

Financial Statements of

ST. THOMAS MORE COLLEGE

And Independent Auditors' Report thereon

Year ended April 30, 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Governors of St. Thomas More College

Opinion

We have audited the financial statements of St. Thomas More College (the College), which comprise

- the statement of financial position as at April 30, 2019
- the statement of revenues and expenses and surplus for the year then ended
- the statement of equity in property and equipment for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the College as at April 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Saskatoon, Canada
June 27, 2019

ST. THOMAS MORE COLLEGE

Statement of Financial Position

April 30, 2019, with comparative information for 2018

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 290,028 | \$ 130,315 |
| Receivables (note 3) | 505,378 | 397,267 |
| Inventories | 23,580 | 18,972 |
| Prepaid expenses and deposits | 56,416 | 97,019 |
| | <u>875,402</u> | <u>643,573</u> |
| Long-term investments (note 4) | 19,131,401 | 19,269,724 |
| Property and equipment (note 5) | 17,610,788 | 17,819,094 |
| | <u>\$ 37,617,591</u> | <u>\$ 37,732,391</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 902,936 | \$ 1,050,507 |
| Short-term debt (note 6) | - | 581,441 |
| Current portion of long-term debt (note 7) | 222,019 | 215,550 |
| | <u>1,124,955</u> | <u>1,847,498</u> |
| Long-term debt (note 7) | 6,924,224 | 7,135,542 |
| Deferred capital grants (note 8) | 1,730,063 | 1,769,597 |
| Deferred capital contributions (note 8) | 1,890,239 | 1,908,671 |
| Trust and restricted funds (note 9) | 2,412,438 | 2,121,731 |
| Net assets: | | |
| Equity in property and equipment | 6,844,243 | 6,208,293 |
| Reserves (note 10) | 2,989,095 | 3,659,095 |
| Endowments (note 11) | 13,599,779 | 12,950,670 |
| Surplus | 102,555 | 131,294 |
| | <u>23,535,672</u> | <u>22,949,352</u> |
| Commitments (note 12) | | |
| | <u>\$ 37,617,591</u> | <u>\$ 37,732,391</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, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|--------------|--------------|
| Operating revenue: | | |
| Government of Saskatchewan grants | \$ 6,822,200 | \$ 6,822,000 |
| Tuition - credit instruction | 6,129,003 | 5,303,808 |
| Other | 572,479 | 998,460 |
| Investment income (note 4) | 192,344 | 76,181 |
| | 13,716,026 | 13,200,449 |
| Operating expenses: | | |
| Academic salaries | 5,515,590 | 5,738,984 |
| Administrative and support salaries | 2,505,706 | 2,469,050 |
| U of S infrastructure services | 1,791,127 | 1,675,353 |
| Supplies and services | 1,508,754 | 1,244,419 |
| Employee benefits | 1,276,585 | 1,227,736 |
| Amortization of property and equipment | 598,514 | 549,775 |
| Scholarships | 227,590 | 220,430 |
| Utilities | 210,838 | 227,676 |
| | 13,634,704 | 13,353,423 |
| Operating revenue less expenses | 81,322 | (152,974) |
| Ancillary revenues (note 13) | 424,733 | 486,307 |
| Ancillary expenses (note 13) | (568,845) | (534,149) |
| | (144,112) | (47,842) |
| Loss before undernoted | (62,790) | (200,816) |
| Gain on disposal of equipment | - | 361 |
| Deficiency of revenue over expenses | (62,790) | (200,455) |
| Surplus, beginning of year | 131,294 | 101,684 |
| Reserve transfer: | | |
| Building reserve (note 10) | 670,000 | (600,000) |
| Transfer from (to) equity in property and equipment for: | | |
| Amortization of property and equipment | 598,514 | 549,775 |
| Property and equipment purchases, net of disposals | (390,206) | (1,798,435) |
| Net increase (decrease) in debt | (786,291) | 1,541,511 |
| Deferred capital grants and contributions | 23,280 | 609,677 |
| Amortization of deferred capital grants and contributions | (81,246) | (72,463) |
| Surplus, end of year | \$ 102,555 | \$ 131,294 |

