Investment in capital assets:

Investment in capital assets is calculated as follows:

	2007	2006
Capital assets	\$ 39,896,273	\$33,586,261
Banker's acceptance	(2,000,000)	-
Accounts payable and accrued liabilities	(2,339,298)	-
Long-term debt	(3,766,256)	(3,916,600)
	<u>\$ 31,790,719</u>	<u>\$29,669,661</u>

ST. THOMAS UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2007

7. 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, 2007, the University expensed contributions of \$809,972 (2006 - \$743,153) under the terms of the Plan.

8. Fair value of financial assets and financial liabilities:

The fair value of the University's cash, accounts receivable, accounts payable and accrued liabilities and fees received in advance approximate their carrying amounts due to the immediate short-term maturity of these financial instruments.

The aggregate market value of investments at April 30, 2007 was \$32,683,697 (2006 - \$30,826,196) based on published market listings. The fair value of the outstanding interest rate swap as at April 30, 2007 is a liability of \$51,086 (2006 – asset of \$19,532) and has been estimated based on mid-market quotations.

The carrying value of the University's long-term pledges receivable approximates their fair value as they are recorded at net present 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.

9. Comparative figures:

Certain of the 2006 comparative figures have been reclassified to conform with the financial presentation adopted in 2007.

ST. THOMAS UNIVERSITY

Schedule of Ancillary Enterprises

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Student fees:		
Residence fees and dining hall	\$ 4,231,311	\$ 4,758,226
English Language Programs	486,088	453,264
	<u>4,717,399</u>	<u>5,211,490</u>
Miscellaneous:		
Cafeteria	515,404	490,987
Catering	319,057	312,996
Conference rentals	139,228	117,943
Other	105,983	113,974
	<u>1,079,672</u>	<u>1,035,900</u>
	<u>\$ 5,797,071</u>	<u>\$ 6,247,390</u>
Expenses:		
Student services		
Food service	\$ 2,856,251	\$ 3,021,720
Proctor services	127,575	134,574
Bus services	52,000	58,447
Miscellaneous	16,056	14,786
	<u>3,051,882</u>	<u>3,229,527</u>
Administrative and general:		
Administrative salaries	254,519	238,333
Physical plant:		
Cable	55,835	54,581
Cleaning and janitorial	358,783	379,114
Communications	245,147	276,111
Electricity	320,845	283,538
Furniture and equipment	10,887	15,785
Heat	129,588	122,171
Insurance	40,295	38,361
Interest on long-term debt	197,741	207,319
Kitchen fuel	20,776	27,045
Laundry and linen	14,386	20,557
Maintenance and repairs	357,633	331,464
Miscellaneous	21,709	19,540
Physical Plant salaries	102,203	94,778
Property Management fees	45,444	48,424
Security	92,107	88,759
Water and sewerage	51,465	52,075
	<u>2,064,844</u>	<u>2,059,622</u>
	<u>\$ 5,371,245</u>	<u>\$ 5,527,482</u>

ST. THOMAS UNIVERSITY

Schedule of Academic Expenses

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Wages and salaries:		
Full time	\$ 8,461,295	\$ 7,794,294
Part time	1,324,629	1,614,988
On leave	403,048	664,013
	<hr/>	<hr/>
	10,188,972	10,073,295
Staff other than academic	358,600	333,538
Employee benefits	1,381,250	1,308,703
Departmental:		
Teaching supplies and support	93,590	107,152
Special projects	38,825	37,805
Native Studies BSW Program	23,507	29,792
Miscellaneous	35,583	42,912
	<hr/>	<hr/>
	191,505	217,661
Travel, study and research:		
Professional development and travel allowances	194,650	183,561
Research projects and academic conferences	478,887	375,754
	<hr/>	<hr/>
	673,537	559,315
General academic:		
Materials and supplies	68,655	74,021
Postage	33,124	36,266
Telephone	19,663	19,295
Graduation	58,515	57,162
Recruiting	39,333	21,052
Relocation	28,897	36,738
Special projects	79,410	72,885
Service contracts	61,882	62,259
Fees and dues	29,407	27,549
	<hr/>	<hr/>
	418,886	407,227
	<hr/>	<hr/>
	\$ 13,212,750	\$ 12,899,739
	<hr/>	<hr/>

ST. THOMAS UNIVERSITY

Schedule of Computing Services Expenses

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Wages and salaries	\$ 522,715	\$ 490,814
Employee benefits	76,148	80,274
Software licenses	173,568	144,244
Information systems support	20,794	37,786
Computing support	227,508	272,022
	<u>\$ 1,020,733</u>	<u>\$ 1,025,140</u>

ST. THOMAS UNIVERSITY

Schedule of Administrative and General Expenses

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Wages and salaries	\$ 2,133,822	\$ 2,111,203
Employee benefits	303,434	287,087
Administrative general and supplies:		
Advertising and publicity	461,613	366,802
Association fees	54,812	56,917
Bad debts	50,599	55,699
Committees	19,678	16,873
Credit card fees	90,814	88,319
Miscellaneous	33,756	46,377
Office supplies	69,202	67,016
Payroll processing fees	1,755	2,799
Postage	62,629	56,514
Professional fees	117,547	57,050
Publications	138,321	120,013
Staff recruiting	26,788	15,320
Student recruitment	131,746	112,145
Service contracts	25,796	20,922
Special projects	36,827	19,158
Telephone	6,011	6,954
Travel	69,276	64,736
University hospitality	41,851	27,137
	1,439,021	1,200,751
	\$ 3,876,277	\$ 3,599,041

ST. THOMAS UNIVERSITY

Schedule of Student Services Expenses

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Wages and salaries	\$ 868,793	\$ 762,516
Employee benefits	107,626	92,596
Student health insurance	72,659	340,010
Athletics	460,181	470,675
Campus Ministry	9,563	12,846
Student support programs	122,256	144,751
	<u>\$ 1,641,078</u>	<u>\$1,823,394</u>

Schedule of Physical Plant Expenses

Year ended April 30, 2007, with comparative figures for 2006

	2007	2006
Wages and benefits	\$ 102,205	\$ 94,749
Utilities and insurance:		
Heat	356,803	386,260
Electricity	211,023	188,468
Water and sewerage	14,738	15,762
Telephone	129,612	124,468
Insurance	68,183	61,565
	<u>780,359</u>	<u>776,523</u>
Cleaning and janitorial	383,741	337,434
Maintenance and repairs	448,695	358,893
Security	19,613	19,130
	<u>\$ 1,734,613</u>	<u>\$ 1,586,729</u>