

Financial Statements of

ST. FRANCIS XAVIER UNIVERSITY

March 31, 2011

Independent Auditor's Report

To the Board of Governors
St. Francis Xavier University

We have audited the accompanying financial statements of St. Francis Xavier University, which comprise the statement of financial position as at March 31, 2011, and the statements of operations, cash flows, and changes in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Francis Xavier University as at March 31, 2011 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
Halifax, Nova Scotia
June 10, 2011

ST. FRANCIS XAVIER UNIVERSITY

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ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2011

	2011				2010
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
ASSETS					
Cash and cash equivalents	\$ 2,295,356	\$ -	\$ -	\$ -	\$ 2,295,356
Accounts receivable - students	4,127,042	-	-	-	4,127,042
Accounts receivable - general	1,644,285	-	-	-	1,644,285
Other assets	79,766	-	-	-	79,766
Inventories	490,780	-	-	-	490,780
Due from Capital Fund	22,974,916	-	-	-	22,974,916
Total unrestricted assets	31,612,145	-	-	-	31,612,145
Accrued benefit asset (Note 5)	2,777,631	-	-	-	2,777,631
Accounts receivable - restricted	2,097,806	-	-	-	2,097,806
Total assets - Operating Fund	36,487,582	-	-	-	36,487,582
Cash, bonds and stocks - restricted (Note 3)	-	-	-	81,422,010	81,422,010
Cash, bonds and stocks - unrestricted (Note 3)	-	-	-	2,233,741	2,233,741
Due from Operating Fund	-	-	-	4,344,358	4,344,358
Total assets - Endowment Fund	-	-	-	88,000,109	88,000,109
Capital assets (Note 4)	-	-	170,175,815	-	170,175,815
Total assets - Capital Fund	-	-	170,175,815	-	170,175,815
Due from Operating Fund	-	5,177,196	-	-	5,177,196
Total assets	\$ 36,487,582	\$ 5,177,196	\$ 170,175,815	\$ 88,000,109	\$ 299,840,702

ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2011

	2011					2010
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
LIABILITIES						
Bank loan (Note 9)	\$ 14,053,313	\$ -	\$ -	\$ -	\$ 14,053,313	\$ 4,000,000
Accounts payable and accruals	6,670,300	-	90,840	208,907	6,970,047	9,446,454
Deferred revenue	867,120	-	-	-	867,120	32,492,240
Total unrestricted liabilities	21,590,733	-	90,840	208,907	21,890,480	45,938,694
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision - employee future benefits (Note 6)	3,403,213	-	-	-	3,403,213	3,416,689
Deferred revenue - other	3,286,996	-	-	-	3,286,996	3,095,799
Due to Research Fund	5,177,196	-	-	-	5,177,196	5,133,484
Due to Endowment Fund	4,344,358	-	-	-	4,344,358	4,429,454
Deferred revenue - Research Fund	-	5,177,196	-	-	5,177,196	5,133,484
Deferred revenue - Endowment Fund	-	-	-	3,725,960	3,725,960	3,973,105
Due to Operating Fund	-	-	22,974,916	-	22,974,916	16,906,618
Deferred revenue - Capital Fund (Note 11)	-	-	76,082,613	-	76,082,613	69,499,050
Long-term debt (Note 9)	-	-	73,644,862	-	73,644,862	76,420,491
Derivative liability (Note 9)	-	-	7,588,926	-	7,588,926	7,780,316
Total liabilities	37,852,496	5,177,196	180,382,157	3,934,867	227,346,716	241,777,184
FUND EQUITIES (DEFICIENCIES)						
Externally restricted	-	-	4,010,028	84,065,242	88,075,270	71,981,552
Unrestricted	(1,364,914)	-	(7,588,926)	-	(8,953,840)	(9,228,650)
Investment in capital assets	-	-	(6,627,444)	-	(6,627,444)	(7,910,130)
Total fund equities (deficiencies)	(1,364,914)	-	(10,206,342)	84,065,242	72,493,986	54,842,772
Total liabilities and fund equities	\$ 36,487,582	\$ 5,177,196	\$ 170,175,815	\$ 88,000,109	\$ 299,840,702	\$ 296,619,956