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Equity in Property and Equipment

Year ended April 30, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Equity in property and equipment, beginning of year | \$ 6,208,293 | \$ 7,038,358 |
| Property and equipment purchases, net | 390,206 | 1,798,435 |
| Deferred capital grants and contributions | (23,280) | (609,677) |
| Amortization of deferred capital grants and contributions | 81,246 | 72,463 |
| Amortization of property and equipment | (598,514) | (549,775) |
| Net decrease (increase) in debt related to property and equipment | 786,292 | (1,541,511) |
| | <u>\$ 6,844,243</u> | <u>\$ 6,208,293</u> |

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Cash Flows

Year ended April 30, 2019, with comparative information for 2018

| | 2019 | 2018 |
|---|--------------------|--------------------|
| Cash flows from (used in): | | |
| Operations: | | |
| Deficiency of revenue over expenses | \$ (62,790) | \$ (200,455) |
| Items not involving cash: | | |
| Amortization of property and equipment | 598,514 | 549,775 |
| Gain on disposal of equipment | - | (361) |
| Amortization of deferred capital grants | (39,534) | (32,049) |
| Amortization of deferred capital contributions | (41,712) | (40,414) |
| Unrealized investment losses | 313,569 | 149,226 |
| | <u>768,047</u> | <u>425,722</u> |
| Change in non-cash operating working capital: | | |
| Receivables | (108,111) | 19,083 |
| Inventories | (4,608) | (5,917) |
| Prepaid expenses | 40,603 | 4,610 |
| Accounts payable and accrued liabilities | (147,571) | (485,869) |
| | <u>548,360</u> | <u>(42,371)</u> |
| Financing: | | |
| Decrease in short-term debt | (581,441) | (2,582,187) |
| Increase (decrease) in long-term debt | (204,849) | 4,123,698 |
| Increase (decrease) in trust and restricted funds | 446,186 | (194,942) |
| Increase in deferred capital grants | - | 453,743 |
| Increase in deferred capital contributions | 23,280 | 155,934 |
| Increase in endowments | 1,665,520 | 1,443,464 |
| | <u>1,348,696</u> | <u>3,399,710</u> |
| Investing: | | |
| Accounts payable and accrued liabilities | - | (932,732) |
| Purchase of property and equipment | (390,206) | (1,798,435) |
| Net change in long-term investments | (1,347,137) | (943,683) |
| Proceeds on disposal of equipment | - | 361 |
| | <u>(1,737,343)</u> | <u>(3,674,489)</u> |
| Net increase (decrease) in cash | 159,713 | (317,150) |
| Cash, beginning of year | 130,315 | 447,465 |
| Cash, end of year | <u>\$ 290,028</u> | <u>\$ 130,315</u> |

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements

Year ended April 30, 2019

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.

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 CPA Handbook.

(a) Revenue recognition:

The College recognizes contributions in accordance with the deferral method of accounting for contributions for not-for-profit organizations.

Contributions and investment income externally restricted for purposes other than endowments are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for the purposes designated by external parties.

Unrestricted contributions are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured. Due to the uncertainty involved in collecting pledged donations, they are not recognized until received.

Endowment contributions and restricted investment income earned on endowments are not available for disbursement and are recognized as direct increases in net assets in the period in which they are received and earned.

Externally restricted contributions received towards the acquisition of capital assets are deferred and amortized to revenue on the same basis as the related depreciable capital assets are amortized.

Tuition and other fees are recognized as revenue based on the academic period of the related courses or programs.

Other types of revenue are recognized in the period to which they relate.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

2. Significant accounting policies (continued):

(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.

(c) Long-term 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 for operations is recognized in the statement of revenue and expenses. Realized and unrealized investment income for restricted funds and endowments is allocated to the respective funds and recognized upon disbursement. 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 10 by appropriations from operations.

