Financial Statements of

ST. THOMAS MORE COLLEGE

And Independent Auditors’ Report thereon

Year ended April 30, 2022

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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, 2022
- 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, 2022, 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.

KPMG LLP

Chartered Professional Accountants
Saskatoon, Canada
June 23, 2022

ST. THOMAS MORE COLLEGE

Statement of Financial Position

April 30, 2022 with comparative information for 2021

		2022		2021
Assets				
Current assets:				
Cash	$	1,455,442	$	1,169,391
Receivables (note 3)		815,756		600,253
Inventories		23,426		22,073
Prepaid expenses and deposits		102,328		66,471
Short-term investments (note 4)		831,498		1,393,788
		3,228,450		3,251,976
Long-term investments (note 4)		21,043,933		19,772,067
Property and equipment (note 5)		17,359,053		17,244,500
	$	41,631,436	$	40,268,543
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	1,412,855	$	1,148,536
Current portion of long-term debt (note 7)		246,660		238,381
		1,659,515		1,386,917
Long-term debt (note 7)		6,208,803		6,455,462
Deferred capital grants (note 8)		1,614,320		1,652,901
Deferred capital contributions (note 8)		1,775,952		1,817,595
Restricted and trust funds (note 9)		3,865,637		3,308,850
Net assets:				
Equity in property and equipment		7,513,318		7,080,161
Reserves (note 10)		2,370,000		3,359,095
Endowments (note 11)		15,937,013		14,882,670
Surplus		686,878		324,892
		26,507,209		25,646,818
Commitments (note 12)				
	$	41,631,436	$	40,268,543

See accompanying notes to financial statements.

On behalf of the Board:

Helen Harsma _______ Director

_______ Director

ST. THOMAS MORE COLLEGE

Statement of Revenue and Expenses and Surplus

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Operating revenue:		
Government of Saskatchewan grants	$ 7,257,500	$ 6,893,400
Tuition - credit instruction	6,499,465	6,233,295
Other	503,996	678,689
Investment income (note 4)	51,030	489,252
	14,311,991	14,294,636
Operating expenses:		
Academic salaries	5,804,331	5,344,027
Administrative and support salaries	2,767,047	2,700,949
USask infrastructure services (note 12)	1,366,345	1,305,847
Employee benefits	1,317,960	1,271,506
Supplies and services	1,276,036	1,056,556
Amortization of property and equipment	634,603	582,764
Scholarships	203,763	200,105
Utilities	211,671	191,604
	13,581,756	12,653,358
Operating revenue less expenses	730,235	1,641,278
Ancillary revenues (note 13)	139,302	78,915
Ancillary expenses (note 13)	(304,394)	(253,418)
	(165,092)	(174,503)
Excess of revenue over expenses	565,143	1,466,775
Surplus, beginning of year	324,892	102,499
Reserve transfer:		
Building reserve (note 10)	230,000	(1,200,000)
Transfer from (to) equity in property and equipment for:		
Amortization of property and equipment	634,603	582,764
Property and equipment purchases, net of disposals	(749,156)	(316,545)
Net decrease in debt	(238,380)	(230,382)
Deferred capital grants and contributions	300	300
Amortization of deferred capital grants and contributions	(80,524)	(80,519)
Surplus, end of year	$ 686,878	$ 324,892

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Equity in Property and Equipment

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Equity in property and equipment, beginning of year	$ 7,080,161	$ 7,035,779
Property and equipment purchases, net of disposals	749,156	316,545
Deferred capital grants and contributions	(300)	(300)
Amortization of deferred capital grants and contributions	80,524	80,519
Amortization of property and equipment	(634,603)	(582,764)
Net decrease in debt related to property and equipment	238,380	230,382
	$ 7,513,318	$ 7,080,161

See accompanying notes to financial statements.

