

Financial Statements of

ST. THOMAS MORE COLLEGE

Year ended April 30, 2004



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AUDITORS' REPORT TO THE MEMBERS OF THE BOARD

We have audited the statement of financial position of St. Thomas More College as at April 30, 2004 and the statements of revenue and expenses and surplus, equity in property and equipment and cash flows for the year then ended. These financial statements are the responsibility of the College'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 College as at April 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized script.

Chartered Accountants

Saskatoon, Canada
July 5, 2004

ST. THOMAS MORE COLLEGE

Statement of Financial Position

April 30, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current assets:		
Cash	\$ 637,881	\$ 481,071
Term deposits and provincial bonds	1,201,937	1,032,399
Accounts receivable (note 3)	577,889	346,190
Inventories	14,134	10,988
Prepaid expenses	66,679	67,564
	<u>2,498,520</u>	<u>1,938,212</u>
Long-term investments (market value - \$4,754,241; 2003 - \$4,649,920)	4,738,518	4,586,393
Property and equipment (note 4)	3,119,143	1,742,593
	<u>\$10,356,181</u>	<u>\$ 8,267,198</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 631,895	\$ 633,588
Assisted early retirement (note 5)	32,668	48,359
	<u>664,563</u>	<u>681,947</u>
Assisted early retirement (note 5)	83,432	112,547
Deferred capital grants	411,036	439,754
Long-term note payable (note 6)	285,103	313,503
Trust and restricted funds (note 7)	927,817	697,879
Net assets:		
Reserves (note 8)	2,059,095	2,059,095
Endowments (note 9)	3,150,929	2,768,970
Equity in property and equipment	2,423,004	989,336
Surplus	351,202	204,167
	<u>7,984,230</u>	<u>6,021,568</u>
Commitments (note 10)		
	<u>\$10,356,181</u>	<u>\$ 8,267,198</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

ST. THOMAS MORE COLLEGE

Statement of Revenue and Expenses and Surplus

Year ended April 30, 2004, with comparative figures for 2003

	2004	2003
Operating revenue:		
Tuition - credit instruction	\$ 4,265,182	\$ 3,763,173
Government of Saskatchewan grants	3,875,000	3,643,100
Other	644,334	482,083
Amortization of deferred capital grants	28,718	29,638
	8,813,234	7,917,994
Operating expenses:		
Academic salaries	2,733,922	2,581,871
Administrative and support salaries	1,283,825	1,052,928
U of S Infrastructure services (note 10)	1,201,300	1,210,989
Supplies and services	947,643	759,818
Employee benefits	579,213	500,250
Amortization of property and equipment	307,880	186,015
Utilities	145,471	133,841
Scholarships	75,894	83,319
	7,275,148	6,509,031
Operating revenue less expenses	1,538,086	1,408,963
Ancillary operations (note 11)	42,617	50,043
Excess of revenue over expenses	1,580,703	1,459,006
Surplus, beginning of year	204,167	266,166
Appropriations:		
Contingency reserve	-	(360,000)
Academic reserve	-	(300,000)
Building reserve	-	(300,000)
Transfer (to) from equity in property and equipment for:		
Amortization of property and equipment	349,830	237,915
Property and equipment purchases, net of disposals and debt repayments	(1,754,780)	(769,282)
Amortization of deferred capital grants	(28,718)	(29,638)
Surplus, end of year	\$ 351,202	\$ 204,167

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Equity in Property and Equipment

Year ended April 30, 2004, with comparative figures for 2003

	2004	2003
Equity in property and equipment, beginning of year	\$ 989,336	\$ 428,331
Property and equipment purchases, net of disposals	1,726,380	752,987
Amortization of deferred capital grants	28,718	29,638
Amortization of property and equipment	(349,830)	(237,915)
Repayment of debt related to property and equipment	28,400	16,295
	<u>\$ 2,423,004</u>	<u>\$ 989,336</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Cash Flows

