

*Financial Statements of*

**ST. FRANCIS XAVIER UNIVERSITY**

*March 31, 2010*

## Auditors' Report

To the Board of Governors  
St. Francis Xavier University

We have audited the statement of financial position of St. Francis Xavier University as at March 31, 2010 and the statements of operations, cash flows, and changes in fund balances for the year then ended. These financial statements are the responsibility of the University's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP.*

Chartered Accountants  
May 21, 2010  
Halifax, Nova Scotia

# ST. FRANCIS XAVIER UNIVERSITY

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**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Financial Position**  
**March 31, 2010**

	2010				2009
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
<b>ASSETS</b>					
Cash	\$ 28,194,582	\$ -	\$ -	\$ -	\$ 28,194,582
Short term investments	-	-	-	-	-
Accounts receivable - students	3,727,078	-	-	-	3,727,078
Accounts receivable - general	2,361,127	-	-	-	2,361,127
Other assets	229,559	-	-	-	229,559
Inventories	477,336	-	-	-	477,336
Due from Capital Fund	16,906,618	-	-	-	16,906,618
<b>Total non-restricted assets</b>	<b>51,896,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,896,300</b>
Accrued benefit asset (Note 5)	2,076,585	-	-	-	2,076,585
Accounts receivable - restricted	2,475,123	-	-	-	2,475,123
<b>Total assets - Operating Fund</b>	<b>56,448,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,448,008</b>
Cash, bonds and stocks - restricted (Note 3)	-	-	-	68,127,041	68,127,041
Cash, bonds and stocks - unrestricted (Note 3)	-	-	-	2,246,312	2,246,312
Due from Operating Fund	-	-	-	4,429,454	4,429,454
<b>Total assets - Endowment Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,802,807</b>	<b>74,802,807</b>
Capital assets (Note 4)	-	-	160,235,657	-	160,235,657
<b>Total assets - Capital Fund</b>	<b>-</b>	<b>-</b>	<b>160,235,657</b>	<b>-</b>	<b>160,235,657</b>
Due from Operating Fund	-	5,133,484	-	-	5,133,484
<b>Total assets</b>	<b>\$ 56,448,008</b>	<b>\$ 5,133,484</b>	<b>\$ 160,235,657</b>	<b>\$ 74,802,807</b>	<b>\$ 296,619,956</b>

**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Financial Position**  
**March 31, 2010**

	2010					2009
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
<b>LIABILITIES</b>						
Bank loan (Note 9)	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 4,000,000
Accounts payable and accruals	5,278,676	-	3,990,797	176,981	9,446,454	8,237,338
Deferred revenue	32,492,240	-	-	-	32,492,240	26,632,493
<b>Total non-restricted liabilities</b>	<b>41,770,916</b>	<b>-</b>	<b>3,990,797</b>	<b>176,981</b>	<b>45,938,694</b>	<b>38,869,831</b>
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision - employee future benefits (Note 6)	3,416,689	-	-	-	3,416,689	2,957,488
Deferred revenue - other	3,095,799	-	-	-	3,095,799	2,807,809
Due to Research Fund	5,133,484	-	-	-	5,133,484	4,493,581
Due to Endowment Fund	4,429,454	-	-	-	4,429,454	4,165,293
Deferred revenue - Research Fund	-	5,133,484	-	-	5,133,484	4,493,581
Deferred revenue - Endowment Fund	-	-	-	3,973,105	3,973,105	3,988,008
Due to Operating Fund	-	-	16,906,618	-	16,906,618	17,247,636
Deferred revenue - Capital Fund (Note 11)	-	-	69,499,050	-	69,499,050	61,324,954
Long-term debt (Note 9)	-	-	76,420,491	-	76,420,491	69,557,084
Derivative liability (Note 9)	-	-	7,780,316	-	7,780,316	14,666,643
<b>Total liabilities</b>	<b>57,896,342</b>	<b>5,133,484</b>	<b>174,597,272</b>	<b>4,150,086</b>	<b>241,777,184</b>	<b>224,621,908</b>
<b>FUND EQUITIES (DEFICIENCIES)</b>						
Externally restricted	-	-	1,328,831	70,652,721	71,981,552	48,687,730
Unrestricted	(1,448,334)	-	(7,780,316)	-	(9,228,650)	(14,629,853)
Investment in capital assets	-	-	(7,910,130)	-	(7,910,130)	(9,192,892)
<b>Total fund equities (deficiencies)</b>	<b>(1,448,334)</b>	<b>-</b>	<b>(14,361,615)</b>	<b>70,652,721</b>	<b>54,842,772</b>	<b>24,864,985</b>
<b>Total liabilities and fund equities</b>	<b>\$ 56,448,008</b>	<b>\$ 5,133,484</b>	<b>\$ 160,235,657</b>	<b>\$ 74,802,807</b>	<b>\$ 296,619,956</b>	<b>\$ 249,486,893</b>