ST. THOMAS MORE COLLEGE

Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	$565,143	$1,466,775
Items not involving cash:		
Amortization of property and equipment	634,603	582,764
Gain on disposal of equipment	(1,058)	(200)
Amortization of deferred capital grants	(38,581)	(38,581)
Amortization of deferred capital contributions	(41,943)	(41,938)
	1,118,164	1,968,820
Change in non-cash operating working capital:		
Receivables	(215,503)	(35,066)
Inventories	(1,353)	1,142
Prepaid expenses	(35,857)	(11,514)
Accounts payable and accrued liabilities	264,319	(157,461)
	1,129,770	1,765,921
Financing:		
Decrease in long-term debt	(238,380)	(230,382)
Increase in restricted and trust funds	556,787	775,719
Increase in deferred capital contributions	300	300
Increase in endowments	295,248	1,414,168
	613,955	1,959,805
Investing:		
Purchase of property and equipment	(749,156)	(334,345)
Net change in short-term investments	562,290	290,497
Net change in long-term investments	(1,271,866)	(2,837,067)
Proceeds on disposal of equipment	1,058	18,000
	(1,457,674)	(2,862,915)
Net increase in cash	286,051	862,811
Cash, beginning of year	1,169,391	306,580
Cash, end of year	$ 1,455,442	$ 1,169,391

See accompanying notes to financial statements.

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 property and equipment are deferred and amortized to revenue on the same basis as the related depreciable property and equipment 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.

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) Investments:

Short-term and long-term investments are stated at fair value (note 4) and valued at year-end quoted market prices, where available. Investment income for operations is recognized in the statement of revenue and expenses. 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.

Investments are classified as short-term when they are convertible to cash within 12 months or less. Short-term investments also include cash and cash equivalents held within the College's investment holdings.

(d) Restricted and trust funds:

Contributions received which are to be expended for specific purposes are recorded as restricted and trust 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.

2. Significant accounting policies (continued):

(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 and buildings components	Straight line	20-50 years
Computer equipment	Straight line	3-5 years
Furniture and equipment	Straight line	10 years
Library collection	Straight line	5-10 years

(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.

(h) New Canadian accounting standards for not-for-profit organizations:

There were no material amendments to accounting standards effective for the year ended April 30, 2022.

3. Receivables:

		2022		2021
University of Saskatchewan	$	758,014	$	504,875
Employee loans and advances		46,733		67,833
Sundry		11,009		27,545
	$	815,756	$	600,253

4. Investments:

		2022				2021		
		Cost		Market		Cost		Market
Portfolio investments	$	21,087,956	$	21,816,025	$	20,115,366	$	21,113,925
Life insurance policies		59,406		59,406		51,930		51,930
		21,147,362		21,875,431		20,167,296		21,165,855
Long-term investments		20,315,864		21,043,933		18,773,508		19,772,067
Short-term investments		831,498		831,498		1,393,788		1,393,788
	$	21,147,362	$	21,875,431	$	20,167,296	$	21,165,855

Investments (at fair value) held for:		2022		2021
Restricted funds, excluding research grants and trusts	$	3,509,697	$	2,887,357
Endowments		15,937,013		14,882,670
Internally restricted investments		2,370,000		3,359,095
Other		58,721		36,733
	$	21,875,431	$	21,165,855

The College has $2,370,000 (2021 - $3,359,095) of internally restricted investments that can be used by the College to fund its reserves.

4. Investments (continued):

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 asset allocation of the investment portfolio at April 30, 2022 was as follows:

	2022	2021
Growth securities	46%	56%
Fixed income	25%	31%
Cash and cash equivalents	4%	6%
Other	25%	7%

Investment income (loss) has been allocated as follows:

	2022	2021
Operations	$ 51,030	$ 489,252
Restricted funds (note 9)	34,129	264,585
Endowments (note 11)	180,062	1,601,046
	$ 265,221	$ 2,354,883

5. Property and equipment:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Buildings and building components	$ 22,115,841	$ 5,478,699	$16,637,142	$16,516,738
Furniture and equipment	2,231,960	1,890,207	341,753	249,206
Computer equipment	2,207,720	1,836,029	371,691	466,331
Library collection	785,217	776,750	8,467	12,225
	$ 27,340,738	$ 9,981,685	$ 17,359,053	$ 17,244,500

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, 2022 and 2021 no amounts were drawn under this facility.

7. Long-term debt:

	2022	2021
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, secured by general security agreement on assets of the College.	$ 2,705,672	$ 2,818,825
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 May 2032, secured by general security agreement on assets of the College.	3,749,791	3,875,018
	6,455,463	6,693,843
Less current portion	246,660	238,381
	$ 6,208,803	$ 6,455,462

Interest incurred on long-term debt and expensed in these statements was $223,873 (2021 - $231,886).