ST. FRANCIS XAVIER UNIVERSITY
Statement of Operations
Year ended March 31, 2011

	2011				2010
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
Revenue					
Student academic fees	\$ 28,449,003	\$ -	\$ -	\$ -	\$ 28,449,003
Bequests, donations and non-government grants	796,615	-	-	-	796,615
Miscellaneous	583,669	-	-	-	583,669
Special purpose and trust income	6,062,773	-	-	-	6,062,773
Government grants					
Provincial - Operating	30,773,902	-	-	-	30,773,902
Provincial - Restricted - non-space and alterations and renovations	820,000	-	-	-	820,000
Provincial - Special - operating	2,666,637	-	-	-	2,666,637
Federal - indirect research	891,377	-	-	-	891,377
Total ordinary revenue (Schedule 1)	71,043,976	-	-	-	71,043,976
Sponsored research funds	-	6,852,644	-	-	6,852,644
Coady International Institute (Schedule 3)	4,098,988	-	-	-	4,098,988
Extension Department (Schedule 4)	248,957	-	-	-	248,957
Ancillary Enterprises (Schedule 5)	24,083,178	-	-	-	24,083,178
Capital Fund revenue					
Net revenue recognized from property sales	-	-	124,741	-	124,741
Amortization of deferred revenue					
- Buildings	-	-	3,410,588	-	3,410,588
- Equipment	-	-	1,285,474	-	1,285,474
- Library books	-	-	199,641	-	199,641
- Motor vehicles	-	-	57,005	-	57,005
- Campaign charges	-	-	350,000	-	350,000
Total revenue	99,475,099	6,852,644	5,427,449	-	111,755,192

ST. FRANCIS XAVIER UNIVERSITY

Statement of Operations

Year ended March 31, 2011

	2011					2010
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Expenditure						
Instruction and non-sponsored research	\$ 37,689,319	\$ -	\$ -	\$ -	\$ 37,689,319	\$ 36,294,388
Continuing education/training and development	622,799	-	-	-	622,799	677,128
Educational information/technology	1,803,468	-	-	-	1,803,468	1,915,941
Library	3,205,487	-	-	-	3,205,487	3,194,140
Student services	6,946,484	-	-	-	6,946,484	6,912,169
Advancement	2,142,181	-	-	-	2,142,181	2,045,384
Administration and general	6,116,678	-	-	-	6,116,678	6,056,815
Facilities management	9,105,326	-	-	-	9,105,326	9,142,661
Non-space and alterations and renovations	541,277	-	-	-	541,277	819,323
Capital renewal	900,000	-	-	-	900,000	1,400,000
Information and technology funding	1,530,719	-	-	-	1,530,719	1,323,523
Contingency	356,818	-	-	-	356,818	698,636
Deficit on ancilliary enterprises (Schedule 5)	-	-	-	-	-	662,658
Capital expenditure - Operating Fund (Note 10)	(4,980,700)	-	-	-	(4,980,700)	(5,044,499)
Total ordinary expenditure (Schedule 2)	65,979,856	-	-	-	65,979,856	66,098,267
Sponsored research expense	-	6,852,644	-	-	6,852,644	7,846,527
Capital expenditure - Research Fund (Note 10)	-	(121,895)	-	-	(121,895)	(859,360)
Coady International Institute (Schedule 3)	4,098,988	-	-	-	4,098,988	4,414,872
Extension Department (Schedule 4)	248,957	-	-	-	248,957	220,997
Ancillary Enterprises (Schedule 5)	24,083,178	-	-	-	24,083,178	23,119,993
Amortization expense						
- Buildings	-	-	5,759,231	-	5,759,231	4,972,424
- Equipment	-	-	1,320,744	-	1,320,744	1,500,535
- Library books	-	-	199,641	-	199,641	194,744
- Motor vehicles	-	-	57,005	-	57,005	65,275
Total expenditure	94,410,979	6,730,749	7,336,621	-	108,478,349	107,574,274
Surplus (deficit) before interfund transfers	5,064,120	121,895	(1,909,172)	-	3,276,843	2,781,337
Interfund transfers (Note 10)	(4,980,700)	(121,895)	2,996,647	-	(2,105,948)	(3,168,891)
Surplus (deficit)	\$ 83,420	\$ -	\$ 1,087,475	\$ -	\$ 1,170,895	\$ (387,554)