**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Operations**  
Year ended March 31, 2010

	2010				2009
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
Revenue (Schedule 1)					
Student academic fees	\$ 29,024,163	\$ -	\$ -	\$ -	\$ 29,024,163
Bequests, donations and non-government grants	780,437	-	-	-	780,437
Miscellaneous	555,194	-	-	-	555,194
Special purpose and trust income	4,762,040	-	-	-	4,762,040
Government grants					
Provincial - Operating	28,049,290	-	-	-	28,049,290
Provincial - Restricted - non-space and alterations and renovations	819,323	-	-	-	819,323
Provincial - Special - operating	4,786,544	-	-	-	4,786,544
Federal - indirect research	880,651	-	-	-	880,651
Total ordinary revenue	69,657,642	-	-	-	69,657,642
Sponsored research funds	-	7,846,527	-	-	7,846,527
Coady International Institute (Schedule 3)	4,414,872	-	-	-	4,414,872
Extension Department (Schedule 4)	220,997	-	-	-	220,997
Ancillary Enterprises (Schedule 5)	23,119,993	-	-	-	23,119,993
Capital Fund revenue					
Amortization of deferred revenue					
- Buildings	-	-	2,924,025	-	2,924,025
- Equipment	-	-	1,444,870	-	1,444,870
- Library books	-	-	194,744	-	194,744
- Motor vehicles	-	-	65,275	-	65,275
- Campaign charges	-	-	466,666	-	466,666
Total revenue	97,413,504	7,846,527	5,095,580	-	110,355,611

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Operations

Year ended March 31, 2010

	2010					2009
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Expenditure (Schedule 2)						
Instruction and non-sponsored research	\$ 36,294,388	\$ -	\$ -	\$ -	\$ 36,294,388	\$ 34,458,543
Continuing education/training and development	677,128	-	-	-	677,128	755,461
Educational information/technology	1,915,941	-	-	-	1,915,941	1,785,065
Library	3,194,140	-	-	-	3,194,140	3,099,856
Student services	6,912,169	-	-	-	6,912,169	6,816,098
Advancement	2,045,384	-	-	-	2,045,384	1,965,323
Administration and general	6,056,815	-	-	-	6,056,815	5,929,241
Facilities management	9,142,661	-	-	-	9,142,661	8,345,475
Non-space and alterations and renovations	819,323	-	-	-	819,323	770,407
Capital renewal	1,400,000	-	-	-	1,400,000	1,300,000
Information and technology funding	1,323,523	-	-	-	1,323,523	1,343,165
Contingency	698,636	-	-	-	698,636	423,371
Deficit on ancilliary enterprises (Schedule 5)	662,658	-	-	-	662,658	222,901
Capital expenditure - Operating Fund (Note 10)	(5,044,499)	-	-	-	(5,044,499)	(4,872,879)
<b>Total ordinary expenditure</b>	<b>66,098,267</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,098,267</b>	<b>62,342,027</b>
Sponsored research expense	-	7,846,527	-	-	7,846,527	9,091,495
Capital expenditure - Research Fund (Note 10)	-	(859,360)	-	-	(859,360)	(1,916,211)
Coady International Institute (Schedule 3)	4,414,872	-	-	-	4,414,872	3,246,925
Extension Department (Schedule 4)	220,997	-	-	-	220,997	254,098
Ancillary Enterprises (Schedule 5)	23,119,993	-	-	-	23,119,993	23,233,916
Amortization expense						
- Buildings	-	-	4,972,424	-	4,972,424	3,957,107
- Equipment	-	-	1,500,535	-	1,500,535	1,484,533
- Library books	-	-	194,744	-	194,744	364,210
- Motor vehicles	-	-	65,275	-	65,275	71,533
- Campaign charges	-	-	-	-	-	1,160,520
<b>Total expenditure</b>	<b>93,854,129</b>	<b>6,987,167</b>	<b>6,732,978</b>	<b>-</b>	<b>107,574,274</b>	<b>103,290,153</b>
Surplus (deficit) before interfund transfers	3,559,375	859,360	(1,637,398)	-	2,781,337	5,039,222
Inter-fund transfers (Note 10)	(5,044,499)	(859,360)	2,734,968	-	(3,168,891)	(4,568,239)
<b>Surplus (deficit)</b>	<b>\$ (1,485,124)</b>	<b>\$ -</b>	<b>\$ 1,097,570</b>	<b>\$ -</b>	<b>\$ (387,554)</b>	<b>\$ 470,983</b>

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Cash Flows

Year ended March 31, 2010

	2010	2009
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
Cash provided from (used in) operating activities		
Surplus	\$ (1,485,124)	\$ 21,512
Campaign fund transfer	758,319	521,752
Capital assets charged to research and operations	1,240,870	2,335,522
Debt repayments from operating fund	2,659,320	2,488,097
Net change in non-cash working capital	3,779,963	17,988,976
	<b>6,953,348</b>	<b>23,355,859</b>
Cash provided from (used in) investing activities		
Capital asset acquisitions	(19,673,962)	(17,540,932)
Change in investments, net	556,027	7,165,876
Redemption of short term investments	2,327,479	(2,327,479)
	<b>(16,790,456)</b>	<b>(12,702,535)</b>
Cash provided from (used in) financing activities		
Repayment of bank indebtedness	-	(10,000,000)
Capital campaign contributions	466,666	474,282
Long-term debt - new	9,530,246	10,635,170
Long-term debt - repayments	(2,659,320)	(2,474,328)
Reinvested endowment income	(443,433)	(1,130,948)
Contributions - Endowment Fund	155,584	305,251
Contributions - Capital Fund	10,948,174	7,413,514
	<b>17,997,917</b>	<b>5,222,941</b>
<b>NET CASH (OUTFLOW) INFLOW</b>	<b>8,160,809</b>	<b>15,876,265</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>20,033,773</b>	<b>4,157,508</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 28,194,582</b>	<b>\$ 20,033,773</b>