(f) 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 | 3-5 years |
| Furniture and equipment | Straight line | 10 years |
| Library collection | Straight line | 5 years |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

2. Significant accounting policies (continued):

(g) 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:

| | 2019 | 2018 |
|-----------------------------|-------------------|-------------------|
| University of Saskatchewan | \$ 468,855 | \$ 377,152 |
| Employee loans and advances | 28,500 | 15,000 |
| Sundry | 8,023 | 5,115 |
| | <u>\$ 505,378</u> | <u>\$ 397,267</u> |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

4. Long-term investments:

| | 2019 | | 2018 | |
|---|---------------|---------------|---------------|---------------|
| | Cost | Market | Cost | Market |
| Franklin Templeton Balanced Institutional Trust | \$ 21,243,031 | \$ 19,097,321 | \$ 19,856,717 | \$ 19,196,467 |
| Life insurance policies | 34,080 | 34,080 | 73,257 | 73,257 |
| | \$ 21,277,111 | \$ 19,131,401 | \$ 19,929,974 | \$ 19,269,724 |

| Investments (at fair value) held for: | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| Restricted Funds | \$ 2,239,558 | \$ 1,983,578 |
| Endowments | 13,599,779 | 12,950,670 |
| Internally restricted investments | 3,292,064 | 4,335,476 |
| | \$ 19,131,401 | \$ 19,269,724 |

The College has \$3,292,064 (2018- \$4,335,476) of internally restricted investments included in long-term investments. These investments are internally restricted and can be used by the College to fund reserves.

The College's Board of Governors has approved an Endowment Management Policy which outlines the rules governing its endowment funds. Funds are invested in accordance with the College's Investment Policy, which is approved by the College's Board of Governors. The primary objectives for the College's investment portfolio are:

- to earn a real rate of return of 4% after expenses over the long-term. This will fulfill the fund's objectives to meet its expenditure requirements and maintain capital in real terms; and
- to earn a rate of return that exceeds a benchmark that is comprised of market indices relevant to the actual asset mix, as established from time to time by the Finance and Investment Committee of the Board of Governors.

The College is committed to socially responsible investing and the maintenance of appropriate measures to ensure that all the College's long-term investments are held in socially-responsible investments. The long-term targeted asset allocation of the Franklin Templeton Balanced Institutional Trust is as follows:

| | |
|---------------------------|-----|
| Canadian equities | 30% |
| US equities | 15% |
| International equities | 15% |
| Fixed income | 38% |
| Cash and cash equivalents | 2% |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

4. Long-term investments (continued):

Investment income for the year ended April 30, 2019 has been allocated as follows:

| | Realized | Unrealized | Total |
|---------------------------|---------------------|-----------------------|-------------------|
| Operations | \$ 505,913 | \$ (313,569) | \$ 192,344 |
| Restricted funds (note 9) | 254,656 | (155,479) | 99,177 |
| Endowments (note 11) | 1,664,769 | (1,016,411) | 648,358 |
| | <u>\$ 2,425,338</u> | <u>\$ (1,485,459)</u> | <u>\$ 939,879</u> |

Investment income for the year ended April 30, 2018 has been allocated as follows:

| | Realized | Unrealized | Total |
|---------------------------|-------------------|---------------------|-------------------|
| Operations | \$ 225,407 | \$ (149,226) | \$ 76,181 |
| Restricted funds (note 9) | 101,577 | (68,744) | 32,833 |
| Endowments (note 11) | 621,168 | (420,387) | 200,781 |
| | <u>\$ 948,152</u> | <u>\$ (638,357)</u> | <u>\$ 309,795</u> |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

5. Property and equipment:

| | | | 2019 | 2018 |
|---------------------------|----------------------|--------------------------|----------------------|----------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Building | \$ 21,135,809 | \$ 4,282,724 | \$ 16,853,085 | \$ 17,065,589 |
| Furniture and equipment | 1,996,050 | 1,345,604 | 650,446 | 654,465 |
| Computer equipment | 1,928,611 | 1,845,334 | 83,277 | 79,911 |
| Library collection | 759,819 | 735,839 | 23,980 | 19,129 |
| Leased computer equipment | 162,954 | 162,954 | - | - |
| | \$ 25,983,243 | \$ 8,372,455 | \$ 17,610,788 | \$ 17,819,094 |

6. Short-term debt:

The College maintains a demand operating line of credit with a limit of \$1.5 million for day-to-day working capital needs as required. Payments are interest-only at a floating interest rate of prime less 0.5% on any outstanding balances. At April 30, 2019, no amounts were drawn under this facility (2018 - \$581,441).

