



ST. FRANCIS XAVIER UNIVERSITY



Annual Financial Report & Audited Financial Statements

For the Year Ended March 31, 2020

The Annual Report includes the following:

StFX Quick Facts.....	Page 3
Financial Highlights.....	Page 4
Financial Results verses Budget.....	Page 7
Benchmark Analysis.....	Page 9

Appendix A – Audited Financial Statements as of March 31, 2020

Appendix B – Internal Financial Statements as of March 31, 2020

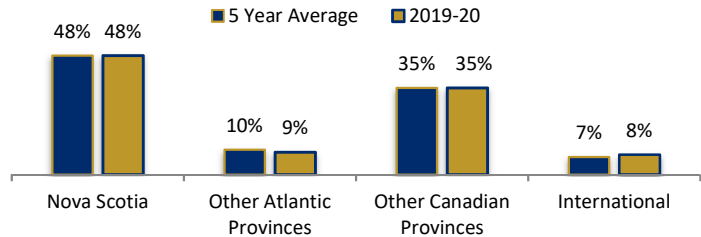
1. ST. FRANCIS XAVIER UNIVERSITY QUICK FACTS REPORT

St. Francis Xavier University offers what so many of Canada’s top students are seeking: a high quality education focused principally on the undergraduate in a vibrant residential setting. Recognized as a premier undergraduate school in Canada, StFX is meeting the needs of today’s students through outstanding teaching, exceptional hands-on research experiences, and unique opportunities to contribute to communities at home and abroad.

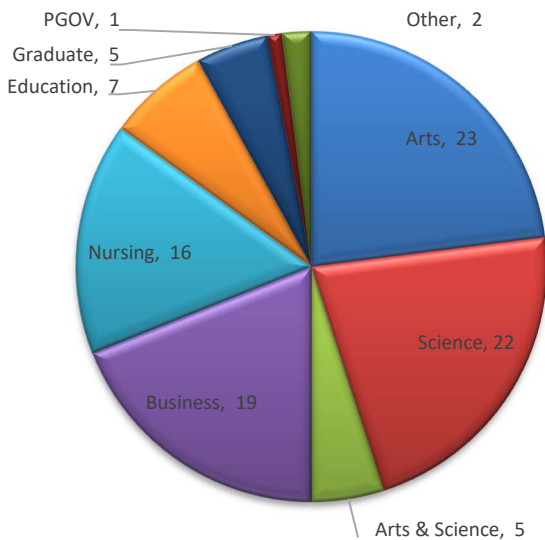
2019-20 StFX Enrolment

	Full-time	Part-time
Undergraduate	3,858	754
Graduate	74	496
Total	3,932	1,249

Student's Enrolling From



2019-20 FTE Program Enrollment



The StFX Student Community

Residence Capacity 1,804

First-year students occupied 56% of residence rooms utilized, while 44% welcomed returning students

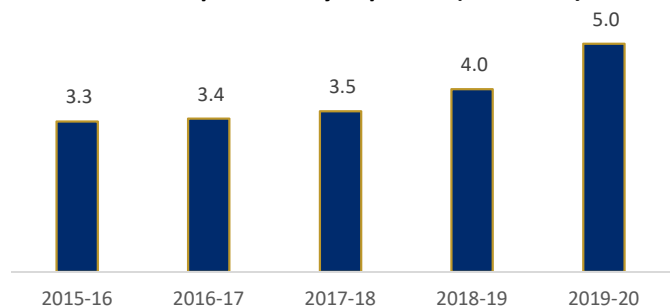
Students from over 100 different countries enrolled in courses provided by StFX & the Coady Institute during 2019-20.

The University employed 1,391 students in 2019 with average compensation of \$3,215.

StFX Full-Time Employees in 2019-20

Academic Faculty & Librarians	315
Finance and Operations	228
Academic Staff	138
Student Services	47
Coady International Institute Advancement	33
	30
Total Full time staff	791

Scholarship & Bursary Expenses (\$ millions)



2. FINANCIAL HIGHLIGHTS – FINANCIAL STATEMENTS MARCH 31, 2020

STATEMENT OF FINANCIAL POSITION

Historical Context

The University's balance sheet highlights strong endowment fund investments and net capital assets. The endowment fund continues to rank highly among university peer groups on a per student basis, providing income for student scholarships and bursaries. The University continues to invest in reviving its historic campus through both recent and ongoing infrastructure improvements to academic and residence facilities.

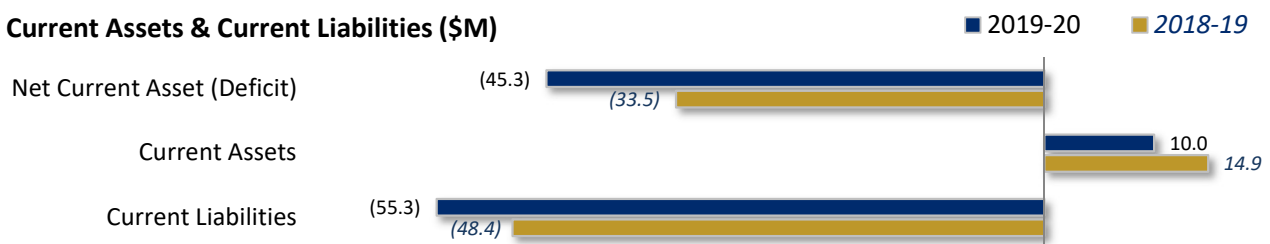
Analysis of Change in Financial Position Highlights from Prior Year

Net Assets (\$M)



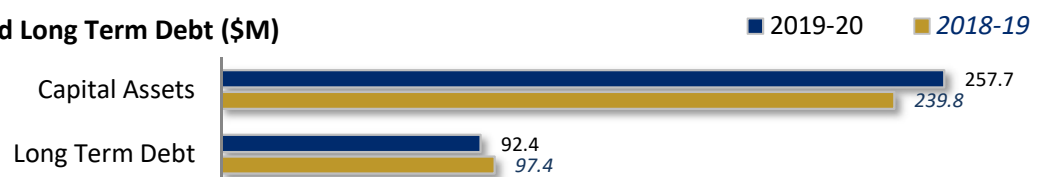
Total net assets decreased by \$17 million in 2019-20. This was largely due to the \$20.8 million decrease in the Endowment fund for unrealized losses and \$7.9 million for withdrawals and management expenses. This was partially offset by a \$9.8 million increase in realized gains, dividends and interest income.

Current Assets & Current Liabilities (\$M)



The net current asset deficit increased by \$11.8 in 2019-20. The timing of capital construction costs and the receipt of associated project funding often results in the short-term use of working capital. The 2019-20 increase is mainly from capital construction costs relating to the Xaverian Commons project drawn from a capital line of credit. Accounts Payable and accruals increased by \$2.5 million from 2018-19. This includes a \$1.1 million increase for an Early Departure refund due to Covid-19.

Capital Assets and Long Term Debt (\$M)



Capital assets increased in 2019-20 while long-term debt decreased. Multiple investments in capital assets occurred during the year resulting in an increase of \$17.9 million net of amortization. Notable additions include \$16.3 million in Mulrone Hall construction costs, \$2.8 million in Nicholson Tower Renovations, \$5.5 million for the varsity change rooms in the Amelia Saputo Centre for Healthy Living and \$1 million for the Bloomfield Café renovation. Overall long-term debt decreased by \$5.1 million in 2019-20.

STATEMENT OF OPERATIONS – MARCH 31, 2020

Historical Context

The University has been operating since 1853, and it is committed to overcoming challenges through strong management and innovative approaches to be sustainable. Cumulative deficits from the late 1990's were eliminated in 2008 as provincial funding increased and strong enrolment eased financial constraints. Significant challenges returned starting in 2011 amidst caps on tuition and a string of consecutive provincial funding cuts. This was followed by more predictable but modest increases to funding in each of the past four years.