**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Changes in Fund Balances**  
Year ended March 31, 2010

	2010				2009
	Operating Fund	Capital Fund	Endowment Fund	Total Funds Balance	Total Funds Balance
Balance, beginning of year	\$ 36,790	\$ (23,289,022)	\$ 48,117,217	\$ 24,864,985	\$ 73,754,473
Transactions during the year					
Bequests and donations	-	-	87,676	87,676	(6,370,311)
Capital (losses) gains	-	-	(815,641)	(815,641)	(1,263,549)
Reinvested income	-	-	383,837	383,837	129,662
Development program - net (Schedule 6)	-	758,318	-	758,318	521,752
Corpfinance penalty recovery	-	185,192	-	185,192	175,689
Change in fair value of cash flow hedge	-	6,886,327	-	6,886,327	(9,570,869)
Change in fair value of restricted held for trading investments	-	-	22,879,632	22,879,632	(32,982,845)
Surplus (deficit)	(1,485,124)	1,097,570	-	(387,554)	470,983
Balance, end of year	\$ (1,448,334)	\$ (14,361,615)	\$ 70,652,721	\$ 54,842,772	\$ 24,864,985

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 1. DESCRIPTION

St. Francis Xavier University (the “University” or “St. F.X.”) was established in 1853. The University has all the powers, rights and privileges ordinarily enjoyed or exercised by universities, including the powers conferred by Chapter 93 of the Acts of Nova Scotia, 1866, entitled “An Act to Enable the College of St. Francis Xavier at Antigonish to Grant Degrees.”

St. F.X. is a primarily undergraduate institution of approximately 4,100 students located in Antigonish, a northeastern Nova Scotia community. The University offers major, advanced major and honours programs through departments in its Faculties of Arts, Science, Business and Education. Two-thirds of the student body is from Nova Scotia, and the remainder is welcomed from other Canadian provinces and from countries around the world.

The University is a not-for-profit organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the University are prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below.

#### *Changes in accounting policies*

Effective April 1, 2009, the University adopted amendments to several of the existing sections in the Section 4400 series, *Financial Statement Presentation by Not-for-profit Organizations*, of the Canadian Institute of Chartered Accountants (“CICA”) Handbook. The amendments include: (a) additional guidance on the applicability of Section 1100, *Generally Accepted Accounting Principles*; (b) removal of the requirement to report separately net assets invested in capital assets; (c) requirement to disclose revenues and expenses in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*; (d) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statements*; (e) requirement for not-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting in accordance with the CICA Handbook; and (f) requirement to disclose related party transactions in accordance with Section 3840, *Related Party Transactions*. Also effective April 1, 2009, the University adopted CICA Handbook Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations*. The new standard establishes disclosure standards for a not-for-profit organization that classifies expenses by function and allocates expenses to a number of functions to which the expenses relate. The adoption of these changes had no impact on the University’s financial statements.

#### *Fund accounting and revenue recognition*

The University maintains its accounts in accordance with the fund accounting method. This method observes limitations, if any, on the use of University resources by maintaining separate accounts for each fund.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Fund accounting and revenue recognition (continued)*

Fund accounts are further classified as either non-restricted or restricted funds. Non-restricted funds are available to be used in their entirety at the discretion of the University. Restricted funds consist of those for which a specified application has been defined or upon which expenditure conditions have been set.

The University uses the deferral method of accounting for revenue with the multi-column format. The method includes deferring restricted revenues to future accounting periods and recognizing in the period that the related expenditure is incurred. Contributions for capital purchases are deferred and recognized as revenue on the same basis as the acquired capital asset is amortized.

Endowment contributions are recognized directly in net assets.

Pledged contributions are recorded when received.

Student academic fees and ancillary revenue are recognized when the services are provided or the goods are sold and collection is reasonably assured. The University recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

#### *Cash & cash equivalents*

Cash and cash equivalents include cash on hand and on deposit with financial institutions and may include short-term investments with maturities of three months or less. Use of the University's bank loan is considered to be financing activity on the Statement of Cash Flows.

