

Financial Statements of

ST. THOMAS MORE COLLEGE

Years ended April 30, 2013 and 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of St. Thomas More College

We have audited the accompanying financial statements of St. Thomas More College, which comprise the statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011 and the statements of revenue and expenses and surplus, equity in property and equipment and cash flows for the years ended April 30, 2013 and April 30, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Thomas More College as at April 30, 2013, April 30, 2012 and May 1, 2011 and its results of operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants
Saskatoon, Canada
September 7, 2013

ST. THOMAS MORE COLLEGE

Statements of Financial Position

April 30, 2013, April 30, 2012 and May 1, 2011

	April 30, 2013	April 30, 2012	May 1, 2011
Assets			
Current assets:			
Cash	\$ 4,188,188	\$ 2,031,937	\$ 1,073,404
Receivables (note 3)	462,803	1,280,190	817,682
Inventories	14,026	15,370	19,254
Prepaid expenses and deposits	64,377	66,479	60,278
	<u>4,729,394</u>	<u>3,393,976</u>	<u>1,970,618</u>
Long-term investments (note 4)	13,624,039	12,630,937	12,679,979
Property and equipment (note 5)	6,197,952	3,279,545	3,727,915
	<u>\$ 24,551,385</u>	<u>\$ 19,304,458</u>	<u>\$ 18,378,512</u>

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 928,786	\$ 634,700	\$ 883,094
Short-term debt (note 6)	2,737,377	-	-
Current portion of obligation under capital lease	-	-	24,117
	<u>3,666,163</u>	<u>634,700</u>	<u>907,211</u>
Deferred capital grants (note 7)	294,758	302,515	310,272
Trust and restricted funds (note 8)	2,645,505	1,440,889	1,252,082
Net assets:			
Equity in property and equipment	3,165,816	2,977,030	3,393,526
Reserves (note 9)	3,559,095	3,559,095	3,559,095
Endowments (note 10)	7,973,472	6,472,099	6,375,491
Surplus	3,246,576	3,918,130	2,580,835
	<u>17,944,959</u>	<u>16,926,354</u>	<u>15,908,947</u>

Commitments (note 11)

	\$ 24,551,385	\$ 19,304,458	\$ 18,378,512
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See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director

 _____ Director

ST. THOMAS MORE COLLEGE

Statements of Revenue and Expenses and Surplus

Years ended April 30, 2013 and 2012

	2013	2012
Operating revenue:		
Government of Saskatchewan grants	\$ 6,739,400	\$ 6,629,400
Tuition - credit instruction	4,763,017	4,371,793
Other	354,691	356,953
Realized investment income	207,763	64,821
Unrealized investment income (loss)	197,650	(75,063)
	12,262,521	11,347,904
Operating expenses:		
Academic salaries	5,300,050	4,829,900
Administrative and support salaries	1,938,498	1,792,484
U of S infrastructure services	1,590,881	1,517,907
Supplies and services	1,212,068	1,335,420
Employee benefits	1,047,383	951,648
Amortization of property and equipment	231,870	221,594
Scholarships	221,864	215,853
Utilities	240,675	209,184
	11,783,289	11,073,990
Operating revenue less expenses	479,232	273,914
Ancillary operations (note 12)	38,000	42,967
Earnings before undernoted	517,232	316,881
Gain on sale of assets (note 5)	-	603,918
Excess of revenue over expenses	517,232	920,799
Surplus, beginning of year	3,918,130	2,580,835
Appropriations:		
Catholic studies endowed chair internal appropriation (note 10)	(1,000,000)	-
Transfer from (to) equity in property and equipment for:		
Amortization of property and equipment	231,870	224,618
Property and equipment purchases, net of disposals and debt repayments	(412,899)	199,635
Amortization of deferred capital grants	(7,757)	(7,757)
Surplus, end of year	\$ 3,246,576	\$ 3,918,130

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statements of Equity in Property and Equipment