Year ended April 30, 2004, with comparative figures for 2003

	2004	2003
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,580,703	\$ 1,459,006
Items not involving cash:		
Amortization	349,830	237,915
Amortization of deferred capital grants	(28,718)	(29,638)
Change in non-cash operating working capital:		
Accounts receivable	(231,699)	(220,026)
Inventories	(3,146)	(725)
Prepaid expenses	885	(40,406)
Accounts payable and accrued liabilities	(1,693)	278,203
Assisted early retirement	(44,806)	(91,359)
	<u>1,621,356</u>	<u>1,592,970</u>
Financing:		
Long-term note payable	(28,400)	(16,295)
Trust and restricted funds	229,938	70,063
Increase in endowments	<u>381,959</u>	<u>153,103</u>
	583,497	206,871
Investing:		
Disposal (purchase) of term deposits and provincial bonds	(169,538)	487,318
Purchase of property and equipment	(1,726,380)	(752,987)
Purchase of long-term investments	<u>(152,125)</u>	<u>(1,108,330)</u>
	(2,048,043)	(1,373,999)
Increase in cash	156,810	425,842
Cash, beginning of year	481,071	55,229
Cash, end of year	<u>\$ 637,881</u>	<u>\$ 481,071</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Year ended April 30, 2004

1. Description of activities:

St. Thomas More College (the "College") is a non-profit Catholic college federated with the University of Saskatchewan offering university level instruction in humanities and social sciences. The College has a wholly-owned subsidiary, For All Seasons Fund Inc., which engages in fundraising activities on behalf of the College. Its financial results are consolidated with these financial statements.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

(a) Revenue recognition:

The College follows the deferral method of accounting for grants and contributions. Grants and contributions for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Grants and contributions for property and equipment are deferred and recognized as revenue on the same basis as the acquired property and equipment are amortized.

(b) Use of estimates:

Preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the year. Actual amounts may differ from these estimates.

(c) Investments:

Term deposits, provincial bonds and long-term investments are recorded at cost. Interest earned on investments is allocated to interest bearing endowments and trusts and restricted funds at a rate approved by the Board of Governors. Investments are written down to their market value if the decline in value is considered other than temporary.

(d) Trust and restricted funds:

Contributions received which are to be expended for specific purposes are recorded as trust and restricted funds. These funds are included in operating and other revenue as the amounts are used for specified purposes.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2004

2. Significant accounting policies (continued):

(e) Reserves:

The College provides reserves as set out in note 8 by appropriations from operations.

(f) Endowments:

Endowments represent contributions received from various sources which are to be held indefinitely for the benefit of the College. Endowment contributions are recognized as direct increases in net assets in the current period.

(g) Property and equipment:

Property and equipment are stated at cost and amortized over the estimated useful lives of the assets as follows:

Asset	Method	Rate
Buildings	Declining balance	5%
Computer equipment	Straight line	3 years
Furniture and equipment	Straight line	10 years
Library collection	Straight line	5 years

3. Accounts receivable:

	2004	2003
University of Saskatchewan	\$ 455,024	\$ 246,301
Accrued interest	11,082	20,067
Employee loans and advances	50,628	29,526
Sundry	61,155	50,296
	<u>\$ 577,889</u>	<u>\$ 346,190</u>

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2004

4. Property and equipment:

			2004	2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
STM:				
Building	\$ 4,406,685	\$ 2,228,858	\$ 2,177,827	\$ 889,048
Computer equipment	511,767	352,066	159,701	152,229
Furniture and equipment	476,040	131,296	344,744	252,319
Library collection	585,467	538,277	47,190	45,352
Residence:				
Building	537,516	162,148	375,368	395,124
Kitchen equipment	7,945	5,558	2,387	3,180
Furniture and equipment	20,404	8,478	11,926	5,341
Computer equipment	1,802	1,802	-	-
	\$ 6,547,626	\$ 3,428,483	\$ 3,119,143	\$ 1,742,593

5. Assisted early retirement:

Assisted early retirement payments are due as follows:

	2004	2003
2004	\$ -	\$ 48,359
2005	32,668	32,366
2006	29,301	28,671
2007	22,082	21,453
2008	10,640	30,057
2009	21,409	-
	116,100	160,906
Less current portion	(32,668)	(48,359)
	\$ 83,432	\$ 112,547

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2004

6. Long-term note payable:

	2004	2003
Long-term note payable	\$ 285,103	\$ 313,503

The long-term note payable represents the obligation of St. Thomas More College to the Episcopal Corporation of Saskatoon based on the agreement for purchase of the Ogle Hall student residence. The note is non-interest bearing, and repayable based on 50% of current years income from the operation of the residence, excluding amortization.