#### *Inventories*

Inventories are recorded at the lower of cost and net realizable value. The cost of inventory is determined using the weighted average method. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

#### *Capital assets*

Purchased capital assets including collections are recorded at cost. Contributions of capital assets and collection items are capitalized at their fair value at the date of contribution. Capital assets are amortized on a straight-line basis over their useful lives as follows:

	<u>Years</u>
Buildings	40.0
Paving	8.0
Website development	3.0
Computer equipment	5.0
Equipment and furnishings	10.0
Library books	10.0
Motor vehicles	3.5

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Pension plans*

The cost of defined benefit pension plans are actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and other actuarial factors. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The excess of the net accumulated actuarial gains and losses over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. Past-service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendments. The transitional obligation is amortized on a straight-line basis over 17 years for Plan 1 and 10 years for Plan 2, representing the average remaining service period of employees expected to receive benefits under the defined benefit pension plans upon adoption of CICA Section 3461, *Employee Future Benefits*.

#### *Employee future benefits*

The cost of post-retirement benefits, other than pension, earned by employees is actuarially determined using the projected unit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. The excess of the net actuarial gains and losses over 10% of the benefit obligation is amortized over the average remaining service of active employees. The transitional obligation is amortized on a straight-line basis over 8 years, representing the average remaining service period of employees expected to receive post-retirement benefits, other than pension, upon adoption of CICA Section 3461, *Employee Future Benefits*.

#### *Hedge accounting*

Certain derivative financial instruments held by the University are eligible for hedge accounting. To be eligible for hedge accounting, an instrument has to meet generally accepted criteria with respect to identification, designation, documentation and effectiveness of the hedging relationship. The fair value of instruments eligible for hedge accounting is recognized on the balance sheet. Gains or losses on those instruments are recognized in earnings in the same period as those on the hedged item. When the hedging instrument is sold, terminated or ceases to be effective prior to maturity, any gains or losses that had been previously deferred are carried forward to be recognized in earnings in the same period as those on the hedged item. When the hedged item is sold, extinguished or matures prior to the termination of the related hedging instrument all gains or losses previously deferred are recognized in earnings of the current period.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Use of estimates*

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the balance sheet date, as well as revenue and expenses for the period then ended. Significant estimates used in these financial statements include allowance for doubtful accounts, useful lives for the amortization of capital assets and deferred revenue, and obligations for pension plans and employee future benefits. Actual results could differ from those estimates.

#### *Financial Instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Cash, bonds and stocks	Held for trading	Fair value
Bank loan	Held for trading	Fair value
Accounts payable and accruals	Other financial liabilities	Amortized cost
Long-term-debt	Other financial liabilities	Amortized cost

The University's interest rate swaps have been designated as cash flow hedges. The derivatives are recorded on the Statement of Financial Position at fair value with the change in fair value of the cash flow hedges recognized directly in Statement of Changes in Fund Balances.

Not-for-profit organizations may elect not to adopt the requirements of Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation* and instead may apply the guidance in Section 3861, *Financial Instruments – Disclosure and Presentation*. The University has elected to use this exemption. Also, as allowed by Section 3855, *Financial Instruments – Recognition*, the University has elected not to record embedded derivatives in host contracts and contracts to buy or sell non-financial items that meet the definition of a derivative, at fair value.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

### 3. ENDOWMENT FUND

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Cash, bonds and stocks -				
Endowment Fund, restricted	\$ 68,127,041	\$ 51,396,744	\$ 46,508,671	\$ 51,926,488
Cash, bonds and stocks -				
Endowment Fund, unrestricted	2,246,312	1,694,674	1,541,075	1,720,957
	<u>\$ 70,373,353</u>	<u>\$ 53,091,418</u>	<u>\$ 48,049,746</u>	<u>\$ 53,647,445</u>

There is \$133,520 (2009 - \$122,633) investments at cost with a fair value of \$176,981 (2009 \$109,815) included in the Endowment Fund that belongs to the St. Francis Xavier University's Students' Union (the "Students' Union"). The University agreed to endow and invest this money on their behalf. A corresponding payable to the Students' Union is also recorded in the Endowment Fund.

### 4. CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 3,488,106	\$ -	\$ 3,372,550	\$ -
Buildings	203,353,490	55,041,527	181,059,705	50,069,102
Equipment and furnishings	26,558,875	19,131,450	25,530,187	17,630,915
Library books	3,821,663	2,903,926	3,642,102	3,576,467
Motor vehicles	624,308	533,882	577,139	468,607
	<u>\$ 237,846,442</u>	<u>\$ 77,610,785</u>	<u>\$ 214,181,683</u>	<u>\$ 71,745,091</u>
Less: Accumulated amortization		77,610,785		71,745,091
Net book value	<u>\$ 160,235,657</u>		<u>\$ 142,436,592</u>	

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

### 5. PENSION PLANS

The University maintains two defined benefit pension plans and one defined contribution plan for its employees.

For its defined benefit pension plans, the University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2007. The next required valuation will be as of December 31, 2010.