Years ended April 30, 2013 and 2012

	April 30, 2013	April 30, 2012
Equity in property and equipment, beginning of year	\$ 2,977,030	\$ 3,393,526
Property and equipment purchases	3,150,276	122,330
Disposition of property and equipment, at cost	-	(346,082)
Net repayment (advances) of debt related to property and equipment	(2,737,377)	24,117
Amortization of deferred capital grants	7,757	7,757
Amortization of property and equipment	(231,870)	(224,618)
	<u>\$ 3,165,816</u>	<u>\$ 2,977,030</u>

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statements of Cash Flow

Years ended April 30, 2013 and 2012

	2013	2012
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 517,232	\$ 920,799
Items not involving cash:		
Amortization	231,870	224,618
Gain on sale of assets	-	(603,918)
Amortization of deferred capital grants	(7,757)	(7,757)
Unrealized investment (income) loss	(197,650)	75,063
Change in non-cash operating working capital:		
Receivables	817,387	(462,508)
Inventories	1,344	3,884
Prepaid expenses and deposits	2,102	(6,201)
Accounts payable and accrued liabilities	294,086	(248,394)
	1,658,614	(104,414)
Financing:		
Increase in short-term debt	2,737,377	-
Increase in trust and restricted funds	1,137,750	206,524
Increase in endowments	230,132	195,552
Obligation under capital lease	-	(24,117)
	4,105,259	377,959
Investing:		
Purchase of property and equipment	(3,150,276)	(122,330)
Purchase of long-term investments	(457,346)	(142,682)
Proceeds on sale of assets	-	950,000
	(3,607,622)	684,988
Net change in cash	2,156,251	958,533
Cash, beginning of year	2,031,937	1,073,404
Cash, end of year	\$ 4,188,188	\$ 2,031,937

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Years ended April 30, 2013 and 2012

1. General:

St. Thomas More College (the "College") is a not-for-profit Catholic college federated with the University of Saskatchewan offering university-level instruction in humanities and social sciences.

On May 1, 2012, the College adopted Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-for-Profit Standards.

In accordance with the transitional provisions in Not-for-Profit Standards, the College has adopted the changes retrospectively, subject to certain exemptions allowed under the standards. The transition date is May 1, 2011 and all comparative information has been presented by applying Not-for-Profit Standards. A summary of transitional adjustments recorded to net assets and revenue and expenses is provided in note 18.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit organizations in Part III of the CICA Handbook.

(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 Not-for-Profit Accounting Standards 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 may differ from these estimates.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

2. Significant accounting policies (continued):

(c) Investments:

Long-term investments are stated at fair value (note 4) and valued at year-end quoted market prices, where available. Realized and unrealized investment income is recognized in the statement of revenue and expenses. Where quoted market prices are not available, estimated fair values are calculated using comparable securities. Investment management fees and transaction costs are expensed as incurred.

(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	Straight line	50 years
Computer equipment	Straight line	3 years
Furniture and equipment	Straight line	10 years
Library collection	Straight line	5 years
Residence building	Declining balance	5%

During the year, management changed the method of amortization of certain buildings and building additions from a declining balance method at a rate of 5% to a straight-line method over 50 years (note 18). The method of amortization for the Ogle Hall Residence building that was sold in 2011-2012 was not changed, and as a result, the declining balance method

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

2. Significant accounting policies (continued):

with a rate of 5% was used to amortize this particular building.

(h) Pensions:

The College's employees participate in the University of Saskatchewan defined benefit and money purchase pension plans. The College follows defined contribution accounting for its participation in these plans and, accordingly, expenses contributions it is required to make in the year.