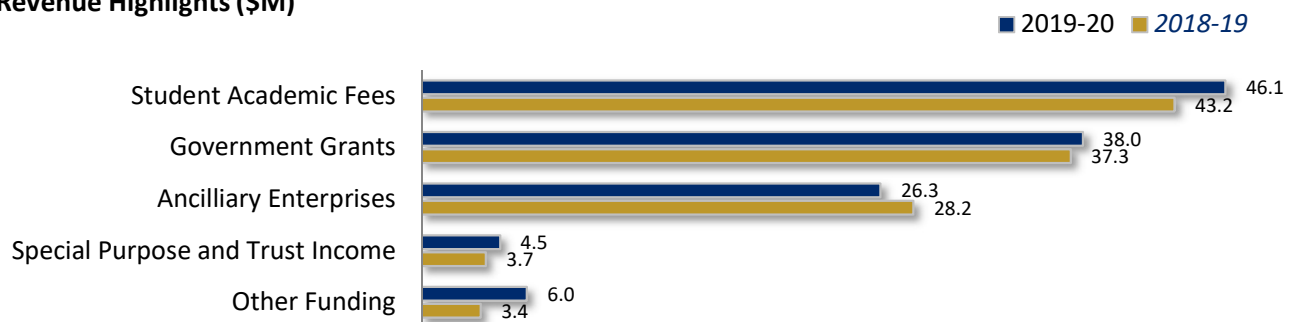
Analysis of Change in Operations Highlights from Prior Year

Consolidated Surplus (Deficit) (\$M)



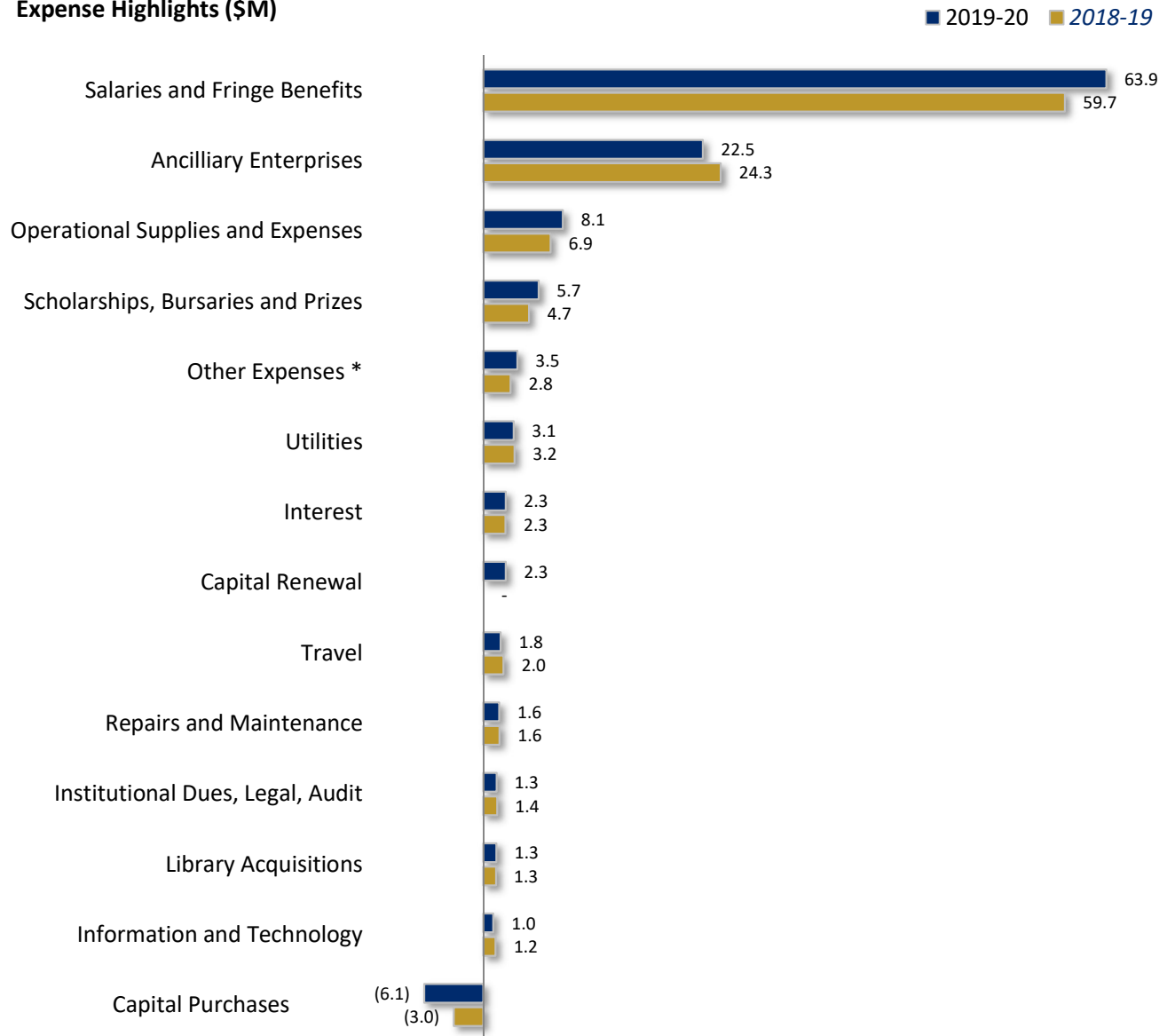
The 2019-20 fiscal year resulted in a consolidated deficit for operations and ancillary of \$2 million, decreasing by \$3.1 million compared to the consolidated deficit of \$5.1 million in 2018-19. The University absorbed a \$536 thousand loss in 2019-20 for the Coady International Institute, compared to \$5.5 million in 2019-20. This \$5 million reduction to the Coady International Institute deficit was largely responsible for the overall operating deficit reduction. A \$1.1 million refund issued to students due to the early departure from campus caused by the COVID-19 pandemic partially offset this.

Revenue Highlights (\$M)



Total revenue increased by \$6.3 million in 2019-20. Most areas across the institution saw an increase in revenue from 2018-19. Student fees increased by \$2.9 million. Government Grants increased by \$696 thousand due to the annual 1% operating grant increase, and other targeted funding. Ancillary Enterprises revenue decreased by \$1.8 million due the pandemic early departure refund issued to students, fewer students in residence and a decrease in meal plan sales for the 19-20 academic year. Special Purpose and Trust Income saw an increase of \$811 thousand. Other funding increased by \$2.6 million, largely due to additional funding from the endowment fund.

Expense Highlights (\$M)



* Other expense category includes: chairs of study, insurance, deficit on ancillary and other expenses as disclosed in the financial statements.

Total expenditures increased \$4.1 million to \$112.5 million in 2019-20 (increase of 4% from 2018-19). The increase was mainly due to \$4.2 million increase to salaries and fringe, \$2.3 million increase in capital renewal, \$1.2 million increase to operational supplies and a \$984 thousand increase to scholarships. The expenses were offset by an additional \$3.1 million in capital purchases deducted from expenditures for accounting presentation, and the aforementioned decrease to Ancillary Enterprises Expenses of \$1.8 million.

The \$536 thousand Coady International Institute deficit presented separately in the statement of operations is not included in the preceding table.

FINANCIAL RESULTS VERSES BUDGET – YEAR END MARCH 31, 2020

The following discussion and analysis provides a summary of StFX’s unaudited operating results for the year ended March 31, 2020 compared to the budget targets set.

The University’s Internal Financial Statements (Appendix B) that are used for budgeting purposes report a different bottom line operating surplus (deficit) than the Audited Financial Statements (Appendix A) due to differences in the treatment of capital expenditures and the deficit recorded for Coady and Extension. The two sets of statements are reconciled as follows:

Fund Surplus - Audited Financial Statements	(1,245,853)
Less: Capital fund surplus	(715,022)
Plus: Coady deficit	536,467
Total Operating Deficit	(1,424,408)

Overview of 2019-2020 financial results

The 2019-20 fiscal year resulted in a consolidated deficit of (\$1.4 million) compared to a budgeted surplus of \$0.4 million, which is a negative variance of \$1.8 million. The net result for core operations is a surplus of \$849 thousand netted against a deficit in Ancillary of \$2.3 million.

Revenue

Total operating revenue at \$94.59 million exceeded budget by \$6.12 million or 6.92%.

Key revenue variances include:

- Student fees came in \$2.3 million over budget, largely due to Distance Nursing, Part time, Summer School and Intersession.
- Scholarship & bursary endowments as well as awards & bursary donations are up a total of \$435 thousand, which partially covers the increase in scholarship expense.
- Special purpose endowment revenues were up \$524 thousand because of Academic Chairs, Mulrone, McKenna and Schwartz programming expenses being higher than budgeted.
- Other revenue is up \$2.57 million. This includes \$2.352 million drawn to offset advancement costs as well as miscellaneous revenue accounts that have offsetting expenses but did not have budgets assigned.

Expenses

Operating expenses totalled \$93.74 million compared to a budget of \$88.46 million, a negative budget variance of \$5.28 million or 5.97%.