Information about the University's defined benefit pension plans as at March 31, 2010 is as follows:

	2010	2009	2010	2009
	<u>Plan 1</u>	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 2</u>
Fair value of plan assets	\$ 13,371,199	\$ 10,700,317	\$ 921,945	\$ 886,808
Accrued benefit obligation	14,050,421	11,406,648	1,082,675	1,096,306
Deficit	(679,221)	(706,331)	(160,730)	(209,498)
Unamortized amounts				
Transitional obligation	709,365	768,479	329,263	395,115
Past service costs	610,404	653,238	-	-
Actuarial experience (gain) loss	796,979	(93,148)	197,174	193,587
Employer contributions (January - March)	273,353	284,205	-	29,046
Accrued benefit asset	\$ 1,710,878	\$ 906,443	\$ 365,707	\$ 408,250

Plan assets consist of:

	Percentage of plan assets	
	Plan 1	Plan 2
	<u>%</u>	<u>%</u>
Equity securities	62.0	61.6
Debt securities	34.6	34.4
Other	3.4	4.0
	100.0	100.0

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 5. PENSION PLANS (continued)

The significant assumptions used in accounting for the defined benefit pension plans are as follows:

	<u>Plan 1</u> %	<u>Plan 2</u> %
Discount rate (to determine accrued benefit obligation)	6.25	4.0
Discount rate (to determine benefit cost)	7.5	6.0
Expected long-term rate of return on plan assets	6.5	6.5
Salary escalation	4.0	N/A

Other information about the University's defined benefit pension plans for the year ended March 31, 2010 is as follows:

	<u>Plan 1</u>	<u>Plan 2</u>
Benefits cost	\$ 364,977	\$ 81,519
Cash contributions	351,126	-
Benefits paid	664,181	165,398

Employer and employee contributions to the defined contribution plan were \$126,034 (2009 - \$152,774) and \$188,682 (2009 - \$142,513) respectively for the year ended March 31, 2010.

### 6. EMPLOYEE FUTURE BENEFITS

The University's recorded employee future benefits, other than pension, obligation is comprised of amounts accrued for non-funded post retirement benefits for certain employees and future benefits earned by the President of the University under his employment contract as well as Senior Administration under their employment contracts.

The University measures its accrued benefit obligation for employee future benefits, other than pension, as at March 31 of each year.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 6. EMPLOYEE FUTURE BENEFITS (continued)

Information about the University's employee future benefits, other than pension, as at March 31 is as follows:

	<u>2010</u>	<u>2009</u>
Accrued benefit obligation	\$ 3,192,864	\$ 2,522,388
Fair value of plan assets	-	-
Deficit	(3,192,864)	(2,522,388)
Less: Unamortized amounts		
Transitional obligation	(193,500)	(408,900)
Actuarial experience gain	417,325	844,000
	<u>\$ (3,416,689)</u>	<u>\$ (2,957,488)</u>

The significant actuarial assumptions adopted in estimating the University's accrued benefit obligation are as follows:

Discount rate (to determine accrued benefit obligation)	5.25%
Discount rate (to determine benefit cost)	7.5%
Dental benefits cost escalation	4.5%
Medical benefits cost escalation – extended health care	4.5% (increasing by 2.5% per year)

Other information about the University's employee future benefits, other than pension, for the year ended March 31, 2010 is as follows:

Benefits cost	\$360,800
Benefits paid	65,139

### 7. DEVELOPMENT PROGRAM (SCHEDULE 6)

A fund has been established to accumulate gifts arising from the University's development program. The purpose of the development program is to enrich endowment funds and provide funds for University projects.

### 8. ANNUAL GIVING FUND

The total Annual Giving Fund proceeds for the year were \$3,222,166 (2009 - \$2,563,729), most of which was directed for restricted uses.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 9. BANK LOAN AND LONG-TERM DEBT

#### *Bank loan*

The University has a line of credit with the Bank of Nova Scotia to assist with bridge financing on major construction projects and with regular operations. The line of credit is comprised of a \$20 million revolving term loan with interest payable on \$4 million at bankers' acceptance rates and on \$16 million at prime; a \$5 million special operating loan at prime; and a \$6 million special operating loan at prime, available only for the period April 1 to September 30. At March 31, 2010, \$4 million has been drawn on the revolving term loan (2009 - \$4 million).

#### *Long-term debt*

Details of the University's long-term debt are as follows:

	<u>2010</u>	<u>2009</u>
Congregation of Sisters of Notre Dame - non-interest bearing, due June 1, 2021 (Mount St. Bernard)	\$ 1,596,516	\$ 1,735,343
Bank of Montreal 10 year SWAP - 4.81% due January 1, 2015 (Consolidated CMHC Loans - Residence)	1,621,765	1,915,024
Bank of Montreal 19 year SWAP - 5.53% due October 1, 2023 (Refinanced Mortgages-Residences Pre 2004)	18,863,185	19,789,150
Bank of Montreal 25 year SWAP - 5.63% due September 2, 2031 (Governors Hall Construction)	17,457,775	17,881,691
Bank of Montreal 20 year SWAP - 5.48% due October 1, 2026 (MacIsaac Hall Renovation)	7,490,705	7,774,787
Bank of Montreal 20 year SWAP - 5.31% due February 1, 2028 (Bishops Hall Renovation)	10,300,845	10,645,623
Bank of Nova Scotia 10 year SWAP - 5.15% due April 24, 2018 (Academic Reno's and Sci Hall)	9,559,454	9,815,467
NSSOFI Loan - 1.5% due January 21, 2015 (Financing from Province - Knowledge Infrastructure Program)	9,530,246	-
	<u>\$ 76,420,491</u>	<u>\$ 69,557,084</u>

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 9. BANK LOAN AND LONG-TERM DEBT (continued)

In January 2010, the University received a loan from the Nova Scotia Strategic Opportunities Fund Incorporated (NSSOFI) to help finance the construction of the Schwartz School of Business. The interest rate is 1.5% per year compounded annually. The full amount of the loan and the compounded interest is due and payable at the end of the five years. No amounts are required to be paid before that time.