3. Receivables:

	April 30, 2013	April 30, 2012	May 1, 2011
University of Saskatchewan	\$ 308,861	\$ 679,048	\$ 269,362
Employee loans and advances	96,957	52,893	14,100
Sundry	56,985	9,249	26,220
Government of Saskatchewan	-	539,000	508,000
	\$ 462,803	\$ 1,280,190	\$ 817,682

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

4. Investments:

April 30, 2013	Cost	Market
Cash and cash equivalents	\$ 459,295	\$ 459,295
Bonds	3,726,224	3,856,912
Canadian equities	5,048,675	5,806,763
U.S. equities	1,669,152	2,050,052
International equities	1,228,348	1,396,122
Life insurance policies	54,895	54,895
	\$ 12,186,589	\$ 13,624,039

April 30, 2012	Cost	Market
Cash and cash equivalents	\$ 176,872	\$ 176,872
Bonds	3,837,448	3,919,720
Canadian equities	5,471,420	6,115,892
U.S. equities	1,043,137	1,182,838
International equities	1,152,022	1,187,272
Life insurance policies	48,343	48,343
	\$ 11,729,242	\$ 12,630,937

May 1, 2011	Cost	Market
Cash and cash equivalents	\$ 340,887	\$ 340,767
Bonds	3,886,716	3,909,167
Canadian equities	5,041,951	6,047,682
U.S. equities	1,096,243	1,126,497
International equities	1,175,870	1,210,973
Life insurance policies	44,893	44,893
	\$ 11,586,560	\$ 12,679,979

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

4. Investments (continued):

Cumulative unrealized investment gains, representing the difference between the cost and market value of investments at April 30, 2013 are reported as follows:

	2012	Change	2013
Surplus	\$ 514,544	\$ 197,650	\$ 712,194
Trust and restricted funds (note 8)	35,927	66,865	102,792
Endowments (note 10)	351,224	271,240	622,464
	\$ 901,695	\$ 535,755	\$ 1,437,450

Realized and unrealized investment income for the year ended April 30, 2013 has been allocated as follows:

	Realized investment income	Unrealized investment income
Operations	\$ 207,763	\$ 197,650
Trust and restricted funds (note 8)	47,388	66,865
Endowments (note 10)	195,161	271,240
	\$ 450,312	\$ 535,755

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

5. Property and equipment:

April 30, 2013	Cost	Accumulated amortization	Net book value
Building	\$ 5,548,211	\$ 2,671,359	\$ 2,876,852
Computer equipment	1,412,642	1,344,941	67,701
Furniture and equipment	997,453	723,991	273,462
Library collection	717,853	689,964	27,889
Leased computer equipment	162,954	162,954	-
Construction-in-Progress	2,952,048	-	2,952,048
	<hr/>	<hr/>	<hr/>
	\$ 11,791,161	\$ 5,593,209	\$ 6,197,952

April 30, 2012	Cost	Accumulated amortization	Net book value
Building	\$ 5,533,636	\$ 2,601,257	\$ 2,932,379
Computer equipment	1,329,736	1,266,001	63,735
Furniture and equipment	908,428	659,036	249,392
Library collection	706,129	672,090	34,039
Leased computer equipment	162,954	162,954	-
	<hr/>	<hr/>	<hr/>
	\$ 8,640,883	\$ 5,361,338	\$ 3,279,545

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

5. Property and equipment (continued):

May 1, 2011	Cost	Accumulated amortization	Net book value
Building	\$ 5,491,929	\$ 2,531,447	\$ 2,960,482
Computer equipment	1,292,448	1,194,878	97,570
Furniture and equipment	885,420	594,241	291,179
Library collection	685,803	656,225	29,578
Leased computer equipment	162,954	162,954	-
	8,518,554	5,139,745	3,378,809
Residence:			
Building	631,623	296,196	335,427
Kitchen equipment	7,944	7,944	-
Furniture and equipment	43,248	29,569	13,679
Computer equipment	1,802	1,802	-
	684,617	335,511	349,106
	\$ 9,203,171	\$ 5,475,256	\$ 3,727,915

During the year, the College began construction of an \$8.3 million addition. The addition is expected to be completed and placed into use as of January 1, 2014.