Key expenditure variances include:

- Academic expenses were over budget by \$1.3 million, due primarily to the following factors:

- An additional \$764 thousand in employee compensation due in part to higher than budgeted nurse educators and education student teacher practicum supervision.
- Academic operations offset by increases in endowment and other targeted funding were over budget by \$516 thousand. These include Academic Chairs, McKenna Centre, Mulroney and Schwartz programming expenses, PHD program.
- Continuing Ed, Training, and Development were under budget by \$239 thousand due to reduced program offerings. This partially offsets reduced revenue.
- Scholarship expense is over budget by \$978 thousand. Some of this is offset by higher funding from endowments per above (\$435 thousand).
- Advancement was over budget by \$286 thousand for the Mulroney Opening events, which has offsetting revenue.
- Repairs & Maintenance expense was over budget by \$1m. The \$600 thousand annual budget allocation for Repairs & Maintenance is too low given the age and amount of the University's infrastructure. Average actual costs for the past two years have been \$1.6 million.
- IT Services expense is over budget by \$212 thousand. \$146 thousand related to compensation adjustments related to a retention initiative, and \$33 thousand for additional software expenses.
- Institutional Dues/Legal/Audit/Other was over budget by \$183 thousand mainly due to senior staffing searches.
- Capital renewal expense of \$2.352 million was not budgeted, but savings from advancement expenses funded by the endowment offset it.

Ancillary Operations

Ancillary operations underperformed compared to budget by \$2.27 million.

- As a result of public health requirements imposed by the NS Public Health, students had to leave residence early. Due to the early departure, \$1.146 million was refunded to students.
- Lower Coady and student demand resulted in occupancy rates 6% lower than budgeted. Lower occupancy and other factors led to lower than expected residence fees (\$783 thousand) and foodservice (\$867 thousand) revenue. Limited costs savings resulted from lower occupancy.
- Food Service results were difficult to estimate this year because of three new retail operations (Bloomfield Cafeteria, Mulroney Hall, Starbucks). With students leaving residence early, that had an effect on the bottom line.

3. BENCHMARKING ANALYSIS

PURPOSE

The financial statements, which form an integral part of this annual financial report, provide users with useful and relevant financial performance information for the 2019-20 and preceding fiscal year. Additional historical or contextual information can assist users in performing a more comprehensive evaluation of the University's financial performance. Benchmarking using comparative financial information from both a broader time-period and from the financial performance of peers is one way to provide insightful historical and contextual information of the University's financial performance.

The following areas were selected for benchmarking and evaluation. These are believed to be key indicators of the financial health of the University:

1. Student Demand
2. Operating Performance and Financial Sustainability
3. Debt and Liquidity
4. Endowment Fund Performance

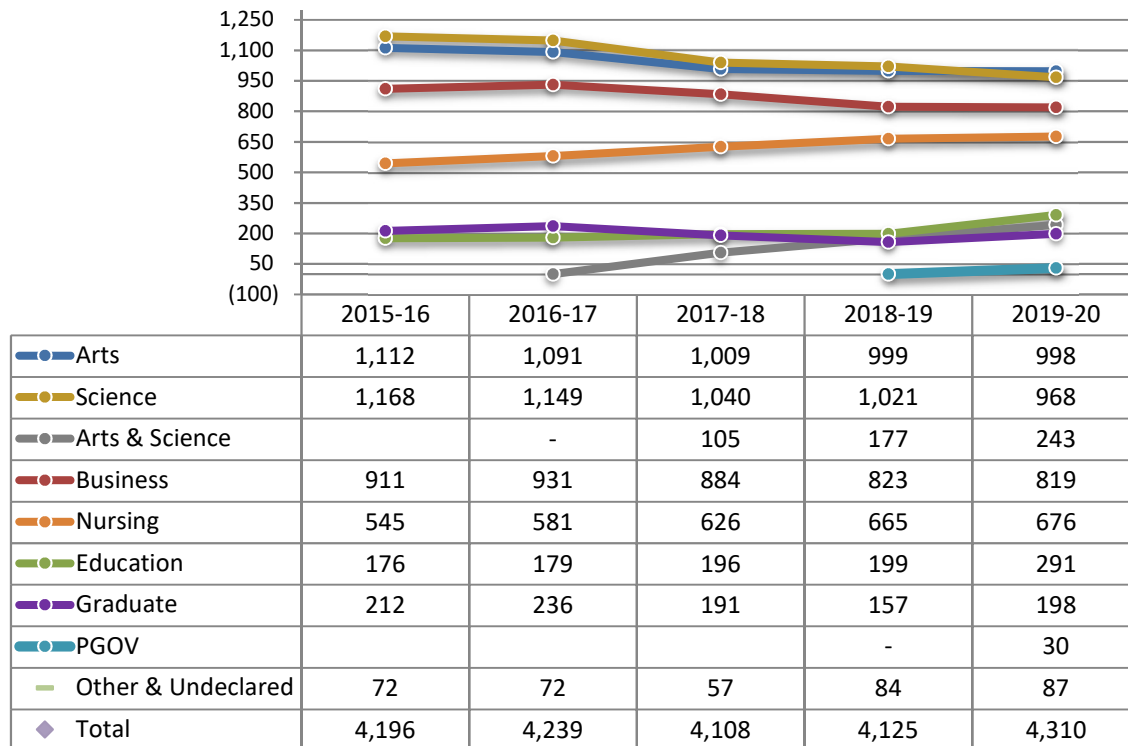
STUDENT DEMAND

Demographics changes within the Maritimes and Canada continue to affect StFX student enrolment strategies and outcomes. The core driver of the financial health of the institution is student demand. According to the Maritime Provinces Higher Education Commission (MPHEC) Annual Digest: University Enrolment 2018-19, the number of students studying in the Maritime Provinces has shrunk by 0.4% over the past 10 years. During this period, Maritime Provinces have seen double-digit enrolment decreases from maritime province residents, in large contrast to the 125% growth in international student enrolment.

The University needs to adapt to changing enrolment trends in order to attract students by ensuring teaching capacity, quality program offerings, and recruitment strategies to cater to post secondary demand.

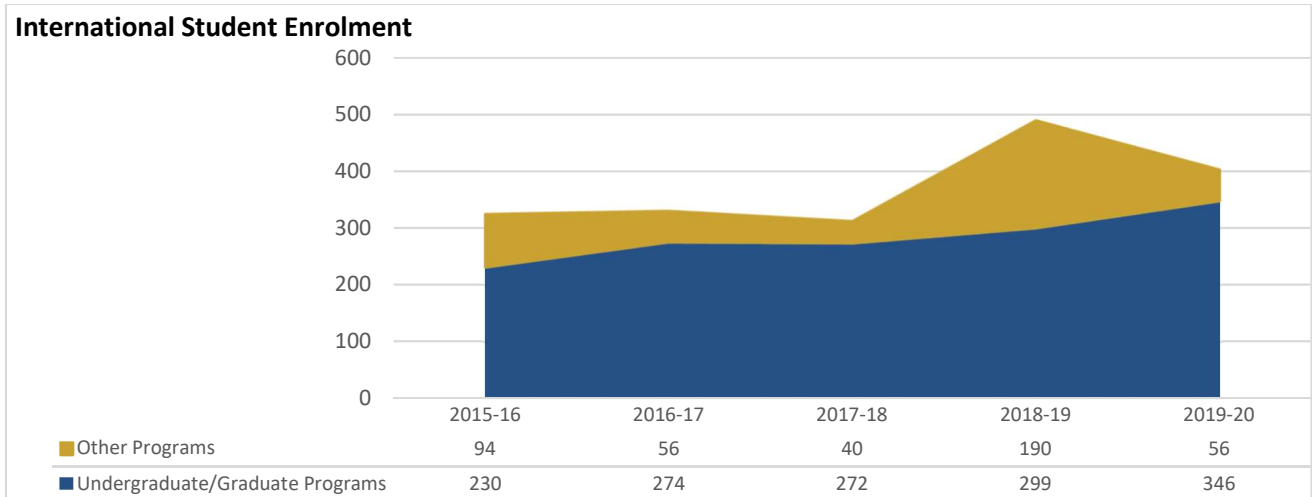
The MPHEC *Annual Digest: University Enrolment - 2018-2019* demonstrates program specific enrolment trends are continuing. The interest in traditional STEM programs is continuously seeing gains, with mathematics, computer and information science program enrolment in Nova Scotia institutions increasing 19.9% in 2018-19. Health Sciences, Education and Business programs also saw increases in 2018-19 of 4%, 7.3% and 1.5% respectively. The change in the Business programs is of particular interest to the University. Enrolment in this area has decreased two years in a row throughout the Maritimes, but it is one of the areas that StFX is focused on developing through its Gerald Schwartz Scholarship initiative.

St.FX Full Time Equivalent Student Enrolment



FTE figures presented above are estimates, calculated by adding full time students with part time students multiplied by a FTE factor of 25%.

