



Financial Statements of

**ST. THOMAS MORE COLLEGE**

Year ended April 30, 2007



**KPMG LLP**  
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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, 2007 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, 2007 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  
July 13, 2007

# ST. THOMAS MORE COLLEGE

## Statement of Financial Position

April 30, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Current assets:		
Cash	\$ 2,699,810	\$ 916,935
Receivables (note 3)	276,760	1,443,453
Inventories	13,345	14,637
Prepaid expenses and deposits	36,140	40,784
	<u>3,026,055</u>	<u>2,415,809</u>
Long-term investments (market value \$10,389,000 - 2006 - \$9,085,991)	9,047,329	8,002,172
Property and equipment (note 4)	3,098,696	3,234,516
	<u>\$ 15,172,080</u>	<u>\$ 13,652,497</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,183,506	\$ 924,276
Assisted early retirement (note 5)	10,739	22,082
	<u>1,194,245</u>	<u>946,358</u>
Assisted early retirement (note 5)	21,410	32,049
Deferred capital grants	329,962	356,183
Long-term note payable (note 6)	219,618	244,628
Trust and restricted funds (note 7)	1,032,270	966,344
Net assets:		
Equity in property and equipment	2,549,117	2,633,706
Reserves (note 8)	3,559,095	3,059,095
Endowments (note 9)	5,156,414	4,256,762
Surplus	1,109,949	1,157,372
	<u>12,374,575</u>	<u>11,106,935</u>
Commitments (note 10)		
	<u>\$ 15,172,080</u>	<u>\$ 13,652,497</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, 2007, with comparative figures for 2006

	2007	2006
Operating Revenue:		
Government of Saskatchewan grants	\$ 4,729,160	\$ 4,430,950
Tuition - credit instruction	3,655,906	4,248,179
Other	797,981	585,094
<u>Amortization of deferred capital grants</u>	<u>26,220</u>	<u>27,011</u>
	9,209,267	9,291,234
Operating expenses:		
Academic salaries	3,453,744	3,186,388
Administrative and support salaries	1,528,479	1,322,649
U of S Infrastructure services	1,519,881	1,379,804
Supplies and services	1,050,489	996,154
Employee benefits	680,314	651,627
Amortization of property and equipment	280,761	308,243
Scholarships	199,761	182,331
Utilities	175,641	191,627
	8,889,070	8,218,823
Operating revenue less expenses	320,197	1,072,411
Ancillary operations (note 11)	47,791	27,028
Excess of revenue over expenses	367,988	1,099,439
Surplus, beginning of year	1,157,372	747,748
Appropriations:		
Building reserve	(500,000)	(500,000)
Transfer (to) from equity in property and equipment for:		
Amortization of property and equipment	324,931	364,638
Property and equipment purchases, net of disposals and debt repayments	(214,122)	(527,442)
Amortization of deferred capital grants	(26,220)	(27,011)
<u>Surplus, end of year</u>	<u>\$ 1,109,949</u>	<u>\$ 1,157,372</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

## Statement of Equity in Property and Equipment

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

	2007	2006
Equity in property and equipment, beginning of year	\$ 2,633,706	\$ 2,443,891
Property and equipment purchases, net of disposals	189,112	506,887
Amortization of deferred capital grants	26,220	27,011
Amortization of property and equipment	(324,931)	(364,638)
Repayment of debt related to property and equipment	25,010	20,555
	<u>\$ 2,549,117</u>	<u>\$ 2,633,706</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

## Statement of Cash Flows

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

	2007	2006
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 367,988	\$ 1,099,439
Items not involving cash:		
Amortization	324,931	364,638
Amortization of deferred capital grants	(26,220)	(27,011)
Change in non-cash operating working capital:		
Receivables	1,166,693	(711,634)
Inventories	1,292	5,412
Prepaid expenses and deposits	4,644	18,826
Accounts payable and accrued liabilities	259,230	(257,730)
Assisted early retirement	(21,982)	(29,301)
	<u>2,076,576</u>	<u>462,639</u>
Financing:		
Long-term note payable	(25,010)	(20,555)
Trust and restricted funds	65,926	42,553
Increase in endowments	899,652	828,764
	<u>940,568</u>	<u>850,762</u>
Investing:		
Purchase of property and equipment	(189,112)	(506,887)
Purchase of long-term investments	(1,045,157)	(1,085,647)
	<u>(1,234,269)</u>	<u>(1,592,534)</u>
Increase (decrease) in cash	1,782,875	(279,133)
Cash, beginning of year	916,935	1,196,068
Cash, end of year	<u>\$ 2,699,810</u>	<u>\$ 916,935</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Year ended April 30, 2007

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## 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. Government of Saskatchewan grants and tuition revenue are recognized as the services are provided and the amounts are received or become receivable.