During 2011-2012, the College sold its leasehold interest in Father Bob Ogle Hall, the former student residence, for \$950,000 resulting in a gain of \$603,918.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

6. Short-term debt:

During the year the College incurred financing in the form of short-term debt from a financial institution to fund the cash flow requirements of the building addition. The College negotiated a demand interim construction loan that took the form of short-term bankers' acceptances that is rolled over from month-to-month. The bankers acceptances have interest rates of prime rate less .75% plus a 0.400% stamping fee being payable each month when the debt instrument matures. The College has access to \$5,000,000 in the demand interim construction loan. The College subsequently paid off the \$2,737,377 of bankers acceptances on May 10, 2013 as a result of having excess cash funds on hand. It is anticipated that the College will draw upon additional financing during the 2013-2014 fiscal year to complete the new building addition. The facility is secured by the College's portfolio of marketable securities, the College's business insurance and the College's builder's all risk insurance. There are no financial covenants on the facility.

Upon completion of the construction phase of the new building project, the College will have access to long term debt facilities from the financial institution to a maximum of \$5,000,000. Details of these long-term debt facilities required will be determined by the end of the construction period upon negotiation between the College and the financial institution.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

7. Deferred capital grants:

Deferred capital grants relates to the deferred Sask Centenary Fund. Grants are deferred and recognized as revenue as the related assets are amortized. Auditorium assets and furnishings costs are amortized at 5% straight line. The change in the deferred capital grant balance is as follows:

	April 30, 2013	April 30, 2012
Balance, beginning of year	302,515	310,272
Amounts amortized to revenue	(7,757)	(7,757)
Balance, end of year	\$ 294,758	\$ 302,515

8. Trust and restricted funds:

	Balance 2012	Realized investment income	Unrealized investment income	Donations	Distribution from endowments	Recognized for scholarships and bursaries	Inter-fund transfers	Other net changes in deferred revenue	Balance 2013
Research grants	\$ 100,753	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 246,569	\$ 357,322
Faculty, student and other trusts	28,939	-	-	2,035	-	(1,000)	-	(2,899)	27,075
Scholarships and bursaries	346,349	9,498	13,200	13,400	20,798	(45,864)	(4,671)	(3,492)	349,218
Restricted funds	838,123	35,271	49,020	779,635	76,206	(62,500)	4,671	(20,387)	1,700,039
For All Seasons	41,581	526	1,736	9,039	7,623	(7,500)	-	-	53,005
Thinking Future Campaign	85,144	2,093	2,909	2,452	97,100	(28,500)	(1,337)	(1,015)	158,846
	\$ 1,440,889	\$ 47,388	\$ 66,865	\$ 816,561	\$ 201,727	\$ (145,364)	\$ (1,337)	\$ 218,776	\$ 2,645,505

During the year the College received donations of \$749,476 for a new building addition. These donations are classified as a restricted fund and will be held as restricted until the new building is placed into use. Recognition of the restricted fund into income will commence when the building is put into use at the same rate as the buildings amortization.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

8. Trust and restricted funds (continued):

Inter-fund transfers during the year took place between restricted funds and endowments. These transfers were the result of reclassifications of fund balances. Total inter-fund transfers net to zero for restricted funds and endowments.

	Balance 2011	Realized investment income	Unrealized investment income	Donations	Distribution from endowments	Recognized for scholarships and bursaries	Inter-fund transfers	Other net changes in deferred revenue	Balance 2012
Research grants	\$ 85,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,978	\$ 100,753
Faculty, student and other trusts	25,441	-	-	-	-	-	-	3,498	28,939
Scholarships and bursaries	327,590	3,443	(4,984)	32,095	11,611	(27,906)	1,000	3,500	346,349
Restricted funds	708,977	7,869	(11,391)	209,462	69,998	(72,000)	(250)	(74,542)	838,123
For All Seasons	33,644	357	(517)	3,970	7,377	(3,000)	(250)	-	41,581
Thinking Future Campaign	70,655	570	(825)	13,500	48,344	(46,600)	(500)	-	85,144
	\$ 1,252,082	\$ 12,239	\$ (17,717)	\$ 259,027	\$ 137,330	\$ (149,506)	\$ -	\$ (52,566)	\$ 1,440,889