Estimated full time equivalent student enrolment increased by 4% in 2019-20. Undergraduate enrolment decreased from the previous year in the following areas: Bachelor of Science, Bachelor of Arts and Bachelor of Business Administration. Other areas saw increases from 2018-19: Education (46%), Bachelor of Arts & Science in Health (37%) and Graduate Studies (26%). The upward trend for the Graduate Studies program partially results from new program offerings. Both the Arts & Sciences multi-disciplinary program and the Public Policy & Governance program are gaining interest and growing since their introductions (16-17 and 19-20 respectively). According to The MPHEC *Annual Digest: University Enrolment - 2018-2019* findings for the Maritimes for 2018-19 the increase at StFX falls in line with the Nova Scotia average of 3.4% increase in enrolment from last year. The annual digest indicates Maritime Universities saw increases in both undergraduate and graduate full time enrolment.



* Undergraduate/Graduate programs includes exchange students. Other programs includes Coady certificate/Diploma programs, Diploma in Adult Education and Diploma in Ministry.

International student enrolment for Undergraduate and Graduate Programs increased 16% in 2019-20. International enrolment in Graduate Studies programs more than doubled from 2018-19. The new Masters of Applied Computer Science was an important factor in this growth. Overall international enrolment at the University decreased by 17% from 2018-19 when including Other Programs. The overall decrease resulted from a reduction in Coady programming, represented within the Other Programs category above.

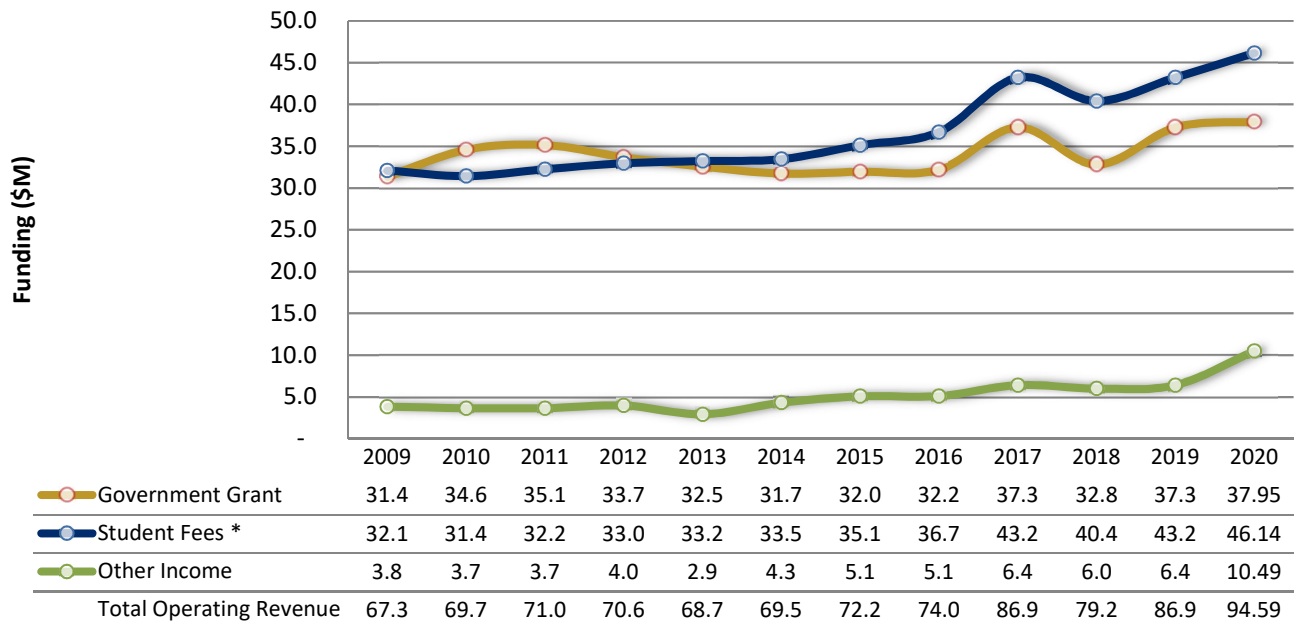
As other Nova Scotia Universities are continuing to build their international student population, international students make up only 8% of the total student population at StFX. The University is dedicated to making this area a priority and understands the importance of diversifying the student population. International recruitment and retention efforts remain a priority for the University and it continues invest in this area.

OPERATING PERFORMANCE AND FINANCIAL SUSTAINABILITY

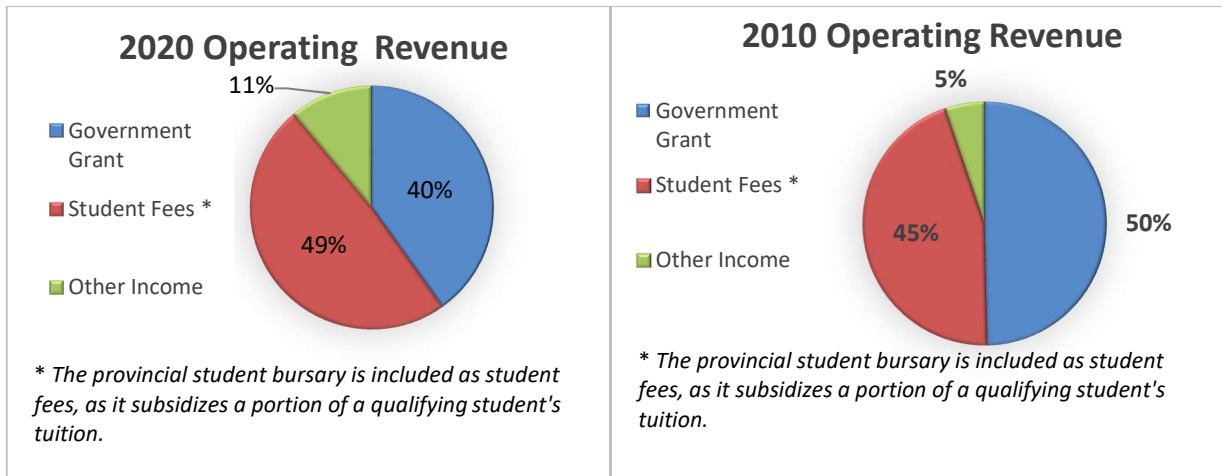
Operational funding is generated primarily from student fees and provincial grants. Remaining operating revenue is from endowment income, conference services, bequests, donations, and other miscellaneous revenue.

The Province of Nova Scotia and the Nova Scotia Universities finalized a five-year Memorandum of Understanding (MOU) in 2019. The Province has agreed to an increase of not less than 1% in the operating grant each year. This MOU allows the University to plan for the length of the agreement and have more certainty around Government funding. In addition to the 1% increase in funding for 2019-20, StFX also recognized \$336 thousand received from the province for deferred maintenance. \$1.87 million in new deferred maintenance funding for existing infrastructure received in March 2020 is presented in deferred revenue and will be spent in Fiscal 2020-21

Operating Revenue (\$M)



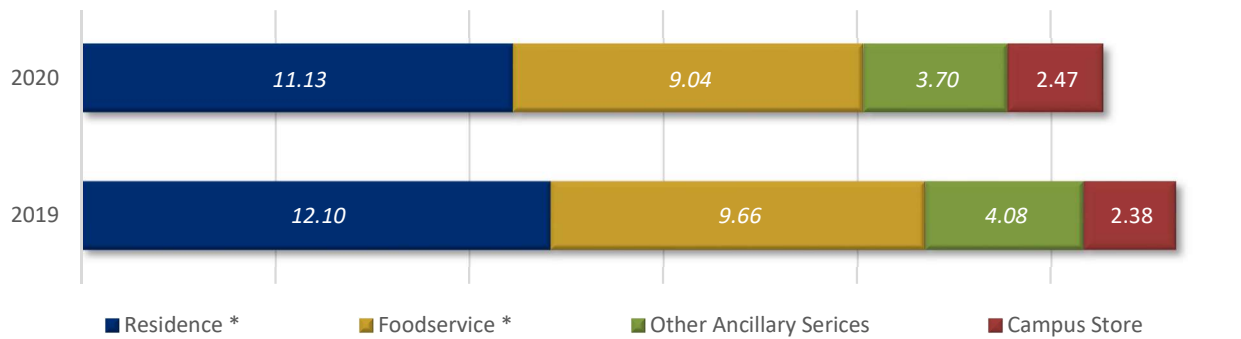
* The provincial student bursary is included as student fees, as it subsidizes a portion of a qualifying student's tuition.