7. Long-term debt:

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Toronto-Dominion - Mortgage repayable in blended monthly installments of \$17,617 with a fixed interest rate of 3.55%. Due May 9, 2039, subject to renewal in May, 2024. | \$ 3,033,170 | \$ 3,128,989 |
| Toronto-Dominion - Mortgage repayable in blended monthly installments of \$20,936 with a fixed interest rate of 3.30%. Due November 17, 2042, subject to renewal in November 2032. | 4,113,073 | 4,222,103 |
| | 7,146,243 | 7,351,092 |
| Less current portion | 222,019 | 215,550 |
| | \$ 6,924,224 | \$ 7,135,542 |

Interest incurred on long-term debt and expensed in these statements was \$246,710 (2018 - \$194,739)

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

7. Long-term debt (continued):

Principal repayments required on the mortgages in each of the next five years and thereafter are estimated as follows:

| | | |
|------------|----|-----------|
| 2019 | \$ | 222,019 |
| 2020 | | 230,381 |
| 2021 | | 238,381 |
| 2022 | | 246,660 |
| 2023 | | 254,665 |
| Thereafter | | 5,954,137 |
| | \$ | 7,146,243 |

8. Deferred capital grants and contributions:

Deferred capital grants relate to the deferred Sask Centenary Fund and funds received for the new elevator and North Building Renewal Project. Grants are deferred and recognized as revenue as the related assets are amortized. The change in the deferred capital grant balance is as follows:

| | 2019 | 2018 |
|------------------------------|--------------|-----------|
| Balance, beginning of year | \$ 1,769,597 | 1,347,903 |
| Additions during the year | - | 453,743 |
| Amounts amortized to revenue | (39,534) | (32,049) |
| Balance, end of year | \$ 1,730,063 | 1,769,597 |

Deferred capital contributions relate to donations for the building. Contributions are deferred and recognized as revenue as the related assets are amortized. The change in the deferred capital contribution balance is as follows:

| | 2019 | 2018 |
|------------------------------|--------------|--------------|
| Balance, beginning of year | \$ 1,908,671 | \$ 1,793,151 |
| Additions during the year | 23,280 | 155,934 |
| Amounts amortized to revenue | (41,712) | (40,414) |
| Balance, end of year | \$ 1,890,239 | \$ 1,908,671 |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

9. Trust and restricted funds:

| | Balance 2018 | Realized investment income | Unrealized investment loss | Donations | Distribution from endowments | Recognized for scholarships and bursaries | Inter-fund transfers | Other net changes | Balance 2019 |
|--|-----------------|----------------------------------|----------------------------------|-----------|------------------------------------|--|-------------------------|----------------------|-----------------|
| Research Grants | \$ 99,112 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 41,994 | 141,106 |
| Faculty, student and other trusts | 39,041 | - | - | - | - | - | - | (7,267) | 31,774 |
| Scholarships and bursaries | 1,099,165 | 147,815 | (90,248) | 68,086 | 159,477 | (171,984) | 108,686 | - | 1,320,997 |
| Other restricted funds | 884,413 | 106,841 | (65,231) | 30,590 | 186,338 | - | - | (224,390) | 918,561 |
| | \$2,121,731 | \$ 254,656 | \$ (155,479) | \$ 98,676 | \$ 345,815 | \$ (171,984) | \$ 108,686 | \$ (189,663) | 2,412,438 |