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

9. Reserves:

	Balance			Balance
	2012	Appropriations	Reductions	2013
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
	\$ 3,559,095	\$ -	\$ -	\$ 3,559,095

10. Endowments:

Endowments are designated by donors as permanent assets of the College. To best respect donors' wishes, the College 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 scholarships, academic programs and operations designated by donors. To stabilize annual spending, the College has an annual spending policy of 4% of endowment balances. The College's long-term annual investment returns are currently projected to exceed this amount by the annual rate of inflation. The return on endowments is reviewed on an annual basis to ensure they are meeting projected rates of returns. In order to protect the capital, the College 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, the College may increase the amount transferred from the endowment account for spending.

	Balance	Realized	Unrealized		Distributions	Inter-fund	Other net	Internally	Balance
	2012	investment	investment	Donations	to restricted	transfers	changes in	Appropriated	2013
		income	income		funds		deferred	Funds	
							revenue		
Scholarships and bursaries	\$ 1,518,145	\$ 45,356	\$ 63,037	\$ 38,692	\$ (54,942)	\$ 5,267	\$ -	\$ -	\$ 1,615,555
FAS Campaign	1,575,431	46,475	64,593	-	(7,623)	-	(55,606)	-	1,623,270
Future Campaign	2,699,493	80,119	111,351	36,725	(103,487)	(3,930)	-	-	2,820,271
Dr. S. Worobetz	628,603	18,544	25,773	-	(25,144)	-	-	-	647,776
Catholic Studies	50,427	4,667	6,486	215,550	(10,530)	-	-	1,000,000	1,266,600
	\$ 6,472,099	\$ 195,161	\$ 271,240	\$ 290,967	\$ (201,726)	\$ 1,337	\$ (55,606)	\$ 1,000,000	\$ 7,973,472

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

10. Endowments (continued):

During the year the College received donations for a Chair in Catholic Studies. These funds were placed in an endowment and will be disbursed according to the College's policy on endowments. The total amount received into the Catholic Studies Chair endowment for 2012-2013 was \$215,550.

During the year the College appropriated \$1.0 million from accumulated surplus to the Chair in Catholic Studies endowment.

	Balance 2011	Realized investment income	Unrealized investment income	Donations	Distributions to restricted funds	Inter-fund transfers	Other net changes in deferred revenue	Balance 2012
Scholarships and bursaries	\$ 1,560,699	\$ 16,463	\$ (23,833)	\$ 8,408	\$ (46,079)	\$ 2,487	\$ -	\$ 1,518,145
FAS Campaign	1,646,020	16,991	(24,597)	-	(7,377)	-	(55,606)	1,575,431
Future Campaign	2,470,794	27,550	(39,880)	310,330	(64,914)	(4,387)	-	2,699,493
Dr. S. Worobetz	650,621	6,831	(9,889)	-	(18,960)	-	-	628,603
Catholic Studies	47,357	515	(745)	1,400	-	1,900	-	50,427
	<u>\$ 6,375,491</u>	<u>\$ 68,350</u>	<u>\$ (98,944)</u>	<u>\$ 320,138</u>	<u>\$ (137,330)</u>	<u>\$ -</u>	<u>\$ (55,606)</u>	<u>\$ 6,472,099</u>

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

11. Commitments:

The College and the University of Saskatchewan ("U of S") have extended the previous Campus Services Agreement ("CSA") to April 30, 2015.

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 at a fixed rate of 14% of the combined government operating grant and tuition revenue. The 2013 CSA payment is \$1,590,881 (2012 - \$1,517,907).

The College intends to utilize a significant portion of the accumulated surplus and reserves on hand as of April 30, 2013 to assist with the funding of the new \$8.3 million building addition. The construction on the new building addition started during 2012-2013 and is expected to be complete during 2013-2014.