Student fees comprised 49% of revenue in 2019-20. Revenue from student fees increased by \$2.9 million mainly due to the 3% tuition increase and additional students enrolled in Distance Nursing, Part time, Summer School and Intersession. Provincial Government revenue decreased from 43% of total revenue in 2018-19 to 40% in 2019-20. Other income, including Special Purpose & Trust Income, Bequests & Donations and Miscellaneous, has grown from 7% of total revenue 2018-19 to 11% of total revenue in 2019-20.

As shown above, government grant revenue makes up a smaller share of operating revenue than it did a decade ago. While the current funding MOU with the province provide modest but predictable government funding growth, it also caps annual tuition fee increases at 3%, limiting the University's ability to increase funding from its two primary sources of operating revenue. The University also has limited control over the majority of operating costs such as compensation, repairs and maintenance, and utilities. These expenses are linked to collective agreements, infrastructure deterioration and commodity markets. As such, it is crucial for the University to operate with fiscal discipline and diversify funding sources where possible. As shown above, the growth in other income has been important in supporting operations in this environment. Other income, including revenues from the endowment fund and donations. These funds have supported scholarships, academic chairs, and other operating initiatives.

Ancillary Operations Revenue (\$M)



** The early departure refund has been allocated within the residence and food service revenue figures for 2020 shown above for comparative purposes. This refund is presented separately in schedule 4 of the Audited Financial Statements.*

Total ancillary revenue decreased \$1.9 million over the previous year. Residence and food service continue to be the main sources, making up over 77% of the total ancillary revenue. The decreases to residence occupancy and foodservice revenues resulted from lower occupancy, and the early departure refund related to the COVID 10- Pandemic. Other ancillary services revenue decreased by \$379 thousand in 2019-20, due to the loss of revenues associated with the University hosting the Special Olympics Canada 2018 Summer Games in 2018-19.

Ancillary Entreprises Surplus (Deficit) (\$M)



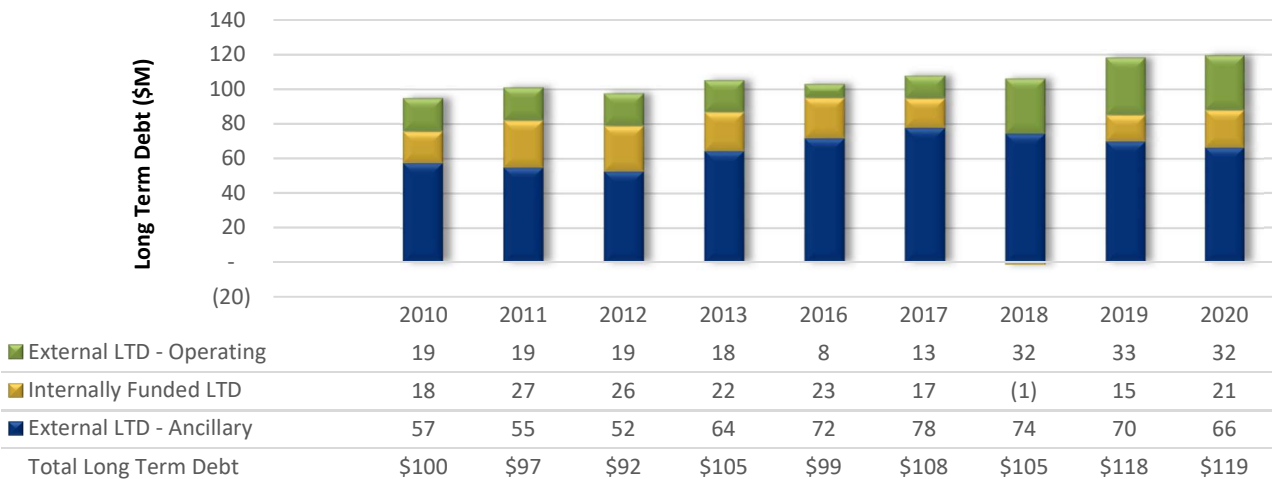
The net loss from ancillary operations increased by \$1.7 million compared to a deficit of \$567 thousand in 2018-19. Excluding the early departure refund related to the COVID-19 pandemic, ancillary operations deficit is \$1.1 million.

Ancillary oversaw the opening of three new or renewed retail establishments in 2019-20; including Twelve in Mulroney Hall, Starbucks in Morrison Hall, and the Bloomfield Café in the Bloomfield Centre.

DEBT & LIQUIDITY

St Francis Xavier University has consistently modernized, updated and repaired its historic campus over the past two decades. During 2019-20, the University officially opened Mulroney Hall and transitioned staff and faculty displaced during construction back to the updated Nicolson Tower. Work on the Xaverian Commons project will continue throughout 20-21 along with roof replacements for some of the residences. Recent notable campus improvements also include the Amelia Saputo Centre for Healthy Living, the Rankin School of Nursing, energy efficiency investments, in addition to residence and food service facilities renovations. Financing for capital investments are primarily donations, government grants and loans.

Internal & External Long Term Debt (LTD) (\$M)

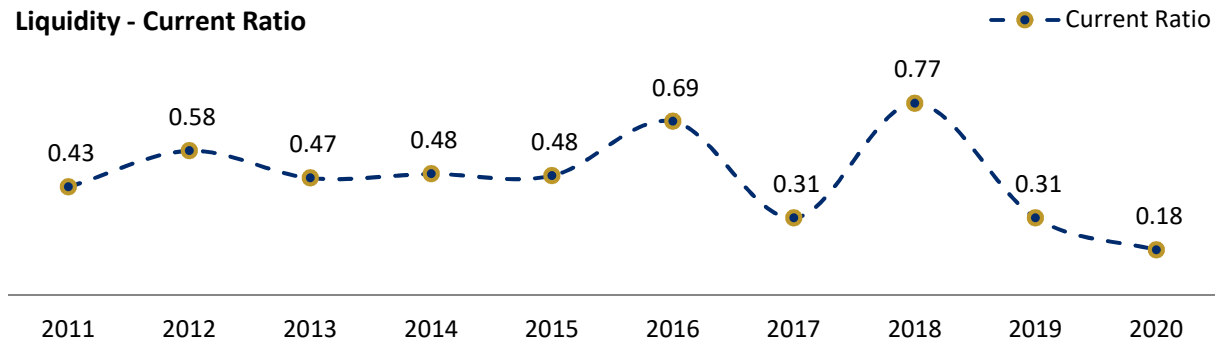


Overall, long-term debt for the University increased by \$1.5 million. In 2019-20, the repayment of loans totalled \$4.8 million, offset by a \$6.3 million increase to internally funded long-term debt.

The Ancillary portion of external long-term debt relates to financing for construction and capital improvements of residence facilities. Ancillary debt represents 68% of external long term debt; proceeds from residence rental fees cover financing costs. The remaining 32% of external, long term debt relates to Operations and is for construction for academic and support services over the past number of years. This portion of the debt is funded through the Operating budget.

The internally funded portion of long-term debt relates to land purchases, capital projects not fully funded, and capital projects being funded over multiple years. While the University waits for the funds to come in, operating and capital bank lines of credit are used to fund the projects. In 2019-20, internally funded debt was made up \$3.3m in Land, \$2.4m in unfunded projects and \$15.3m in capital projects funded over multiple years.

Liquidity - Current Ratio



This ratio compares current assets to current liabilities, and provides a snapshot of the University’s ability to meet short-term obligations (target of 1:1). The University’s current ratio decreased significantly to 0.18 in 2019-20. Current receivables decreased by \$5.0 million from 2018-19 to 2019-20, most notably the short-term investment of \$4 million is no longer held. Current liabilities increased in all areas, the University saw \$3.2 million increase in the bank loan and an increase to Accounts Payable and accruals of \$2.5 million from 2018-19. StFX drew \$16.5 million on a capital line of credit for the Xaverian Commons and Saputo Centre projects compared to the \$5.7 million drawn in 2018-19. The University reduced the amount drawn on the operating line of credit by \$4.9 million from 2018-19.

The debt service ratio for ancillary services (surplus before debt servicing costs/debt servicing costs) fell to 84% this year (from 91% in 2018-19) excluding the pandemic refund.

The University has experienced several challenging years, as expenditure growth exceeded the limited revenue increases from tuition fees and government grants. Consecutive operating deficits in recent years have put pressure on working capital. The current situation underlines the importance of the University’s efforts to increase enrolment and resulting the student fees. Enrolment also affects residence occupancy, which is an important factor for managing residence-related offerings, investments and debt payments. StFX has been the recipient of several major donations over the last few years, which have allowed major investments to capital projects and scholarship programs. These investments benefit the university in numerous ways, including positively impacting enrolment, and ultimately helping address the aforementioned working capital challenges. To manage these working capital challenges in the short term, StFX maintains banking facilities to finance capital and operating requirements. With the close of the 2019-20 fiscal year, the ongoing COVID-19 Pandemic, and its impact on operations, liquidity and community health remain foremost concerns for University management.