The University has entered into fixed for floating interest rate swaps on certain long-term debt. At March 31, 2010, the difference between the fair value and the carrying value of the debt, being the fair value of the interest rate swaps was (\$7,780,316) (2009 – (\$14,666,643)).

Blended principal and interest payments are made at the beginning of each calendar month.

The minimum principal repayments of long-term debt for the next five fiscal years ending March 31 are as follows:

2011	2,775,630
2012	2,909,891
2013	3,059,029
2014	3,211,325
2015	12,838,299
	<u>\$ 24,794,174</u>

### 10. CAPITAL EXPENDITURE AND INTERFUND TRANSFERS

The following represents reductions in Operating Fund expenses for capitalization of library books, research equipment, motor vehicles, and buildings as well as transfers to long-term debt and deferred revenue and provisions in the Capital Fund.

	<u>2010</u>	<u>2009</u>
Facilities management equipment	\$ 33,017	\$ -
Alterations and renovations	163,103	152,255
Non-space capital equipment	25,605	110,574
Mount Saint Bernard, Municipal building	370,454	296,044
Library books and equipment	179,561	156,481
Information and technology equipment	68,245	160,000
Bloomfield renovation	440,000	476,674
Capital renewal	1,400,000	1,300,000
Ancillary debt principle repayments (Schedule 5)	2,364,514	2,220,851
Total	<u>\$ 5,044,499</u>	<u>\$ 4,872,879</u>

Reductions in the Research Fund expenses as well as transfers to deferred revenue for capital expenditures during the year totalled \$859,360 (2009 - \$1,916,211).

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 11. DEFERRED REVENUE - CAPITAL FUND

Deferred revenue represents the unamortized amount of donations, grants and revenues received for the purchase of capital assets. The changes in the deferred revenue balance are as follows:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 61,324,954	\$ 49,514,676
Add: Contributions received during the year	14,429,840	18,579,346
Less: Recognition of deferred revenue	(6,255,744)	(6,769,068)
	<hr/>	<hr/>
Balance, end of year	\$ 69,499,050	\$ 61,324,954

### 12. FINANCIAL INSTRUMENTS

#### *Financial risk*

Financial risk refers to the impact on the University's cash flows due to fluctuations in interest rates, debt and equity markets, and the credit quality of student receivables. The University manages its financial risks as follows:

#### *Interest rate risk*

Interest rate risk is minimized as the University uses interest rate swaps to fix interest rates on its long-term debt.

#### *Market risk*

The University is subject to market risk with respect to its debt and equity investments. The University manages this risk by limiting investments in debt securities that are not rated by an accredited agency to 30% of the total portfolio cost. The University limits its investment in equity and debt securities of any single issuer to 10% of the total portfolio cost.

#### *Credit risk*

To reduce credit risk with student accounts, the University places restrictions on the issuance of grades and degrees until payment on account is made. The University also uses third party agencies to collect outstanding receivables.

#### *Fair value*

The fair value of cash, accounts receivable, the bank loan and accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturity. The fair value of long-term debt is described in Note 9. Bonds and stocks are recorded at fair value. Fair value is determined by quoted market prices.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2010

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### 13. CAPITAL MANAGEMENT

The University's objective in managing its capital is to safeguard its ability to continue to attract students to a premium residential primarily undergraduate university experience. The University's capital consists of its net assets and its long-term debt. Changes to the University's capital structure would require additional funding through contributions or through incurring debt.

The University must comply with externally imposed covenants on its long-term debt. The University was in compliance with its loan covenants as at and for the period ended March 31, 2010. Restricted net assets must be used for the purpose designated by the contributor.

Payouts to the University from the endowment net assets is restricted to 4.5% of the average market value of endowment funds at December 31 of the current fiscal year and at December 31 of the two previous fiscal years.