ST. FRANCIS XAVIER UNIVERSITY

Statement of Cash Flows

Year ended March 31, 2011

	2011	2010
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash provided from (used in) operating activities		
Surplus (deficit)	\$ 83,420	\$ (1,485,124)
Campaign fund transfer	2,681,197	758,319
Capital assets charged to research and operations	379,852	1,240,870
Debt repayments from operating fund	2,767,419	2,659,320
Net change in non-cash working capital	(34,095,533)	3,779,963
	(28,183,645)	6,953,348
Cash provided from (used in) investing activities		
Capital asset acquisitions, net	(17,245,191)	(19,673,962)
Change in investments, net	(10,185,936)	556,027
Redemption of short term investments	-	2,327,479
	(27,431,127)	(16,790,456)
Cash provided from (used in) financing activities		
Increase in long-term debt	10,053,313	-
Capital campaign contributions	350,000	466,666
Long-term debt - new	-	9,530,246
Long-term debt - repayments	(2,767,419)	(2,659,320)
Reinvested endowment income	9,213,880	(443,433)
Contributions - Endowment Fund	1,298,950	155,584
Contributions - Capital Fund	11,566,822	10,948,174
	29,715,546	17,997,917
NET CASH (OUTFLOW) INFLOW	(25,899,226)	8,160,809
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	28,194,582	20,033,773
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,295,356	\$ 28,194,582

ST. FRANCIS XAVIER UNIVERSITY
Statement of Changes in Fund Balances
Year ended March 31, 2011

	2011				2010
	Operating Fund	Capital Fund	Endowment Fund	Total Funds Balance	Total Funds Balance
Balance, beginning of year	\$ (1,448,334)	\$ (14,361,615)	\$ 70,652,721	\$ 54,842,772	\$ 24,864,985
Transactions during the year					
Bequests and donations	-	-	1,264,811	1,264,811	87,676
Capital gains (losses)	-	-	8,734,768	8,734,768	(815,641)
Reinvested income	-	-	506,297	506,297	383,837
Development program - net (Schedule 6)	-	2,681,197	-	2,681,197	758,318
Corpfinance penalty recovery	-	195,211	-	195,211	185,192
Change in fair value of cash flow hedge	-	191,390	-	191,390	6,886,327
Change in fair value of restricted held for trading investments	-	-	2,906,645	2,906,645	22,879,632
Surplus (deficit)	83,420	1,087,475	-	1,170,895	(387,554)
Balance, end of year	\$ (1,364,914)	\$ (10,206,342)	\$ 84,065,242	\$ 72,493,986	\$ 54,842,772

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

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, and legal amendments since, 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. Approximately 50% 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.

Future accounting changes

Effective January 1, 2012, Canadian private sector not-for-profit organizations will have a new financial reporting framework. These organizations have a choice of applying accounting standards for not-for-profit organizations in the CICA Handbook – Accounting (Part III) or International Financial Reporting Standards in the Handbook (Part I). The University plans to adopt accounting standards for not-for-profit organizations in the CICA Handbook – Accounting (Part III) for its fiscal year beginning April 1, 2012. The impact of the adoption of the new accounting framework on the University’s financial statements has not yet been determined.

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.

Fund accounts are further classified as either unrestricted or restricted funds. Unrestricted 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.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting and revenue recognition (continued)

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 and renovations	20.0-40.0
Paving	8.0
Website development	3.0
Computer equipment	5.0
Equipment and furnishings	10.0
Library books	10.0
Motor vehicles	3.5

During the year, the University revised the useful life of some of its partial renovations to pre-existing buildings based on past experience. Accordingly, effective as of the beginning of the year, several renovation projects completed over the last 12 years are now being amortized over a 20 year period while previously they were amortized over 40 year period. The effect was an increase to amortization expense this year of \$245,000.

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.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 employee future 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.

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, the fair value of investments and obligations for pension plans and employee future benefits. Actual results could differ from those estimates.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Transaction costs are expensed as incurred.

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.