ENDOWMENT FUND PERFORMANCE

The endowment fund is a competitive advantage for StFX, and it allows the University to award Scholarships and bursaries to help attract and retain students, in addition to funding academic chairs and other valuable programs to further its academic priorities. The University identified it as a core area of focus when it announced its intention to fundraise \$50 million for a new Xaverian Fund in 2014 to help students attend StFX regardless of financial background. Since then, StFX has been the recipient of many generous gifts including historic multi-million dollar donations.

University endowment investment assets decreased by 10% to \$131.7 million in 2019-20. Donations totalled \$4.3 million in 2019-20 (\$6.6 million in 2018-19). Overall, the \$20.9 million decrease to investment fair market values and the endowment funds drawn in 2019-20 exceeded the total of new donations, realized gains and investment income.

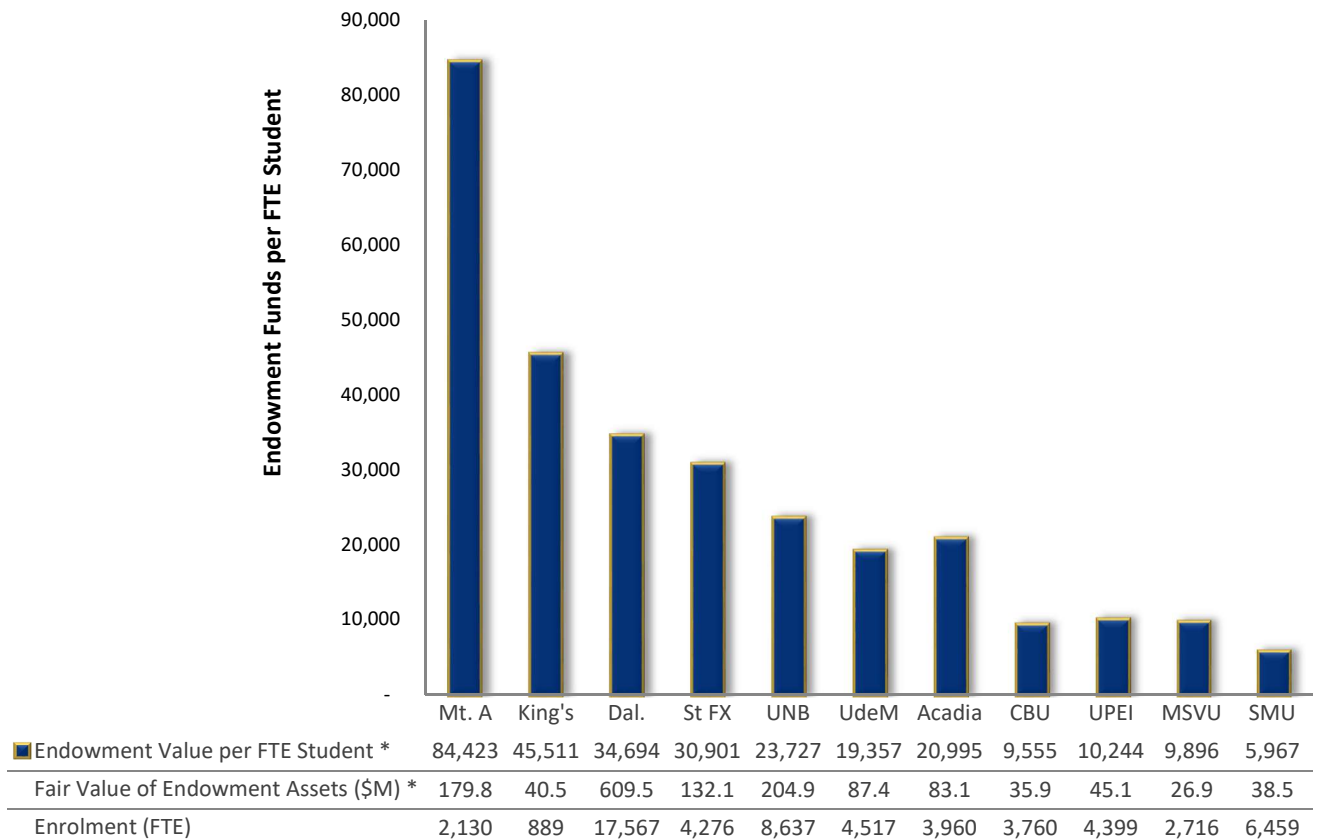
The investment portfolio’s one-year return was -7.7% in 2019-20, underperforming 1.1% against the -6.6% return for the StFX Portfolio custom benchmark. As a result, market values decreased by \$11 million in 2019-20 (\$9 million in 2018-19). The custom benchmark, used for portfolio evaluation, is calculated as 40% S&P/TSX Composite Index, 15% FTSE TMX Universe Bond Index and 45% MSCI ACWI (Hedged) Index.

Endowment Fund Investment Asset Allocation (%)

	StFX March 31, 2020	StFX Benchmark Portfolio Target	Canadian University Average*
Canadian Equity	35%	35%	21%
Foreign Equity	44%	40%	34%
Fixed Income & Cash	20%	15%	34%
Resl Estate and Private Equity	2%	10%	11%

** The StFX - CAUBO and CAUBO University Average statistics are calculated from the CAUBO University Investment Survey: Investment Pool and Pension Funds 31 December 2018*

Fair Value of Endowment Fund Per Full-Time Equivalent Student (\$)



Fair Value of Endowment Assets and FTE information were retrieved from the CAUBO Investment Survey as of December 2018;

The fair value of the University’s endowment fund per full-time equivalent student sits at \$30,901 as of December 2018. StFX has maintained its position as the fourth highest per student ratio amongst maritime universities. The strength of the endowment fund relative to peers is a competitive advantage for StFX. Growing endowment investment is a core area of focus for StFX with established growth targets for the next five years. Success in this area will provide dedicated funding to invest in strategic areas for the University, such as scholarship, financial aid and academic chairs.

Financial statements of St. Francis Xavier University

March 31, 2020

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of cash flows	5
Statement of changes in fund balances	6
Notes to the financial statements	7-16

Supplementary information

Schedule 1 – Revenue	17
Schedule 2 – Expenditure	18-19
Schedule 3 – Coady International Institute - Statement of revenue and expenditure	20
Schedule 4 – Ancillary enterprises - Statement of revenue and expenditure	21
Schedule 5 – Development program - Statement of fund receipts and receipts disposition	22
Schedule 6 – Interest expense	23

Independent Auditor's Report

To the Board of Governors
St. Francis Xavier University

Opinion

We have audited the financial statements of St. Francis Xavier University (the "University"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2020, and its financial performance 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional scepticism 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 University'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 University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the University 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
June 26, 2020

St. Francis Xavier University
Statement of financial position
As at March 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Short-term investments		—	4,067,518
Accounts receivable	3	8,919,292	9,642,863
Inventories and other assets		1,052,879	1,234,716
		9,972,171	14,945,097
Accrued pension benefit asset	6	—	1,667,600
Investments	4	131,958,374	146,642,633
Tangible capital assets	5	257,729,371	239,833,956
Total assets		399,659,916	403,089,286
Liabilities			
Bank loans	10	20,400,676	17,236,292
Accounts payable and accruals		18,287,325	15,694,078
Accrued pension benefit liability	6	69,900	—
Current portion of long-term debt	11	5,404,277	5,183,671
Deferred revenue		11,192,851	10,252,394
		55,355,029	48,366,435
Other employee future benefits	7	6,447,185	7,196,950
Deferred revenue - restricted	13	142,179,178	129,774,361
Long-term debt	11	92,383,393	97,439,301
Total liabilities		296,364,785	282,777,047
Net assets			
Fund balances		103,295,131	120,312,239
Total liabilities and net assets		399,659,916	403,089,286
Contingencies	17		
Subsequent event	18		

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Statement of operations
Year ended March 31, 2020

