

Financial Statements of

**ST. THOMAS MORE COLLEGE**

Year ended April 30, 2008



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](http://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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Saskatoon, Canada  
September 12, 2008

# ST. THOMAS MORE COLLEGE

## Statement of Financial Position

April 30, 2008, with comparative figures for 2007

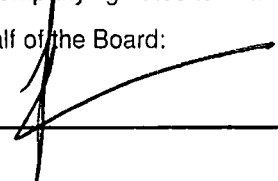
	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 1,805,542	\$ 2,699,810
Receivables (note 3)	275,906	276,760
Inventories	18,511	13,345
Prepaid expenses and deposits	55,772	36,140
	<u>2,155,731</u>	<u>3,026,055</u>
Long-term investments (note 4)	12,055,818	9,047,329
Property and equipment (note 5)	3,088,518	3,098,696
	<u>\$ 17,300,067</u>	<u>\$ 15,172,080</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,405,524	\$ 1,183,506
Assisted early retirement (note 6)	10,640	10,739
	<u>1,416,164</u>	<u>1,194,245</u>
Assisted early retirement (note 6)	10,785	21,410
Deferred capital grants	304,491	329,962
Long-term note payable (note 7)	189,584	219,618
Trust and restricted funds (note 8)	1,192,974	1,032,270
Net assets:		
Equity in property and equipment	2,594,443	2,549,117
Reserves (note 9)	3,559,095	3,559,095
Endowments (note 10)	6,240,852	5,156,414
Surplus	1,791,679	1,109,949
	<u>14,186,069</u>	<u>12,374,575</u>
Commitments (note 11)		
	<u>\$ 17,300,067</u>	<u>\$ 15,172,080</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, 2008, with comparative figures for 2007

	2008	2007
<b>Operating revenue:</b>		
Government of Saskatchewan grants	\$ 5,098,900	\$ 4,729,160
Tuition - credit instruction	3,677,850	3,655,906
Other	811,413	797,981
Amortization of deferred capital grants	25,471	26,220
	<u>9,613,634</u>	<u>9,209,267</u>
<b>Operating expenses:</b>		
Academic salaries	3,683,976	3,453,744
Administrative and support salaries	1,681,113	1,528,479
U of S infrastructure services	1,574,328	1,519,881
Supplies and services	854,644	1,050,489
Employee benefits	834,956	680,314
Amortization of property and equipment	321,877	280,761
Scholarships	209,116	199,761
Utilities	218,415	175,641
	<u>9,378,425</u>	<u>8,889,070</u>
Operating revenue less expenses	235,209	320,197
Ancillary operations (note 12)	87,130	47,791
Excess of revenue over expenses	322,339	367,988
Surplus, beginning of year	1,109,949	1,157,372
Adjustment for initial recognition of fair value of investments (note 4)	546,892	-
Appropriations:		
Building reserve	-	(500,000)
Transfer (to) from equity in property and equipment for:		
Amortization of property and equipment	345,523	324,931
Property and equipment purchases, net of disposals and debt repayments	(365,378)	(214,122)
Amortization of deferred capital grants	(25,471)	(26,220)
Unrealized investment income (note 4)	(142,175)	-
Surplus, end of year	<u>\$ 1,791,679</u>	<u>\$ 1,109,949</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

## Statement of Equity in Property and Equipment

Year ended April 30, 2008, with comparative figures for 2007

	2008	2007
Equity in property and equipment, beginning of year	\$ 2,549,117	\$ 2,633,706
Property and equipment purchases, net of disposals	335,344	189,112
Amortization of deferred capital grants	25,471	26,220
Amortization of property and equipment	(345,523)	(324,931)
Repayment of debt related to property and equipment	30,034	25,010
	<u>\$ 2,594,443</u>	<u>\$ 2,549,117</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

## Notes to Financial Statements

Year ended April 30, 2008

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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 designated as available for sale and recorded at fair value. Investment returns include interest, dividends, capital gains and losses and currency gains and losses. Investment returns are allocated to endowments and trusts and restricted funds based on the rate of return and the cumulative balances in these funds at the end of the year. Unrealized gains and losses are recorded in equity until they are realized, at which time they are recognized as income. Unrealized losses are expensed if the decline in market value is considered other than temporary.