3. ENDOWMENT FUND

	<u>2011</u>		<u>2010</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash, bonds and stocks -				
Endowment Fund, restricted	\$ 81,422,010	\$ 61,772,498	\$ 68,127,041	\$ 51,396,744
Cash, bonds and stocks -				
Endowment Fund, unrestricted	2,233,741	1,694,674	2,246,312	1,694,674
	<u>\$ 83,655,751</u>	<u>\$ 63,467,172</u>	<u>\$ 70,373,353</u>	<u>\$ 53,091,418</u>

There is \$158,492 (2010 - \$133,520) investments at cost with a fair value of \$208,907 (2010 \$176,982) 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.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

4. CAPITAL ASSETS

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 4,025,106	\$ -	\$ 3,488,106	\$ -
Buildings	219,885,467	60,800,758	203,353,490	55,041,527
Equipment and furnishings	26,511,752	20,446,369	26,558,875	19,131,450
Library books	4,023,917	3,103,567	3,821,663	2,903,926
Motor vehicles	671,154	590,887	624,308	533,882
	\$ 255,117,396	\$ 84,941,581	\$ 237,846,442	\$ 77,610,785
Less: Accumulated amortization	84,941,581		77,610,785	
Net book value	\$ 170,175,815		\$ 160,235,657	

The University completed two major projects in 2010-2011: the Schwartz School of Business & Information Systems and the McKenna Centre for Leadership.

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, 2010. The next required valuation will be as of December 31, 2013.

Information about the University's defined benefit pension plans as at March 31, 2011 is as follows:

	2011 Plan 1	2010 Plan 1	2011 Plan 2	2010 Plan 2
Fair value of plan assets	\$ 15,232,753	\$ 13,371,200	\$ 826,306	\$ 921,945
Accrued benefit obligation	16,210,804	14,050,421	968,972	1,082,675
Deficit	(978,051)	(679,221)	(142,666)	(160,730)
Unamortized amounts				
Transitional obligation	650,251	709,365	263,411	329,263
Past service costs	754,264	610,404	-	-
Actuarial experience loss	1,870,882	796,979	183,927	197,174
Employer contributions (January - March)	175,613	273,351	-	-
Accrued benefit asset	\$ 2,472,959	\$ 1,710,878	\$ 304,672	\$ 365,707

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

5. PENSION PLANS (continued)

Plan assets consist of:

	Percentage of plan assets	
	Plan 1	Plan 2
	%	%
Equity securities	61.5	61.1
Debt securities	32.1	32.0
Other	6.4	6.9
	100.0	100.0

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

	Plan 1	Plan 2
	%	%
Discount rate (to determine accrued benefit obligation)	5.5	4.0
Discount rate (to determine benefit cost)	6.3	4.0
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, 2011 is as follows:

	Plan 1	Plan 2
Benefits cost	\$ 421,614	\$ 61,035
Cash contributions	513,495	-
Benefits paid	803,277	153,931

Employer and employee contributions to the defined contribution plan were \$120,607 (2010 - \$126,034) and \$180,558 (2010 - \$188,682) respectively for the year ended March 31, 2011.

It is the policy of the University to ensure that both defined benefit plans are fully funded and in compliance with all legislative and regulatory requirements per the Superintendent of Pensions.

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, 2011

6. EMPLOYEE FUTURE BENEFITS (continued)

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

	<u>2011</u>	<u>2010</u>
Accrued benefit obligation	\$ 3,053,849	\$ 3,192,864
Fair value of plan assets	-	-
Deficit	(3,053,849)	(3,192,864)
Less: Unamortized amounts		
Transitional obligation	-	(193,500)
Actuarial experience gain	349,364	417,325
	<u>\$ (3,403,213)</u>	<u>\$ (3,416,689)</u>

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

Discount rate (to determine accrued benefit obligation)	5.0%
Discount rate (to determine benefit cost)	5.25%
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, 2011 is as follows:

Benefits cost	\$387,800
Benefits paid	45,353

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 \$4,142,101 (2010 - \$3,222,166), most of which was directed for restricted uses such as scholarships and bursaries.

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 projects and with regular operations. The line of credit is comprised of a \$20 million revolving term loan for bridge financing with interest payable on \$10 million at bankers' acceptance rates and \$10 million at prime; plus an \$11 million operating line at prime. At March 31, 2011, \$14,053,313 has been drawn on the revolving term loan (2010 - \$4,000,000).