7. Trust and restricted funds:

	Balance 2003	Interest and Interest Allocation	Donations	Transfers in	Transfers to operations and other funds	Balance 2004
Research grants	\$ 63,824	\$ -	\$ 200	\$ 28,640	\$ 59,577	\$ 33,087
Faculty, student and other trusts	906	-	28,470	290	5,414	24,252
Scholarships and bursaries	189,213	35,987	58,001	5,952	53,686	235,467
Restricted funds	406,305	54,162	148,338	153,634	184,365	578,074
For All Seasons Fund Inc.	11,179	-	59,811	-	57,620	13,370
For All Seasons - expendable funds	26,452	86,679	19,205	2,651	94,420	40,567
Thinking Future Campaign	-	-	3,000	-	-	3,000
	\$ 697,879	\$ 176,828	\$ 317,025	\$ 191,167	\$ 455,082	\$ 927,817

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2004

8. Reserves:

	Balance 2003	Appropriations	Reductions	Balance 2004
Other religious and cleric contributions	\$ 344,985	\$ -	\$ -	\$ 344,985
Contingency	700,000	-	-	700,000
Academic	300,000	-	-	300,000
Building	300,000	-	-	300,000
Congregation of St. Basil contributions	414,110	-	-	414,110
	<u>\$ 2,059,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,059,095</u>

9. Endowments:

	Balance 2003	Interest and Interest Allocation	Donations	Transfers in (transfers to operations and other funds)	Balance 2004
Scholarships and bursaries	\$ 365,467	\$ 27,064	\$ 34,315	\$ (9,853)	\$ 416,993
FAS Campaign	1,733,572	109,909	-	-	1,843,481
Future Campaign	228,258	28,946	102,000	25,000	384,204
Dr. S. Worobetz	441,673	28,573	36,005	-	506,251
	<u>\$ 2,768,970</u>	<u>\$ 194,492</u>	<u>\$ 172,320</u>	<u>\$ 15,147</u>	<u>\$ 3,150,929</u>

10. Commitments:

The College and the University of Saskatchewan ("U of S") have agreed to a Revised Infrastructure Services Agreement (RISA) pending approval by the STM Board of Governors, the U of S Board of Governors and the Department of Learning. Based on the agreement, the College is committed to reimbursing the U of S for various services provided by the U of S to the College. The RISA, which replaces the previous Infrastructure Services Agreement, is applicable for the years from 2004 to 2008. The 2004 RISA payment is \$1,201,300 (2003 - \$1,210,989) and the 2005 RISA payment will be \$1,312,664.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2004

11. Ancilliary operations:

Ancilliary operations includes rental operations, chapel, Choices on Campus food services, Ogle Hall residence and other non-operating income. These operations have gross revenues of \$1,031,884 (2003 - \$913,087).

These ancilliary operations also include amortization of property and equipment of \$41,950 (2003 - \$51,900).

12. Income taxes:

The College is exempt from income taxes under section 149 of the Income Tax Act as it is a not-for-profit organization.

13. Pension contributions:

The College's employees participate in a pension plan which is managed and administered by the University of Saskatchewan. The annual employer contributions of \$230,143 (2003 - \$202,558) are recorded as expenses in these financial statements. Retirement obligations associated with the plan are the responsibility of the University of Saskatchewan.

14. Contributions:

The College received \$489,345 (2003 - \$444,267) in donations for the 2004 fiscal year which are included in notes 7 and 9, excluding donations received by the chapel which are included in ancilliary operations on the statement of revenue and expenses and surplus.

15. Fair value of financial assets and financial liabilities:

The carrying values of cash, term deposits and provincial bonds, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The fair value of long-term investments was \$4,754,241 (2003 - \$4,649,920). The fair value was determined by reference to various market data, as appropriate.

The fair value of the long-term note payable is not practical to determine due to the limited amount of comparable market information available.