Schedules & Notes	Operating fund	Research fund	Capital fund	2020 Total funds	2019 Total funds
	\$	\$	\$	\$	\$
Revenue					
SCH 1					
Student academic fees	46,142,818	—	—	46,142,818	43,222,198
Bequests, donations and non-government grants	1,150,871	—	—	1,150,871	850,839
Miscellaneous	4,864,659	—	—	4,864,659	1,898,919
Special purpose and trust income	4,478,866	—	—	4,478,866	3,667,301
Government grants	37,951,224	—	—	37,951,224	37,254,440
Sponsored research funds	—	6,040,924	—	6,040,924	6,211,571
Ancillary enterprises	26,330,016	—	—	26,330,016	28,216,473
SCH 4					
Funding for Mulroney Institute project costs	—	—	—	—	625,283
Amortization of deferred revenue	—	—	12,699,491	12,699,491	9,950,706
Total revenue	120,918,454	6,040,924	12,699,491	139,658,869	131,897,730
Expenditure					
SCH 2					
Instruction and non-sponsored research	49,825,998	—	—	49,825,998	46,884,399
Continuing education/training and development	268,922	—	—	268,922	398,898
Educational information/technology	3,375,632	—	—	3,375,632	2,833,686
Library	2,920,915	—	—	2,920,915	2,694,476
Student services	10,896,798	—	—	10,896,798	9,804,052
Advancement	3,923,186	—	—	3,923,186	3,603,346
Administration and general	7,839,429	—	—	7,839,429	7,912,738
Facilities management	9,701,623	—	—	9,701,623	8,872,178
Repairs and maintenance	1,621,416	—	—	1,621,416	1,646,955
Capital renewal	2,352,000	—	—	2,352,000	—
Information and technology funding	1,013,225	—	—	1,013,225	1,237,213
SCH 4					
Deficit on ancillary	2,273,702	—	—	2,273,702	567,142
12					
Capital expenditures	(6,077,559)	—	—	(6,077,559)	(3,035,309)
Sponsored research	—	6,040,924	—	6,040,924	6,211,571
12					
Capital expenditure - research fund	—	(219,561)	—	(219,561)	(48,137)
SCH 4					
Ancillary enterprises	22,522,615	—	—	22,522,615	24,341,811
Non-capital Mulroney Institute project costs	—	—	—	—	625,283
Amortization expense	—	—	11,984,469	11,984,469	9,959,558
	112,457,902	5,821,363	11,984,469	130,263,734	124,509,860
Surplus before undernoted	8,460,552	219,561	715,022	9,395,135	7,387,870
SCH 3					
Coady International Institute deficit	(536,467)	—	—	(536,467)	(5,550,685)
Surplus before interfund transfers	7,924,085	219,561	715,022	8,858,668	1,837,185
12					
Interfund transfers	(9,884,960)	(219,561)	10,104,521	—	—
Contributions for purchases of capital assets	—	—	(10,104,521)	(10,104,521)	(6,958,109)
Deficit (surplus)	(1,960,875)	—	715,022	(1,245,853)	(5,120,924)

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Statement of cash flows
Year ended March 31, 2020

	2020	2019
	\$	\$
Operating activities		
Deficit	(1,245,853)	(5,120,924)
Amortization	11,984,469	9,959,558
Contributions for purchases of tangible capital assets	10,104,521	6,958,109
Deferred revenue amortization	(12,699,491)	(9,950,706)
Change in other employee future benefits	(749,765)	(361,088)
Change in accrued pension benefit asset	1,737,500	(721,400)
Pension remeasurement and settlement	(1,189,700)	485,900
Development program transfer	250,454	(92,021)
Net change in non-cash working capital	4,439,112	8,602,397
	12,631,247	9,759,825
Investing activities		
Tangible capital asset acquisitions, net of disposals	(29,879,884)	(43,953,020)
Investment disposals	7,908,578	6,232,735
Investment acquisitions	(11,987,720)	(10,255,439)
	(33,959,026)	(47,975,724)
Financing activities		
Bequests and donations, net	4,086,493	3,611,892
Increase in bank loans	3,164,384	17,236,292
Increase in deferred revenue - restricted	14,844,687	19,329,364
Proceeds from long-term debt	348,368	1,660,524
Repayments of long-term debt	(5,183,671)	(4,927,220)
	17,260,261	36,910,852
Net cash outflow	(4,067,518)	(1,305,047)
Cash, beginning of year	4,067,518	5,372,565
Cash, end of year	—	4,067,518
Cash is comprised of		
Cash	—	—
Short-term investments	—	4,067,518
	—	4,067,518

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Statement of changes in fund balances
Year ended March 31, 2020

	Notes & Schedule:	Operating fund \$	Capital fund \$	Endowment fund \$	2020 Total funds balance \$	2019 Total funds balance \$
Balance, beginning of year		(28,627,410)	2,538,694	146,400,955	120,312,239	117,546,327
Transactions during the year						
Bequests and donations		—	—	4,319,120	4,319,120	6,643,046
Unendowed funds		—	—	(232,626)	(232,626)	(3,031,154)
Reinvested earnings		—	—	113,247	113,247	963,870
Dividends and interest income		—	—	4,673,219	4,673,219	3,799,091
Realized gains		—	—	5,132,750	5,132,750	1,784,560
Unrealized (losses) gains		—	—	(20,774,041)	(20,774,041)	3,411,179
Withdrawals and management expense		—	—	(7,908,578)	(7,908,578)	(6,232,735)
Development program - net	SCH 5	—	250,454	—	250,454	(92,021)
Transfer reserve		—	(155,100)	—	(155,100)	155,100
Pension plan settlement	6	—	—	—	—	205,518
Pension rereasurement	6&7	(1,189,700)	—	—	(1,189,700)	280,382
Deficit		(1,960,875)	715,022	—	(1,245,853)	(5,120,924)
Balance, end of year		(31,777,985)	3,349,070	131,724,046	103,295,131	120,312,239

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University

Notes to the financial statements

Year ended March 31, 2020

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 the St. Francis Xavier Act, Chapter 29, in 2014 and legal amendments since, entitled "An Act to Enable the College of St. Francis Xavier at Antigonish to Grant Degrees.

St. F.X. is primarily an undergraduate institution of approximately 4,200 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 accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook applied within the framework of the accounting policies summarized below.

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.

The unrestricted Operating Fund accounts include those resources over which the University's Board of Governors has sole authority and which are expendable for any purposes in the fulfilment of the University's objectives.

The restricted funds, consisting of the Research Fund, Capital Fund and Endowment Fund, account for those resources made available to the University by outside organizations and individuals, by way of grants, service contracts or gifts. These resources, although expendable in the course of normal operations, are restricted as to use by the outside party. These restricted funds also include expendable amounts restricted as to use by action of the University's Board of Governors.

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 unrestricted 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 includes cash on hand, cash on deposit with financial institutions and amounts drawn on the University's lines of credit. Use of the University's bank loans are considered to be financing activities on the statement of cash flows.

2. Significant accounting policies (continued)

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.

Tangible capital assets

Purchased tangible 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. Tangible capital assets are amortized on a straight-line basis over their useful lives as follows:

	Years
Buildings	20-40
Equipment and furnishings	5-10
Library books	10
Motor vehicles	3.5
Assets under capital lease	lease term

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 University recognizes defined benefit obligations or assets as employees render services giving them the right to earn the pension benefit. The defined benefit obligation or asset at the statement of financial position date is determined using the most recent actuarial valuation report prepared for funding purposes.

The University recognizes in its statement of financial position the defined benefit obligation less the fair value of the plan assets, adjusted for any valuation allowance in the case of a net defined benefit asset. The plan cost for the year is recognized in the Operating Fund in the statement of operations.

Re-measurements and other items are recognized in the statement of changes in fund balances in the year in which they occur.

Other employee future benefits

The cost of employee future benefits, other than pension, earned by employees is determined using the most recent actuarial valuation report prepared for accounting purposes as at the date of the statement of financial position.

The University recognizes in the statement of financial position, the defined benefit obligation adjusted for re-measurement and other items.

Re-measurements and other items are recognized in the statement of changes in fund balances in the year in which they occur.

2. Significant accounting policies (continued)

Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported assets and liabilities and the reported amounts of 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 tangible capital assets, deferred revenue, the fair value of investments and the valuation of obligations for pension plans, other employee future benefits and certain accruals. Actual results could materially differ from those estimates

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently at amortized cost, with the exception of short-term investments and investments which are all measured at fair value.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

For financial assets measured at cost or amortized cost, the University determines whether there are indications of possible impairment. When there is an indication of impairment, and the University determines that a significant adverse change has occurred during the period in the expected timing of amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

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. In the event that the interest rate swap agreement is terminated or ceases to be effective in part or in whole prior to maturity of debt any associated realized or unrealized gain or loss is recognized in deficit or surplus. In the event that the designated debt is extinguished or matures prior to the termination of the related interest rate swap agreement any realized or unrealized gain or loss is recognized in deficit or surplus.