10. Reserves

| | Balance 2018 | Appropriations | Balance 2019 |
|---|-----------------|----------------|-----------------|
| Academic | \$ 300,000 | \$ - | \$ 300,000 |
| Chair for Indigenous Spirituality and Reconciliation | 759,095 | - | 759,095 |
| Building | 2,600,000 | (670,000) | 1,930,000 |
| | \$ 3,659,095 | \$ (670,000) | \$ 2,989,095 |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

11. 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. To protect the capital, the College allocates investment returns to each endowment based on their respective balances according to College's Endowment Management Policy. By allocating nominal investment returns to endowments, the College can maintain the real purchasing power of the capital inside the endowment assuming nominal investment returns outpace inflation by the College's disbursement rate on a long-term basis. These accumulated investment returns also provide greater assurance that endowment disbursements can be made consistently and evenly year-over-year regardless of the actual investment return in any given year.

| | Balance 2018 | Realized investment Income | Unrealized investment loss | Donations | Transfers to restricted funds | Distributions from endowments | Recognized as other income | Balance 2019 |
|----------------------------------|---------------------|----------------------------------|----------------------------------|-------------------|-------------------------------------|-------------------------------------|----------------------------------|---------------------|
| Scholarships and bursaries | \$ 5,373,327 | \$ 673,035 | \$ (410,915) | \$ 59,968 | \$ (108,686) | \$ (159,477) | \$ - | \$ 5,427,252 |
| Other endowments | 5,031,836 | 668,200 | (407,965) | 450,890 | - | (99,874) | (55,606) | 5,587,481 |
| Catholic Studies | 2,545,507 | 323,534 | (197,531) | - | - | (86,464) | - | 2,585,046 |
| | <u>\$12,950,670</u> | <u>\$1,664,769</u> | <u>\$(1,016,411)</u> | <u>\$ 510,858</u> | <u>\$(108,686)</u> | <u>\$ (345,815)</u> | <u>\$ (55,606)</u> | <u>\$13,599,779</u> |

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

12. Commitments:

Under the Campus Services Agreement ("CSA") between the College and the University of Saskatchewan ("U of S"), 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 CSA expired on April 30, 2015. Negotiations with respect to a new agreement are in progress and payments have and will be continued in a similar manner as past years until a new agreement is reached. The 2019 CSA payment is \$1,791,127 (2018 - \$1,675,353).

13. Ancillary operations:

Ancillary operations include rental operations, chapel, Choices on Campus food services and other non-operating income.

14. 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.

15. Pension contributions:

The College's employees participate in money purchase and defined benefit pension plans which are administered by the U of S. The annual employer contributions for 2019 of \$576,142 (2018 - \$556,379) 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 which some College employees belong to. The U of S Pensions Office reported that there were no changes to these plans during the fiscal year and that the valuation reports for December 31, 2017 were received on May 11, 2018.

16. Contributions:

The College received \$632,815 (2018 - \$1,506,632) in donations for the 2019 fiscal year, excluding donations received by the chapel which are included in ancillary operations on the statement of revenues and expenses and surplus.

ST. THOMAS MORE COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2019

17. Financial instruments and risk management:

The carrying values of cash, receivables, accounts payable, accrued liabilities, and debt obligations 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.

The College is not exposed to interest rate risk on long-term debt as a result of all long-term debt being subject to fixed rates. Interest rate risk related to short-term debt is considered minimal.

18. Capital management:

The College's overall objective when managing capital is to ensure the College has adequate capital to fund capital assets, future projects and ongoing operations. The College manages its capital through an annual budgeting process and by appropriating amounts to reserves for anticipated future projects and other priorities. In addition, the College manages capital with respect to endowments in accordance with an Endowment Management Policy that is approved by the College's Board of Governors, as outlined in Note 4.

The College is not subject to any other externally imposed capital requirements and its approach to capital management remains unchanged from the prior year.

19. Prior year figures:

Certain of the College's prior year figures have been reclassified to conform to the current year presentation. There is no impact on deficiency of revenues over expenses or net assets.