



Financial Statements of

ST. THOMAS MORE COLLEGE

Year ended April 30, 2006



KPMG LLP
Chartered Accountants
600 - 128 Fourth Avenue South
Saskatoon SK S7K 1M8

Telephone (306) 934-6200
Fax (306) 934-6233
Internet www.kpmg.ca

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, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Saskatoon, Canada
June 30, 2006

ST. THOMAS MORE COLLEGE

Statement of Financial Position

April 30, 2006, with comparative figures for 2005

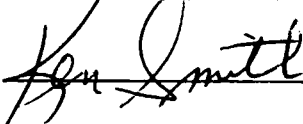
	2006	2005
Assets		
Current assets:		
Cash	\$ 916,935	\$ 1,196,068
Receivables (note 3)	1,443,453	731,819
Inventories	14,637	20,049
Prepaid expenses and deposits	40,784	59,610
	<u>2,415,809</u>	<u>2,007,546</u>
Long-term investments (market value \$9,085,991 - 2005 - \$7,343,191)	8,002,172	6,916,525
Property and equipment (note 4)	3,234,516	3,092,267
	<u>\$13,652,497</u>	<u>\$12,016,338</u>

Liabilities and Net Assets

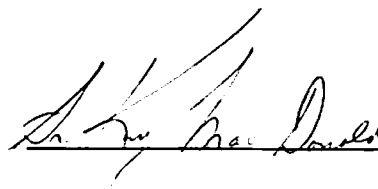
Current liabilities:		
Accounts payable and accrued liabilities	\$ 924,276	\$ 1,182,006
Assisted early retirement (note 5)	22,082	29,301
	<u>946,358</u>	<u>1,211,307</u>
Assisted early retirement (note 5)	32,049	54,131
Deferred capital grants	356,183	383,194
Long-term note payable (note 6)	244,628	265,183
Trust and restricted funds (note 7)	966,344	923,791
Net assets:		
Reserves (note 8)	3,059,095	2,559,095
Endowments (note 9)	4,256,762	3,427,998
Equity in property and equipment	2,633,706	2,443,891
Surplus	1,157,372	747,748
	<u>11,106,935</u>	<u>9,178,732</u>
Commitments (note 10)		
	<u>\$13,652,497</u>	<u>\$12,016,338</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ST. THOMAS MORE COLLEGE

Statement of Revenue and Expenses and Surplus

Year ended April 30, 2006, with comparative figures for 2005

	2006	2005
Operating revenue:		
Government of Saskatchewan grants	\$ 4,430,950	\$ 4,096,000
Tuition - credit instruction	4,248,179	4,537,683
Other	585,094	685,492
Amortization of deferred capital grants	27,011	27,842
	<u>9,291,234</u>	<u>9,347,017</u>
Operating expenses:		
Academic salaries	3,186,388	3,131,640
Administrative and support salaries	1,322,649	1,531,388
U of S Infrastructure services (note 10)	1,379,804	1,312,664
Supplies and services	996,154	1,146,495
Employee benefits	651,627	666,820
Amortization of property and equipment	308,243	316,720
Utilities	191,627	176,257
Scholarships	182,331	139,033
	<u>8,218,823</u>	<u>8,421,017</u>
Operating revenue less expenses	1,072,411	926,000
Ancillary operations (note 11)	27,028	(8,568)
Excess of revenue over expenses	1,099,439	917,432
Surplus, beginning of year	747,748	351,202
Appropriations:		
Building reserve	(500,000)	(500,000)
Transfer (to) from equity in property and equipment for:		
Amortization of property and equipment	364,638	365,576
Property and equipment purchases, net of disposals and debt repayments	(527,442)	(358,620)
Amortization of deferred capital grants	(27,011)	(27,842)
Surplus, end of year	<u>\$ 1,157,372</u>	<u>\$ 747,748</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Equity in Property and Equipment

Year ended April 30, 2006, with comparative figures for 2005

	2006	2005
Equity in property and equipment, beginning of year	\$ 2,443,891	\$ 2,423,004
Property and equipment purchases, net of disposals	506,887	338,700
Amortization of deferred capital grants	27,011	27,842
Amortization of property and equipment	(364,638)	(365,576)
Repayment of debt related to property and equipment	20,555	19,921
	<u>\$ 2,633,706</u>	<u>\$ 2,443,891</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Cash Flows

Year ended April 30, 2006, with comparative figures for 2005

	2006	2005
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,099,439	\$ 917,432
Items not involving cash:		
Amortization	364,638	365,576
Amortization of deferred capital grants	(27,011)	(27,842)
Change in non-cash operating working capital		
Receivables	(711,634)	(153,930)
Inventories	5,412	(5,915)
Prepaid expenses	18,826	7,069
Accounts payable and accrued liabilities	(257,730)	550,111
Assisted early retirement	(29,301)	(32,668)
	462,639	1,619,833
Financing:		
Long-term note payable	(20,555)	(19,920)
Trust and restricted funds	42,553	(4,026)
Increase in endowments	828,764	277,069
	850,762	253,123
Investing:		
Disposal of term deposits and provincial bonds	-	1,201,937
Purchase of property and equipment	(506,887)	(338,700)
Purchase of long-term investments	(1,085,647)	(2,178,006)
	(1,592,534)	(1,314,769)
Increase (decrease) in cash	(279,133)	558,187
Cash, beginning of year	1,196,068	637,881
Cash, end of year	\$ 916,935	\$ 1,196,068

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Year ended April 30, 2006

1. Description of activities:

St. Thomas More College (the "College") is a non-profit Catholic college affiliated 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, 2006