**ST. FRANCIS XAVIER UNIVERSITY****SCHEDULE 1****Revenue**

Year ended March 31, 2010

	<u>2010</u>	<u>2009</u>
Student academic fees		
Full-time tuition	\$ 23,235,036	\$ 24,218,594
Information & technology fee	1,323,523	1,343,165
Part-time tuition	1,791,406	1,794,381
Summer school tuition	1,202,148	1,048,970
Continuing education/training and development	764,510	992,995
Other	707,540	802,765
	<u>29,024,163</u>	<u>30,200,870</u>
Bequests, donations and non-government grants		
Annual Giving Fund - unrestricted (Note 8)	279,430	300,000
Scholarship and bursary donations	501,007	364,805
	<u>780,437</u>	<u>664,805</u>
Miscellaneous	555,194	232,821
Special purpose and trust income		
Tuition Bursary	2,438,128	1,887,039
General endowment	47,459	57,201
Academic endowment	28,950	36,232
Library endowment	10,331	12,929
Murphy endowment	15,000	15,000
Scholarship and bursary endowment	1,909,892	2,557,260
Alumni Aquatic Centre operating endowment	107,283	134,267
Chairs of study endowment	171,997	105,285
Athletic endowment	33,000	33,000
	<u>4,762,040</u>	<u>4,838,213</u>
Government grants		
Provincial - Operating	28,049,290	25,434,272
Provincial - Restricted – non-space and alterations and renovations	819,323	770,407
Provincial Special - operating	4,786,544	4,202,000
Federal - indirect research	880,651	893,030
	<u>34,535,808</u>	<u>31,299,709</u>
Total ordinary revenue	<u>\$ 69,657,642</u>	<u>\$ 67,236,418</u>

**Expenditure**

Year ended March 31, 2010

	2010	2009
Instruction and non-sponsored research		
Salaries - instruction and research	\$ 24,896,031	\$ 23,466,527
- support and other	4,086,091	3,776,809
Fringe benefits	4,296,846	4,170,297
Post retirement benefits	285,261	253,543
Operational supplies and expenses	1,730,919	1,759,020
Travel	577,878	637,031
Chairs of studies	171,997	105,285
Extension department - net (Schedule 4)	49,365	90,031
Coady International Institute - net (Schedule 3)	200,000	200,000
	<b>36,294,388</b>	<b>34,458,543</b>
Continuing education/training and development		
Salaries	254,852	250,399
Fringe benefits	46,624	47,704
Outside services	110,372	125,525
Operational supplies and expenses	174,568	209,020
Travel	90,712	122,813
	<b>677,128</b>	<b>755,461</b>
Educational information/technology		
Salaries	1,370,830	1,339,345
Fringe benefits	251,582	257,656
Operational supplies and expenses	80,877	2,578
Service of equipment	181,520	160,399
Travel	31,132	25,087
	<b>1,915,941</b>	<b>1,785,065</b>
Library		
Salaries	1,631,237	1,552,689
Fringe benefits	306,749	300,135
Library acquisitions	1,175,135	1,171,432
Operational supplies and expenses	68,684	74,303
Travel	12,335	1,297
	<b>3,194,140</b>	<b>3,099,856</b>
Student services		
Salaries	2,310,737	2,169,903
Fringe benefits	415,194	380,460
Operational supplies and expenses	885,162	1,047,079
Scholarships, bursaries and prizes	2,736,369	2,669,304
Travel	564,707	549,352
	<b>6,912,169</b>	<b>6,816,098</b>

(continued)

**ST. FRANCIS XAVIER UNIVERSITY****SCHEDULE 2****Expenditure**

Year ended March 31, 2010

	<u>2010</u>	<u>2009</u>
Advancement		
Salaries	\$ 1,095,533	\$ 1,115,423
Fringe benefits	195,789	183,793
Operational supplies and expenses	635,766	563,483
Travel	118,296	102,624
	<u>2,045,384</u>	<u>1,965,323</u>
Administration and general		
Salaries	2,471,433	2,346,225
Fringe benefits	463,291	440,735
Operational supplies and expenses	285,016	318,512
Institutional dues, legal, audit and other	1,313,334	1,379,236
Interest - net (Schedule 7)	1,454,873	1,359,446
Travel	68,868	85,088
	<u>6,056,815</u>	<u>5,929,241</u>
Facilities management		
Salaries	3,453,324	3,271,284
Fringe benefits	820,086	747,714
Operational supplies and expenses	1,619,230	1,426,858
Insurance	262,599	294,033
Utilities	2,987,422	2,605,586
	<u>9,142,661</u>	<u>8,345,475</u>
Non-space and alterations and renovations	819,323	770,407
Capital renewal	1,400,000	1,300,000
Information and technology funding	1,323,523	1,343,165
Deficit on ancillary enterprises (Schedule 5)	662,658	222,901
Contingency	698,636	423,371
Capital expenditure (Note 10)	(5,044,499)	(4,872,879)
	<u>(140,359)</u>	<u>(813,035)</u>
Total ordinary expenditure before interfund transfers	\$ 66,098,267	\$ 62,342,027
Interfund transfers (Note 10)	5,044,499	4,872,879
Total ordinary expenditure after interfund transfers	71,142,766	67,214,906
Less: Total ordinary revenue (Schedule 1)	69,657,642	67,236,418
Net surplus (deficit) on ordinary revenue and expenditure	\$ (1,485,124)	\$ 21,513

**ST. FRANCIS XAVIER UNIVERSITY**  
**COADY INTERNATIONAL INSTITUTE**  
**Statement of Revenue and Expenditure**  
**Year ended March 31, 2010**