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

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

Long-term debt

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

	<u>2011</u>	<u>2010</u>
Congregation of Sisters of Notre Dame - non-interest bearing, due June 1, 2021 (Mount St. Bernard)	\$ 1,457,688	\$ 1,596,516
Bank of Montreal 10 year SWAP - 4.81% due January 1, 2015 (Consolidated CMHC Loans - Residence)	1,314,850	1,621,765
Bank of Montreal 19 year SWAP - 5.53% due October 1, 2023 (Refinanced Mortgages-Residences Pre 2004)	17,887,129	18,863,185
Bank of Montreal 25 year SWAP - 5.63% due September 2, 2031 (Governors Hall Construction)	17,010,481	17,457,775
Bank of Montreal 20 year SWAP - 5.48% due October 1, 2026 (MacIsaac Hall Renovation)	7,191,405	7,490,705
Bank of Montreal 20 year SWAP - 5.31% due February 1, 2028 (Bishops Hall Renovation)	9,938,212	10,300,845
Bank of Nova Scotia 10 year SWAP - 5.15% due April 24, 2018 (Academic Reno's and Sci Hall)	9,314,850	9,559,454
NSSOFI Loan - 1.5% due January 21, 2015 (Financing from Province - Knowledge Infrastructure Program)	9,530,246	9,530,246
	<u>\$ 73,644,862</u>	<u>\$ 76,420,491</u>

In January 2010, the University received a loan from the Province as matching funds under the Federal Knowledge Infrastructure Program (KIP). The loan was advanced 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 is funding the principal and interest using a five year straight-line basis through pledges being received for the Schwartz School of Business. Investment certificates are being held each year representing 1/5th of the required payment. At the end of the five years the loan will be fully repaid by the pledges.

The University has entered into fixed interest rate swaps on certain long-term debt. At March 31, 2011, the difference between the fair value and the carrying value of the related debt, being the fair value of the interest rate swaps was (\$7,588,926); 2010 was (\$7,780,316).

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

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

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

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

2012	2,909,891
2013	3,059,029
2014	3,211,325
2015	12,838,299
2016	3,153,030
	<u>\$ 25,171,574</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>2011</u>	<u>2010</u>
Facilities management equipment	\$ -	\$ 33,017
Alterations and renovations	390,482	163,103
Non-space capital equipment	-	25,605
Mount Saint Bernard, Municipal building	362,112	370,454
Library books and equipment	202,253	179,561
Information and technology equipment	54,013	68,245
Bloomfield renovation	437,304	440,000
Capital renewal	900,000	1,400,000
Ancillary debt principle repayments (Schedule 5)	2,634,536	2,364,514
Total	<u>\$ 4,980,700</u>	<u>\$ 5,044,499</u>

Reductions in the Research Fund expenses as well as transfers to deferred revenue for capital expenditures during the year totalled \$121,895; (2010 was \$859,360).

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>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 69,499,050	\$ 61,324,954
Add: Contributions received during the year	14,343,881	14,429,840
Less: Recognition of deferred revenue	(7,760,318)	(6,255,744)
Balance, end of year	<u>\$ 76,082,613</u>	<u>\$ 69,499,050</u>

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2011

11. DEFERRED REVENUE - CAPITAL FUND (continued)

The contributions received during the year and recognition of deferred revenue amounts presented above include interfund transfers in the amount \$2,807,611 (2010 - \$2,140,154) utilized by the Capital Fund to repay debt and related fees incurred for the purchase and/or construction of capital assets.

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.

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, 2011. 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, 2011

	<u>2011</u>	<u>2010</u>
Student academic fees		
Full-time tuition	\$ 22,021,095	\$ 23,235,036
Information and technology fee	1,530,719	1,323,523
Part-time tuition	1,801,456	1,791,406
Summer school tuition	1,399,332	1,202,148
Continuing education/training and development	662,736	764,510
Other	1,033,665	707,540
	<u>28,449,003</u>	<u>29,024,163</u>
Bequests, donations and non-government grants		
Annual Giving Fund - unrestricted (Note 8)	255,714	279,430
Scholarship and bursary donations	540,901	501,007
	<u>796,615</u>	<u>780,437</u>
Miscellaneous	583,669	555,194
Special purpose and trust income		
Tuition Bursary	3,790,442	2,439,650
General endowment	46,715	47,459
Academic endowment	28,507	28,950
Library endowment	10,173	10,331
Murphy endowment	15,000	15,000
Scholarship and bursary endowment	1,707,516	1,909,892
Alumni Aquatic Centre operating endowment	105,645	107,283
Chairs of study endowment	325,775	171,997
Athletic endowment	33,000	33,000
	<u>6,062,773</u>	<u>4,762,040</u>
Government grants		
Provincial - Operating	31,593,901	28,868,613
Provincial Special - Operating	2,666,637	4,786,544
Federal - indirect research	891,377	880,651
	<u>35,151,915</u>	<u>34,535,808</u>
Total ordinary revenue	<u>\$ 71,043,975</u>	<u>\$ 69,657,642</u>