### (b) Use of estimates:

The 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

### (c) Investments:

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.

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2007

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## 1. Significant accounting policies (continued):

### (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.

### (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:

	2007	2006
University of Saskatchewan	\$ 186,358	\$ 1,339,840
Accrued interest	7,006	3,708
Employee loans and advances	34,114	27,271
Sundry	49,282	72,634
	<u>\$ 276,760</u>	<u>\$ 1,443,453</u>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2007

## 4. Property and equipment:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
STM:				
Building	\$ 4,838,538	\$ 2,586,150	\$ 2,252,388	\$ 2,330,320
Computer equipment	821,505	754,360	67,145	136,004
Furniture and equipment	625,909	297,338	328,571	382,690
Library collection	626,803	598,975	27,828	29,903
Residence:				
Building	623,984	220,008	403,976	338,769
Kitchen equipment	7,944	7,944	-	798
Furniture and equipment	35,841	17,053	18,788	16,032
Computer equipment	1,802	1,802	-	-
	\$ 7,582,326	\$ 4,483,630	\$ 3,098,696	\$ 3,234,516

## 5. Assisted early retirement:

Assisted early retirement payments are due as follows:

	2007	2006
2007	\$ -	\$ 22,082
2008	10,739	10,640
2009	21,410	21,409
	32,149	54,131
Less current portion	10,739	22,082
	\$ 21,410	\$ 32,049

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2007

## 6. Long-term note payable:

	2007	2006
Long-term note payable	\$ 219,618	\$ 244,628

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 year's income from the operation of the residence, excluding amortization.

## 7. Trust and restricted funds:

	Balance 2006	Interest and Interest Allocation	Donations	Transfers in	Transfers to operations and other funds	Balance 2007
Research grants	\$ 95,918	\$ -	\$ -	\$ 146,281	\$ (106,344)	\$ 135,855
Faculty, student and other trusts	(7,628)	-	2,100	350	(10,435)	(15,613)
Scholarships and bursaries	294,404	13,857	66,303	99,839	(142,226)	332,177
Restricted funds	522,530	30,173	7,043	30,612	(71,769)	518,589
For All Seasons - expendable funds	46,506	2,633	-	18,038	(16,050)	51,127
For All Seasons Funds Inc.	10,614	3,949	-	-	(8,428)	6,135
Thinking Future Campaign	4,000	-	-	-	-	4,000
	<b>\$ 966,344</b>	<b>\$ 50,612</b>	<b>\$ 75,446</b>	<b>\$ 295,120</b>	<b>\$ (355,252)</b>	<b>\$ 1,032,270</b>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2007

## 8. Reserves:

	Balance			Balance
	2006	Appropriations	Reductions	2007
Other religious and cleric contributions	\$ 344,985	\$ -	\$ -	\$ 344,985
Contingency	700,000	-	-	700,000
Academic	300,000	-	-	300,000
Building	1,300,000	500,000	-	1,800,000
Congregation of St. Basil contributions	414,110	-	-	414,110
	<u>\$ 3,059,095</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 3,559,095</u>

## 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	Interest	Transfers to/from	Balance
	2006	Allocation	operations and other funds	2007
Scholarships and bursaries	\$ 407,743	\$ 22,094	\$ 20,555	\$ 422,916
FAS Campaign	1,819,471	93,857	-	1,822,355
Future Campaign	1,428,923	113,260	727,320	2,269,503
Dr. S. Worobetz	600,625	33,047	40,000	641,640
	<u>\$ 4,256,762</u>	<u>\$ 262,258</u>	<u>\$ 787,875</u>	<u>\$ 5,156,414</u>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2007

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## 10. Commitments:

The College and the University of Saskatchewan ("U of S") have agreed to a Revised Infrastructure Services Agreement (RISA). The RISA, which replaces the previous Infrastructure Services Agreement, is applicable from the 2004 to 2008 fiscal years. Based on the agreement, the College is committed to reimburse the U of S for various services provided by the U of S to the College. The 2007 RISA payment is \$1,519,881 (2006 - \$1,379,804).

## 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 \$1,074,553 (2006 - \$1,089,773).

These ancillary operations also include amortization of property and equipment of \$44,170 (2006 - \$56,395).

## 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 \$282,274 (2006 - \$255,846) 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 \$863,321 (2006 - \$842,863) in donations for the 2007 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 \$863,321 is \$20,680 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, 2007

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## 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 \$10,389,000 (2006 - \$9,085,991). 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.