**SCHEDULE 3**

	<u>2010</u>	<u>2009</u>
Revenue		
C.I.D.A. - general	\$ 1,369,841	\$ 1,331,298
Contract projects	1,674,482	786,670
General revenue	362,210	429,279
Endowments	120,158	177,466
Antigonish Movement Fund	9,236	11,530
Other grants and donations	878,945	510,682
	<u>4,414,872</u>	<u>3,246,925</u>
University contribution	<u>200,000</u>	<u>200,000</u>
	<u>\$ 4,614,872</u>	<u>\$ 3,446,925</u>
Expenditure		
Salaries	\$ 1,650,857	\$ 1,512,691
Fringe benefits	258,834	221,079
Travel - students	40,894	35,895
- staff	275,885	160,502
Operational supplies and expense	433,618	473,961
Library acquisitions	26,706	36,615
Room and board	244,055	243,067
Facilities and services	244,618	194,980
Contract projects	1,439,405	568,135
	<u>\$ 4,614,872</u>	<u>\$ 3,446,925</u>

**ST. FRANCIS XAVIER UNIVERSITY**  
**EXTENSION DEPARTMENT**  
**Statement of Revenue and Expenditure**  
**Year ended March 31, 2010**

**SCHEDULE 4**

	<u>2010</u>	<u>2009</u>
Revenue		
Antigonish Movement Fund	\$ 9,236	\$ 11,530
Cape Breton endowment	78,230	97,906
Murphy endowment	61,824	81,136
Other grants and donations	71,707	63,526
	<u>220,997</u>	254,098
University contribution	49,365	90,031
	<u>\$ 270,362</u>	<u>\$ 344,129</u>
Expenditure		
Salaries	\$ 208,652	\$ 243,720
Fringe benefits	34,576	40,837
Travel	5,283	17,150
Operational supplies and expense	21,851	42,422
	<u>\$ 270,362</u>	<u>\$ 344,129</u>

**ST. FRANCIS XAVIER UNIVERSITY**  
**ANCILLARY ENTERPRISES**  
**Statement of Revenue and Expenditure**  
**Year ended March 31, 2010**

**SCHEDULE 5**

	<u>2010</u>	<u>2009</u>
Revenue		
Residence fees - students	\$ 13,862,025	\$ 14,028,351
- others	3,544,803	3,545,559
Bookstore sales	3,093,454	3,027,335
Other ancillary services	2,619,711	2,632,671
	<u>\$ 23,119,993</u>	<u>\$ 23,233,916</u>
Expenditure		
Food service expenses	\$ 6,983,900	\$ 6,841,525
Facilities management expenses	4,636,486	4,834,898
Bookstore expenses	2,712,674	2,561,399
Administrative expenses	1,294,948	1,353,624
Other ancillary services	2,537,266	2,423,830
	<u>18,165,274</u>	<u>18,015,276</u>
Surplus before ancillary debt repayments and provisions	4,954,719	5,218,640
Less: Ancillary debt repayments (interest and principle)	5,617,377	5,441,541
Plus: Ancillary debt principle repayments (Note 10)	2,364,514	2,220,851
Surplus before interfund transfers	1,701,856	1,997,950
Less: Inter-fund transfers (Note 10)	2,364,514	2,220,851
Deficit	<u>\$ (662,658)</u>	<u>\$ (222,901)</u>

**ST. FRANCIS XAVIER UNIVERSITY**  
**DEVELOPMENT PROGRAM (Note 7)**  
**Statement of Fund Receipts and Disposition**  
**Year ended March 31, 2010**

**SCHEDULE 6**

	<u>2010</u>	<u>2009</u>
Cash receipts	<b>\$ 7,987,524</b>	<b>\$ 6,384,808</b>
Allocated to		
Endowments	<b>155,585</b>	305,251
Capital Fund - physical services project	<b>500</b>	2,500
- Science Hall	<b>5,335</b>	5,491
- Millennium Centre	<b>5,970</b>	9,645
- School of Business	<b>1,295,607</b>	698,820
- Coady	<b>2,756,840</b>	2,649,218
- classroom renovations	<b>100</b>	-
- other	<b>100</b>	100
Specific operating accounts	<b>3,009,169</b>	2,192,031
	<b>7,229,206</b>	5,863,056
Increase in Campaign Fund capital	<b>758,318</b>	521,752
Development program capital, beginning of year	<b>570,512</b>	48,760
Development program capital, end of year	<b>\$ 1,328,830</b>	<b>\$ 570,512</b>

**ST. FRANCIS XAVIER UNIVERSITY****SCHEDULE 7****Interest Expense**

Year ended March 31, 2010

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	<u>2010</u>	<u>2009</u>
Interest expense		
Interest and bank charges	\$ 1,582,052	\$ 1,432,902
<hr/>		
Interest recoveries		
University bookstore	19,000	19,000
Lane Hall	6,139	6,772
Other	102,040	47,684
	<hr/> 127,179	<hr/> 73,456
<hr/>		
Interest expense - net	\$ 1,454,873	\$ 1,359,446

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