ST. FRANCIS XAVIER UNIVERSITY

SCHEDULE 2

Expenditure

Year ended March 31, 2011

	2011	2010
Instruction and non-sponsored research		
Salaries - instruction and research	\$ 25,857,668	\$ 24,896,031
- support and other	4,554,112	4,086,091
Fringe benefits	4,388,492	4,296,846
Post retirement benefits	342,447	285,261
Operational supplies and expenses	1,547,975	1,730,919
Travel	426,701	577,878
Chairs of studies	325,775	171,997
Extension department - net (Schedule 4)	46,149	49,365
Coady International Institute - net (Schedule 3)	200,000	200,000
	37,689,319	36,294,388
Continuing education/training and development		
Salaries	248,137	254,852
Fringe benefits	43,364	46,624
Outside services	87,626	110,372
Operational supplies and expenses	162,023	174,568
Travel	81,649	90,712
	622,799	677,128
Educational information/technology		
Salaries	1,358,675	1,370,830
Fringe benefits	255,769	251,582
Operational supplies and expenses	86,549	80,877
Service of equipment	78,534	181,520
Travel	23,941	31,132
	1,803,468	1,915,941
Library		
Salaries	1,723,796	1,631,237
Fringe benefits	311,004	306,749
Library acquisitions	1,105,971	1,175,135
Operational supplies and expenses	59,848	68,684
Travel	4,868	12,335
	3,205,487	3,194,140
Student services		
Salaries	2,419,107	2,310,737
Fringe benefits	422,491	415,194
Operational supplies and expenses	930,055	885,162
Scholarships, bursaries and prizes	2,692,539	2,736,369
Travel	482,292	564,707
	6,946,484	6,912,169

(continued)

ST. FRANCIS XAVIER UNIVERSITY

SCHEDULE 2

Expenditure

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Advancement		
Salaries	\$ 1,346,922	\$ 1,095,533
Fringe benefits	211,748	195,789
Operational supplies and expenses	522,566	635,766
Travel	60,945	118,296
	<u>2,142,181</u>	<u>2,045,384</u>
Administration and general		
Salaries	2,564,637	2,471,433
Fringe benefits	452,862	463,291
Operational supplies and expenses	294,385	285,016
Institutional dues, legal, audit and other	1,351,783	1,313,334
Interest - net (Schedule 7)	1,366,360	1,454,873
Travel	86,652	68,868
	<u>6,116,679</u>	<u>6,056,815</u>
Facilities management		
Salaries	3,492,569	3,453,324
Fringe benefits	848,933	820,086
Operational supplies and expenses	1,553,327	1,619,230
Insurance	283,401	262,599
Utilities	2,927,096	2,987,422
	<u>9,105,326</u>	<u>9,142,661</u>
Non-space and alterations and renovations	541,277	819,323
Capital renewal	900,000	1,400,000
Information and technology funding	1,530,719	1,323,523
Deficit on ancillary enterprises (Schedule 5)	-	662,658
Contingency	356,818	698,636
Capital expenditure (Note 10)	(4,980,700)	(5,044,499)
	<u>(1,651,886)</u>	<u>(140,359)</u>
Total ordinary expenditure before interfund transfers	\$ 65,979,856	\$ 66,098,267
Interfund transfers (Note 10)	4,980,700	5,044,499
Total ordinary expenditure after interfund transfers	70,960,556	71,142,766
Less: Total ordinary revenue (Schedule 1)	71,043,976	69,657,642
Net surplus (deficit) on ordinary revenue and expenditure	\$ 83,420	\$ (1,485,124)

ST. FRANCIS XAVIER UNIVERSITY
COADY INTERNATIONAL INSTITUTE
Statement of Revenue and Expenditure
Year ended March 31, 2011