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

## 2. 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 9 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:

	2008	2007
University of Saskatchewan	\$ 227,323	\$ 186,358
Accrued interest	-	7,006
Employee loans and advances	32,960	34,114
Sundry	15,623	49,282
	\$ 275,906	\$ 276,760

# ST. THOMAS MORE COLLEGE

## Statement of Cash Flows

Year ended April 30, 2008, with comparative figures for 2007

	2008	2007
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 322,339	\$ 367,988
Items not involving cash:		
Amortization	345,523	324,931
Amortization of deferred capital grants	(25,471)	(26,220)
Change in non-cash operating working capital:		
Receivables	854	1,166,693
Inventories	(5,166)	1,292
Prepaid expenses and deposits	(19,632)	4,644
Accounts payable and accrued liabilities	222,018	259,230
Assisted early retirement	(10,724)	(21,982)
	<u>829,741</u>	<u>2,076,576</u>
Financing:		
Long-term note payable	(30,034)	(25,010)
Trust and restricted funds	62,333	65,926
Increase in endowments	527,696	899,652
	<u>559,995</u>	<u>940,568</u>
Investing:		
Purchase of property and equipment	(335,344)	(189,112)
Purchase of long-term investments	(1,948,660)	(1,045,157)
	<u>(2,284,004)</u>	<u>(1,234,269)</u>
Increase (decrease) in cash	(894,268)	1,782,875
Cash, beginning of year	2,699,810	916,935
Cash, end of year	<u>\$ 1,805,542</u>	<u>\$ 2,699,810</u>

See accompanying notes to financial statements.

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

## 4. Long term investments:

	2008		2007	
	Cost	Market	Cost	Market
Cash and cash equivalents	\$ 1,648,462	\$ 1,648,031	\$ 609,466	\$ 608,540
Bonds	3,383,051	3,369,576	2,982,903	2,898,127
Canadian equities	3,918,136	5,045,676	3,317,955	4,608,349
U.S. equities	928,143	853,112	1,919,292	2,000,460
International equities	1,092,520	1,113,747	195,098	251,268
Life insurance policies	25,676	25,676	22,615	22,615
	<u>\$ 10,995,988</u>	<u>\$ 12,055,818</u>	<u>\$ 9,047,329</u>	<u>\$ 10,389,359</u>

Beginning on May 1, 2007, the College classified all investments as "Available for Sale" in accordance with new accounting requirements and now accounts for investments at fair market value. A transitional adjustment, representing the difference between the cost and market value of investments at April 30, 2007, has been allocated as follows:

	2008
Surplus	\$ 546,892
Trust and restricted funds (note 8)	119,408
Endowments (note 10)	675,730
	<u>\$ 1,342,030</u>

Changes in unrealized gains (losses) for the year ended April 30, 2008 have been allocated as follows:

	2008
Surplus	\$ (142,175)
Trust and restricted funds (note 8)	(21,037)
Endowments (note 10)	(118,988)
	<u>\$ (282,200)</u>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

## 5. Property and equipment:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
STM:				
Building	\$ 4,905,611	\$ 2,702,124	\$ 2,203,487	\$ 2,252,388
Computer equipment	1,038,525	882,382	156,143	67,145
Furniture and equipment	654,207	359,717	294,490	328,571
Library collection	638,262	614,478	23,784	27,828
Residence:				
Building	630,410	240,529	389,881	403,976
Kitchen equipment	7,944	7,944	-	-
Furniture and equipment	40,909	20,176	20,733	18,788
Computer equipment	1,802	1,802	-	-
	\$ 7,917,670	\$ 4,829,152	\$ 3,088,518	\$ 3,098,696

## 6. Assisted early retirement:

Assisted early retirement payments are due as follows:

	2008	2007
2008	\$ -	\$ 10,739
2009	10,640	21,410
2010	9,551	-
2011	1,234	-
	21,425	32,149
Less current portion	10,640	10,739
	\$ 10,785	\$ 21,410

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

## 7. Long-term note payable:

	2008	2007
Long-term note payable	\$ 189,584	\$ 219,618

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.