7. Long-term debt (continued):

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

April 30, 2023	$	246,660
April 30, 2024		254,665
April 30, 2025		2,605,439
April 30, 2026		142,861
April 30, 2027		147,647
Thereafter		3,058,191
	$	6,455,463

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:

		2022		2021
Balance, beginning of year	$	1,652,901		1,691,482
Amounts amortized to revenue		(38,581)		(38,581)
Balance, end of year	$	1,614,320		1,652,901

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:

		2022		2021
Balance, beginning of year	$	1,817,595	$	1,859,233
Additions during the year		300		300
Amounts amortized to revenue		(41,943)		41,938)
Balance, end of year	$	1,775,952	$	1,817,595

9. Restricted and trust funds:

	Balance 2021	Investment Income	Donations	Distribution from endowments	Recognized for scholarships and bursaries	Other net changes	Balance 2022
Research grants	$402,233	$ -	$ -	$ -	$ -	$ (65,870)	$ 336,363
Faculty, student and other trusts	19,260	-	-	-	-	$317	$19,577
Scholarships and bursaries	1,580,083	17,862	119,667	157,203	(165,783)	-	1,709,032
Other restricted funds	1,307,274	16,267	336,942	248,391	(13,000)	(95,209)	1,800,665
	$3,308,850	$ 34,129	$ 456,609	$405,594	$(178,783)	$ (160,762)	$ 3,865,637

10. Reserves

	Balance 2021	Transfers	Balance 2022
Chair for Indigenous Spirituality and Reconciliation	$ 759,095	$ (759,905)	$ -
Building	2,600,000	(230,000)	2,370,000
	$ 3,359,095	$ (989,095)	$ 2,370,000

11. Endowments:

Contributions restricted for endowments consist of externally restricted donations received by the College as well as funds internally restricted by the College, exercising its discretion. 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 capital. 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.

Endowment balances include internal funds appropriated from reserves totaling $1,759,095 (2021 - $1,000,000). These represent funds transferred from reserves, under the discretion of the College's Board of Governors, to support activities and programs of the associated endowments.

	Balance 2021	Investment Income	Donations	Transfer from reserve	Distributions from endowments	Balance 2022
Scholarships and bursaries	$5,705,420	$66,216	$5,630	-	$(162,410)	$5,614,856
Other endowments	6,551,074	83,383	515,150	759,095	(156,716)	7,751,986
Catholic Studies	2,626,176	30,463	-	-	(86,468)	2,570,171
	$14,882,670	$ 180,062	$520,780	$759,095	$(405,594)	$15,937,013

12. Commitments:

The College entered into an Academic and Financial Partnership Agreement ("AFPA") with the University of Saskatchewan (“USask”) that is in effect from May 1, 2020 - April 30, 2025. Under the AFPA, tuition revenue earned by the College will be based on an agreed upon proportion of total tuition generated from courses taught by both the College and USask as well as tuition generated from courses exclusive to the College. Such a change is to enhance coordination and cooperation between the College and the USask. Furthermore, the AFPA establishes an Annual Service Fee of 10.7% of the combined government operating grant and tuition revenue. During 2021-2022 the Annual Service Fee was $1,366,345 (2021 - $1,305,847).

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 (defined contribution plans with equal contributions by employees and the College) and defined benefit pension plans which are administered by USask. The annual employer contributions for 2022 of $555,480 (2021 - $541,085) are recorded as expenses in these financial statements.

The College's employees participate in various pension plans administered by USask. There are currently three defined benefit plans administered by USask which some College employees belong to. One of these plans, the Non-Academic Pension Plan (closed August 31, 2019) received an actuarial valuation on December 31, 2021. The valuation revealed a going concern surplus and USask was able to eliminate all past unfunded liabilities and reduce special payments to zero. Therefore, the related pension surcharge will cease on May 1, 2022. The next actuarial valuation is expected effective December 31, 2024 for this pension plan. The next actuarial valuation for the other plans is expected effective December 31, 2022.

16. Contributions:

The College received $977,689 (2021 - $623,709) in donations for the 2022 fiscal year, excluding donations received by the chapel which are included in ancillary operations on the statement of revenues and expenses and surplus.

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.