SCHEDULE 3

	<u>2011</u>	<u>2010</u>
Revenue		
C.I.D.A. - general	\$ 1,465,623	\$ 1,369,841
Contract projects	1,221,163	1,674,482
General revenue	329,136	362,210
Endowments	147,618	120,158
Antigonish Movement Fund	9,130	9,236
Other grants and donations	926,318	878,945
	<u>4,098,988</u>	<u>4,414,872</u>
University contribution	200,000	200,000
	<u>\$ 4,298,988</u>	<u>\$ 4,614,872</u>
Expenditure		
Salaries	\$ 1,977,857	\$ 1,650,857
Fringe benefits	283,924	258,834
Travel - students	55,364	40,894
- staff	220,623	275,885
Operational supplies and expense	434,038	433,618
Library acquisitions	29,742	26,706
Room and board	241,293	244,055
Facilities and services	209,330	244,618
Contract projects	846,817	1,439,405
	<u>\$ 4,298,988</u>	<u>\$ 4,614,872</u>

ST. FRANCIS XAVIER UNIVERSITY
EXTENSION DEPARTMENT
Statement of Revenue and Expenditure
Year ended March 31, 2011

SCHEDULE 4

	<u>2011</u>	<u>2010</u>
Revenue		
Antigonish Movement Fund	\$ 9,130	\$ 9,236
Cape Breton endowment	77,035	78,230
Murphy endowment	60,651	61,824
Other grants and donations	102,141	71,707
	<u>248,957</u>	<u>220,997</u>
University contribution	46,149	49,365
	<u>\$ 295,106</u>	<u>\$ 270,362</u>
Expenditure		
Salaries	\$ 227,349	\$ 208,652
Fringe benefits	33,965	34,576
Outside Services	4,200	-
Travel	9,808	5,283
Operational supplies and expense	19,784	21,851
	<u>\$ 295,106</u>	<u>\$ 270,362</u>

ST. FRANCIS XAVIER UNIVERSITY
ANCILLARY ENTERPRISES
Statement of Revenue and Expenditure
Year ended March 31, 2011

SCHEDULE 5

	<u>2011</u>	<u>2010</u>
Revenue		
Residence fees - students	\$ 14,636,852	\$ 13,862,025
- others	3,480,757	3,544,803
Bookstore sales	2,961,582	3,093,454
Other ancillary services	3,003,987	2,619,711
	<u>\$ 24,083,178</u>	<u>\$ 23,119,993</u>
Expenditure		
Food service expenses	\$ 6,903,947	\$ 6,983,900
Facilities management expenses	4,883,316	4,636,486
Bookstore expenses	2,573,091	2,712,674
Administrative expenses	1,372,817	1,294,948
Other ancillary services	2,814,633	2,537,266
	<u>18,547,804</u>	<u>18,165,274</u>
Surplus before ancillary debt repayments and provisions	5,535,374	4,954,719
Less: Ancillary debt repayments (interest and principle)	5,435,971	5,617,377
Less: Provision for ancillary improvements	99,403	
Plus: Ancillary debt principle repayments (Note 10)	2,634,536	2,364,514
	<u>2,634,536</u>	<u>1,701,856</u>
Surplus before interfund transfers	2,634,536	1,701,856
Less: Interfund transfers (Note 10)	2,634,536	2,364,514
	<u>\$ -</u>	<u>\$ (662,658)</u>
Deficit	\$ -	\$ (662,658)

ST. FRANCIS XAVIER UNIVERSITY
DEVELOPMENT PROGRAM (Note 7)
Statement of Fund Receipts and Disposition
Year ended March 31, 2011

SCHEDULE 6

	<u>2011</u>	<u>2010</u>
Cash receipts	\$ 9,073,244	\$ 7,987,524
Allocated to		
Endowments	1,298,950	155,585
Capital Fund - physical services project	250	500
- Science Hall	3,300	5,335
- Millennium Centre	4,140	5,970
- School of Business	793,588	1,295,607
- Coady	1,359,854	2,756,840
- classroom renovations	25	100
- other	300	100
Specific operating accounts	2,931,640	3,009,169
	6,392,047	7,229,206
Increase in Campaign Fund capital	2,681,197	758,318
Development program capital, beginning of year	1,328,830	570,512
Development program capital, end of year	\$ 4,010,027	\$ 1,328,830

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

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
Interest expense		
Interest and bank charges	\$ 1,569,841	\$ 1,582,053
<hr/>		
Interest recoveries		
University bookstore	19,000	19,000
Lane Hall	5,447	6,139
Other	179,034	102,041
	203,480	127,179
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Interest expense - net	\$ 1,366,360	\$ 1,454,873