12. Ancillary operations:

Ancillary operations include rental operations, chapel, Choices on Campus food services and other non operating income. These operations have gross revenues of \$503,730 (2012 - \$526,540).

The ancillary operations also include amortization of property and equipment of nil (2012 - \$3,024).

13. Income taxes:

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

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

14. Pension contributions:

The College's employees participate in money purchase and defined benefit pension plans which are administered by the University of Saskatchewan ("U of S"). The annual employer contributions for 2013 of \$ 500,859 (2012 - \$469,002) are recorded as expenses in these financial statements.

The College's employees participate in various pension plans administered by the U of S. There are currently three defined benefit plans administered by the U of S for which some College employees belong to. The U of S had these three defined benefit plans valued as of December 31, 2010 and one of the plans, the Non-Academic Pension Plan, had a significant unfunded deficit. The U of S has opted to repay the deficit in this plan by various means including increases to contribution rates by current employees and increases to the employer paid premiums by the U of S and other third party participants of the plan such as the College. The U of S applied a pension surcharge to the College effective May 1, 2011 of approximately 3% of the payroll of the employee group affected. Due to the uncertainty surrounding the annual amount of payroll affected and the periodic revaluation of this plan, the College has decided to expense this charge in each period and not recognize the liability in advance in the financial statements. The total pension surcharge paid to the U of S in the fiscal 2013 year was \$9,985 (2012 - \$11,871).

The U of S is currently reviewing the funding valuations for the pension plans and is awaiting changes in pension legislation prior to determining the next steps related to the defined benefit plans. Once these factors are analysed, the U of S will inform the College of the impact on any current pension surcharges and if there are any additional charges.

15. Contributions:

The College received \$1,107,528 (2012 - \$579,165) in donations for the 2013 fiscal year, excluding donations received by the chapel which are included in ancillary operation on the statement of revenues and expenses and surplus. Included in the \$1,107,528 is \$65,360 (2012 - \$6,408) representing shares in public companies donated to the College.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

16. Financial instruments and risk management:

The carrying values of cash, receivables and accounts payable and accrued liabilities and capital lease obligation 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.

Except for the vulnerability of long-term investments in the global markets, the College is not exposed to market risk or significant credit risk. Credit risk related to cash is minimized by dealing with financial institutions that have strong credit ratings. Credit risk related to accounts receivable is considered minimal.

17. Government Remittances:

As of April 30, 2013, the College had outstanding government payroll remittances totalling \$214,992 that were paid subsequent to year end.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

18. Transitional and accounting policy adjustments:

Transition to Not-for-Profit Accounting Standards

As stated in Note 1, these are the College's first financial statements prepared in accordance with Canadian Not-for-Profit accounting standards. The accounting policies set out in Note 2 have been applied consistently in preparing the financial statements for the year ended April 30, 2013, the comparative information presented in these financial statements and the opening statements of financial position as at May 1, 2011 (the College's date of transition to Not-for-Profit accounting standards).

Financial instruments:

The College elected to fair value all short term and long term portfolio investments and include unrealized investment income in the statement of revenue and expenses.

Change in accounting policy:

During the year, management changed the method of amortizing buildings and building additions from a declining balance method at a rate of 5% to a straight-line method over 50 years. The change has been applied retrospectively.

Summary of adjustments

(a) Statement of Financial Position

The following tables summarize the impact of the transition to not-for-profit standards and the change in accounting policy on the College:

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

18. Transitional and accounting policy adjustments (continued):

As at May 1, 2011	Balance CGAAP	Accounting policy change adjustment	Balance CNPO
Assets			
Current assets:			
Cash	\$ 1,073,404	\$ -	\$ 1,073,404
Receivables	817,682	-	817,682
Inventories	19,254	-	19,254
Prepaid expenses and deposits	60,278	-	60,278
	1,970,618	-	1,970,618
Long-term investments	12,679,979	-	12,679,979
Property and equipment	3,189,558	538,357	3,727,915
	\$ 17,840,155	\$ 538,357	\$ 18,378,512
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 883,094	\$ -	\$ 883,094
Current portion of obligations under capital lease	24,117	-	24,117
	907,211	-	907,211
Deferred capital grants	232,214	78,058	310,272
Trust and restricted funds	1,252,082	-	1,252,082
Net assets:			
Equity in property and equipment	2,933,227	460,299	3,393,526
Reserves	3,559,095	-	3,559,095
Endowments	6,375,491	-	6,375,491
Surplus	2,580,835	-	2,580,835
	15,448,648	460,299	15,908,947
	\$ 17,840,155	\$ 538,357	\$ 18,378,512

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

18. Transitional and accounting policy adjustments (continued):

As at April 30, 2012	Balance CGAAP	Accounting policy change adjustment	Balance CNPO
Assets			
Current assets:			
Cash	\$ 2,031,937	\$ -	\$ 2,031,937
Receivables	1,280,190	-	1,280,190
Inventories	15,370	-	15,370
Prepaid expenses and deposits	66,479	-	66,479
	3,393,976	-	3,393,976
Long-term investments	12,630,937	-	12,630,937
Property and equipment	2,687,806	591,739	3,279,545
	\$ 18,712,719	\$ 591,739	\$ 19,304,458
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 634,700	\$ -	\$ 634,700
	634,700	-	634,700
Deferred capital grants	209,388	93,127	302,515
Trust and restricted funds	1,440,889	-	1,440,889
Net assets:			
Equity in property and equipment	2,478,418	498,612	2,977,030
Reserves	3,559,095	-	3,559,095
Endowments	6,472,099	-	6,472,099
Surplus	3,918,130	-	3,918,130
	16,427,742	498,612	16,926,354
	\$ 18,712,719	\$ 591,739	\$ 19,304,458

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

18. Transitional and accounting policy adjustments (continued):

Year ended April 30, 2012	Balance CGAAP	NPO transitional adjustment	Accounting policy change adjustment	Balance CNPO
Operating revenue:				
Government of				
Saskatchewan grants \$	6,629,400 \$	- \$	- \$	6,629,400
Tuition - credit instruction	4,371,793	-	-	4,371,793
Other	372,022	-	(15,069)	356,953
Realized investment income	64,821	(75,063)	-	(10,242)
	11,438,036	(75,063)	(15,069)	11,347,904
Operating expenses:				
Academic salaries	4,829,900	-	-	4,829,900
Administrative and support salaries	1,792,484	-	-	1,792,484
U of S infrastructure services	1,517,907	-	-	1,517,907
Supplies and services	1,335,420	-	-	1,335,420
Employee benefits	951,648	-	-	951,648
Amortization of property and equipment	274,976	-	(53,382)	221,594
Scholarships	215,853	-	-	215,853
Utilities	209,184	-	-	209,184
	11,127,372	-	(53,382)	11,073,990
Operating revenue less expenses	310,664	(75,063)	38,313	273,914
Ancillary operations	42,967	-	-	42,967
Earnings before undernoted	353,631	(75,063)	38,313	316,881
Gain on sale of assets	603,918	-	-	603,918
Excess of revenue over expenses	957,549	(75,063)	38,313	920,799

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Years ended April 30, 2013 and 2012

18. Transitional and accounting policy adjustments (continued):

Year ended April 30, 2012	Balance CGAAP	NPO transitional adjustment	Accounting policy change adjustment	Balance CNPO
Surplus, beginning of year	2,580,835	-	-	2,580,835
Transfer from (to) equity in property and equipment for:				
Amortization of property and equipment	278,000	-	(53,382)	224,618
Property and equipment purchases, net of disposals and debt repayments	199,635	-	-	199,635
Amortization of deferred capital grants	(22,826)	-	15,069	(7,757)
Unrealized investment income	(75,063)	75,063	-	-
Surplus, end of year	\$ 3,918,130	\$ -	\$ -	\$ 3,918,130