## 8. Trust and restricted funds:

	Balance 2007	Adjustment for initial recognition of fair value of investments	Realized investment income allocation	Unrealized investment income allocation	Donations	Transfers in	Transfers to operations & other funds	Balance 2008
Research grants	\$ 135,855	\$ -	\$ -	\$ -	\$ -	\$ 41,740	\$ -	\$ 177,595
Faculty, student and other trusts	(15,613)	-	-	-	6,262	-	(545)	(9,896)
Scholarships and bursaries	332,177	35,216	13,651	(6,212)	98,551	84,699	(183,948)	374,134
Restricted funds	518,589	76,682	29,673	(13,503)	12,775	32,082	(29,356)	626,942
For All Seasons	57,262	7,510	2,906	(1,322)	-	21,611	(67,768)	20,199
Thinking Future Campaign	4,000	-	-	-	-	-	-	4,000
	<u>\$1,032,270</u>	<u>\$ 119,408</u>	<u>\$ 46,230</u>	<u>\$ (21,037)</u>	<u>\$ 117,588</u>	<u>180,132</u>	<u>\$ (281,617)</u>	<u>\$1,192,974</u>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

## 9. Reserves:

	Balance 2007	Appropriations	Reductions	Balance 2008
Other religious and cleric contributions	\$ 344,985	\$ -	\$ -	\$ 344,985
Contingency	700,000	-	-	700,000
Academic	300,000	-	-	300,000
Building	1,800,000	-	-	1,800,000
Congregation of St. Basil contributions	414,110	-	-	414,110
	<b>\$ 3,559,095</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,559,095</b>

## 10. 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 2007	Adjustment for initial recognition of fair value of investments	Realized investment income allocations	Unrealized investment income allocation	Transfers to Donations & other funds	Balance 2008	
Scholarships and bursaries	\$ 422,917	\$ 56,150	\$ 21,728	\$ (9,887)	\$ 17,558	\$ (15,910)	\$ 492,556
FAS Campaign	1,822,355	238,533	92,302	(42,003)	-	(97,178)	2,014,009
Future Campaign	2,269,502	297,061	14,950	(52,309)	459,058	(65,229)	3,023,033
Dr. S. Worobetz	641,640	83,986	32,499	(14,789)	-	(32,082)	711,254
	<b>\$5,156,414</b>	<b>\$ 675,730</b>	<b>\$ 261,479</b>	<b>\$ (118,988)</b>	<b>\$ 476,616</b>	<b>\$ (210,399)</b>	<b>\$6,240,852</b>

# ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2008

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## 11. 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 2008 RISA payment is \$1,574,328 (2007 - \$1,519,881).

## 12. 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 \$1,063,781 (2007 - \$1,074,553).

These ancillary operations also include amortization of property and equipment of \$23,646 (2007 - \$44,170).

## 13. 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.

## 14. 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 \$315,694 (2007 - \$282,274) are recorded as expenses in these financial statements. Retirement obligations associated with the plan are the responsibility of the University of Saskatchewan.

## 15. Contributions:

The College received \$594,204 (2007 - \$863,321) in donations for the 2007 fiscal year which are included in notes 8 and 10, excluding donations received by the chapel which are included in ancillary operation on the statements of revenue and expenses and surplus. Included in the \$594,204 is \$313,084 (2007 - \$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, 2008

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## 16. 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 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.