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. Receivables:

	2006	2005
University of Saskatchewan	\$ 1,339,840	\$ 626,543
Accrued interest	3,708	2,609
Employee loans and advances	27,271	30,008
Sundry	72,634	72,659
	<u>\$ 1,443,453</u>	<u>\$ 731,819</u>

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2006

4. Property and equipment:

			2006	2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
STM:				
Building	\$ 4,797,924	\$ 2,467,604	\$ 2,330,320	\$ 2,205,860
Computer equipment	787,118	651,114	136,004	145,579
Furniture and equipment	620,479	237,789	382,690	323,674
Library collection	610,929	581,026	29,903	49,078
Residence:				
Building	537,516	198,747	338,769	356,599
Kitchen equipment	7,944	7,146	798	1,592
Furniture and equipment	29,501	13,469	16,032	9,885
Computer equipment	1,802	1,802	-	-
	\$ 7,393,213	\$ 4,158,697	\$ 3,234,516	\$ 3,092,267

5. Assisted early retirement:

Assisted early retirement payments are due as follows:

	2006	2005
2006	\$ -	\$ 29,301
2007	22,082	22,082
2008	10,640	10,640
2009	21,409	21,409
	54,131	83,432
Less current portion	(22,082)	(29,301)
	\$ 32,049	\$ 54,131

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2006

6. Long-term note payable:

	2006	2005
Long-term note payable	\$ 244,628	\$ 265,183

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 2005	Interest and Interest Allocation	Donations	Transfers in	Transfers to operations and other funds	Balance 2006
Research grants	\$ 103,857	\$ -	\$ -	\$ 88,307	\$ (96,246)	\$ 95,918
Faculty, student and other trusts	1,746	-	16,081	760	(26,215)	(7,628)
Scholarships and bursaries	272,418	13,710	79,891	63,219	(134,834)	294,404
Restricted funds	488,293	28,010	8,120	22,756	(24,649)	522,530
For All Seasons - expendable funds	48,124	-	2,300	90,750	(94,668)	46,506
For All Seasons Funds Inc.	5,553	-	5,061	-	-	10,614
Thinking Future Campaign	3,800	-	200	-	-	4,000
	\$ 923,791	\$ 41,720	\$ 111,653	\$ 265,792	\$ (376,612)	\$ 966,344

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2006

8. Reserves:

	Balance 2005	Appropriations	Reductions	Balance 2006
Other religious and cleric contributions	\$ 344,985	\$ -	\$ -	\$ 344,985
Contingency	700,000	-	-	700,000
Academic	300,000	-	-	300,000
Building	800,000	500,000	-	1,300,000
Congregation of St. Basil contributions	414,110	-	-	414,110
	\$ 2,559,095	\$ 500,000	\$ -	\$ 3,059,095

9. Endowments:

Endowments are designated by donors as permanent assets of the College. To best respect donor's wishes, STM is accountable to maintain the long-term value of the capital donated and manage the endowment investment returns to ensure stable and sustainable annual expenditures are made from endowment accounts on an annual basis to support STM scholarships and other academic programs designated by donors. To stabilize annual spending, STM has approved an annual spending policy of 5% of endowment balances. STM's long-term annual investment returns are currently projected to exceed this amount by the annual rate of inflation. The return on endowments are reviewed on an annual basis to ensure they are meeting projected rates of returns. In order to protect the capital, STM may at its discretion limit or discontinue the amount of spending on endowment funds for a period if long-term returns are not meeting projections. Alternatively, if long-term returns exceed projections, STM may increase the amount transferred from the endowment account for spending.

	Balance 2005	Interest Allocation	Transfers to/from Donations	operations and other funds	Balance 2006
Scholarships and bursaries	\$ 389,801	\$ 22,971	\$ 13,900	\$ (18,929)	\$ 407,743
FAS Campaign	1,807,003	102,818	-	(90,350)	1,819,471
Future Campaign	634,685	76,928	717,310	-	1,428,923
Dr. S. Worobetz	596,509	33,941	-	(29,825)	600,625
	\$ 3,427,998	\$ 236,658	\$ 731,210	\$ (139,104)	\$ 4,256,762

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2006

10. Commitments:

The College and the University of Saskatchewan ("U of S") have tentatively agreed to a Revised Infrastructure Services Agreement (RISA). The RISA is pending approval by the STM Board of Governors, the U of S Board of Governors and the Department of Learning. Based on the revised agreement, the College is committed to reimbursing the U of S for variances services provided by the U of S to the College. The RISA, which replaces the previous Infrastructure Services Agreement, is applicable from the 2004 to 2008 fiscal years. The 2006 RISA payment is \$1,379,804 (2005 - \$1,312,664).

11. Ancillary operations:

Ancillary operations includes rental operations, chapel, Choices on Campus food services, Ogle Hall residence and other non-operating income. These operations have gross revenues of \$1,089,773 (2005 - \$1,100,225).

These ancillary operations also include amortization of property and equipment of \$56,395 (2005 - \$48,856).

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 \$255,846 (2005 - \$249,198) 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 \$842,863 (2005 - \$374,970) in donations for the 2006 fiscal year which are included in notes 7 and 9, excluding donations received by the chapel which are included in ancillary operation on the statements of revenue and expenses and surplus. Included in the \$842,863 is \$99,535 of gifts in kind representing shares in public companies donated to the College.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements - Continued

Year ended April 30, 2006

15. Fair value of financial assets and financial liabilities:

The carrying values of cash, receivables 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 \$9,085,991 (2005 - \$7,343,191). 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.