St. Francis Xavier University
Notes to the financial statements
Year ended March 31, 2020

3. Accounts receivable

	2020	2019
	\$	\$
Accounts receivable - students	4,685,623	5,199,814
Accounts receivable - general	3,210,642	2,318,511
Accounts receivable - internally restricted	1,823,027	2,924,538
Allowance for doubtful accounts - students	(550,000)	(550,000)
Allowance for doubtful accounts - general	(250,000)	(250,000)
	8,919,292	9,642,863

4. Investments

	2020	2019
	\$	\$
Pooled funds, market value - Endowment Fund, restricted	129,000,460	144,006,340
Pooled funds, market value - Endowment Fund, unrestricted	2,957,914	2,636,293
	131,958,374	146,642,633

5. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Land	4,452,208	—	4,452,208	4,452,208
Buildings	358,597,841	124,266,449	234,331,392	216,517,047
Equipment and furnishings	51,588,720	33,446,503	18,142,217	17,963,725
Equipment under capital lease	421,713	168,685	253,028	337,370
Library books	5,024,837	4,645,319	379,518	429,348
Motor vehicles	1,172,777	1,001,769	171,008	134,258
	421,258,096	163,528,725	257,729,371	239,833,956

6. Pension plans

The University maintains one defined benefit pension plan, Plan 1 and one defined contribution plan for its employees.

The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2018. The next required valuation for Plan 1 will be as of December 31, 2019.

The accrued benefit obligation as at March 31, 2020 was measured by extending the measurement period by 15 months from the most recent December 31, 2018 funding valuation.

St. Francis Xavier University
Notes to the financial statements

Year ended March 31, 2020

6. Pension plans (continued)

It is the policy of the University to ensure the defined benefit plan is funded in compliance with all legislative and regulatory requirements per the Superintendent of Pensions.

Information about Plan 1 is as follows:

	2020	2019
	\$	\$
Fair value of plan assets	23,810,700	24,849,300
Accrued benefit obligation	23,880,600	23,181,700
Accrued pension benefit (liability) asset	(69,900)	1,667,600

The University recorded a re-measurement loss of (\$1,675,700) (2019 - \$522,200) relating to Plan 1 in the Statement of changes in fund balances.

Employer and employee contributions to the defined benefit plan were \$357,545 (2019 - \$266,053) and \$221,940 (2019 - \$234,753) respectively for the year ended March 31, 2020.

7. Other employee future benefits

The University's recorded employee future benefits obligation, other than pension, 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 recorded a re-measurement gain of \$486,000 (2019 - \$116,400 loss) in the statement of changes in fund balances.

8. Development program (Schedule 5)

A program 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.

9. Annual giving fund

The total Annual Giving Fund proceeds for the year were \$3,477,066 (2019 - \$8,202,649), most of which was directed for restricted uses such as scholarships and bursaries. As at March 31, 2020, \$395,320 (2019 - \$219,666) was considered unrestricted and recorded in income in the operating fund (Schedule 1).

10. Bank loans

The University has an operating line of credit with the Bank of Nova Scotia for \$15,000,000 with interest payable at the bank's prime rate. The amount drawn on this facility as of March 31, 2020 was \$5,926,745 (2019 - \$10,825,495). This amount is partially offset by cash holdings totalling \$2,026,069 (2019 - (\$623,942)).

The University also has a capital line of credit with the Bank of Nova Scotia for \$20,000,000 to be used for interim financing for the Xaverian Commons project. The line of credit has interest payable at the bank's prime rate. The amount drawn on capital short term loan facilities as of March 31, 2020 was \$16,500,000 (2019 - \$5,786,855).

St. Francis Xavier University
Notes to the financial statements
Year ended March 31, 2020

11. Long-term debt

	2020	2019
	\$	\$
Bank of Montreal 25 year SWAP - 3.22%, average monthly repayments of \$84,400, due October 3, 2039 (O'Regan and Riley)	26,840,017	27,852,816
Bank of Montreal 25 year SWAP - 5.93%, average monthly repayments of \$60,426, due September 2, 2031 (Governors Hall Construction)	11,847,683	12,572,801
Bank of Nova Scotia 15 year SWAP - 3.49%, average monthly repayments of \$33,302, due November 24, 2032 (Academic Renovations)	6,503,811	6,903,440
Congregation of Sisters of Notre Dame - non-interest bearing, semi-annual repayments of \$69,414, due June 1, 2021 (Mount St. Bernard)	208,242	347,069
Manulife 18.5 year loan - 4.47%, average monthly repayments of \$28,578, due July 1, 2034 (ESCO Project)	11,291,023	11,285,592
Bank of Nova Scotia 15 year SWAP - 2.59%, average monthly repayments of \$48,617, due January 2, 2032 (Mount St. Bernard & nursing Department)	8,198,008	8,781,409
Bank of Montreal 15 year SWAP - 4.66%, average monthly repayments of \$90,075, due December 1, 2032 (Refinanced Residence Mortgages)	19,251,707	20,332,608
Bank of Nova Scotia 15 year SWAP - 3.54%, average monthly repayments of \$66,970, due February 9, 2033 (Unfunded projects)	13,357,923	14,161,562
Obligations under Cisco capital lease - non-interest bearing, annual repayment of \$96,419, due July 11, 2023 (Wireless project)	289,256	385,675
	97,787,670	102,622,972
Less: current portion	5,404,277	5,183,671
	92,383,393	97,439,301

11. Long-term debt (continued)

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

	\$
2021	5,404,277
2022	5,564,784
2023	5,736,440
2024	5,887,988
2025	6,156,695
	<u>28,750,184</u>

The University has entered into three interest rate swaps with the Bank of Montreal to which hedge accounting is applied. The swaps are used to hedge the University's exposure to interest rate risk related to long-term debt bearing interest at the prevailing Canadian Dollar Offer Rate plus the applicable credit spread. Under the swaps, the University receives interest at the prevailing Canadian Dollar Offer Rate and pays interest at a fixed rate ranging from 2.82% to 5.38%. The swaps provide for the net settlement of interest received and paid.

The University has entered into three interest rate swaps with the Bank of Nova Scotia to which hedge accounting is applied. The swaps are used to hedge the University's exposure to interest rate risk related to long-term debt bearing interest at the Banker's Acceptance Rate. Under the swaps, the University receives interest at the Banker's Acceptance Rate and pays interest at a fixed rate ranging from 1.84% to 2.79%. The swaps provide for the net settlement of interest received and paid.

12. 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.

	2020 \$	2019 \$
Facilities management equipment	122,953	36,155
Alterations and renovations	944,378	839,699
Administration, information technology services group, student services, security	896,525	550,033
Mount Saint Bernard, Municipal building	1,691,215	1,563,671
Library books and equipment	70,487	45,751
Capital renewal	2,352,000	—
Capital expenditures and debt repayment - Operating Fund	6,077,558	3,035,309
Ancillary debt repayments and capital expenditures (Schedule 5)	3,807,401	3,874,663
Interfund transfer - Operating Fund to Capital Fund	9,884,959	6,909,972

Reductions in the Research Fund expenses as well as transfers to deferred revenue for capital expenditures during the year totalled \$219,561 (2019 – \$48,137).

13. Deferred revenue – restricted

Deferred revenue – capital fund

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

	2020	2019
	\$	\$
Deferred revenue - capital fund balance, beginning of year	113,170,764	96,648,534
Add: Contributions received during the year	25,561,697	25,951,856
Less: Recognition of deferred revenue	(12,699,491)	(9,950,706)
Add: Net impact of dispositions and write offs	63,064	521,080
Deferred revenue - capital fund balance, end of year	126,096,034	113,170,764
Deferred revenue - research fund, end of year	3,861,990	3,651,220
Deferred revenue - endowment fund, end of year	6,798,287	6,683,051
Deferred revenue - other, end of year	5,422,867	6,269,326
	142,179,178	129,774,361

Recognized deferred revenue in the table above includes transfers in the amount \$5,199,097 (2019 - \$4,942,645) utilized by the Capital Fund to repay debt and related fees incurred for the purchase and/or construction of capital assets.

14. Financial instruments

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:

Market risk

Market risk is the risk that the fair value of future cash flows of the University's financial instruments will fluctuate because of changes in market prices. The University is subject to market risk with respect to its investments. The University manages this risk by investing in diversified pooled funds and by utilizing various third party investment managers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The University is exposed to interest rate risk on its floating interest rate financial instruments. Interest rate risk is minimized as the University uses interest rate swaps to fix interest rates on its long-term debt, with the exception of the Manulife loan and Cisco capital lease obligation.

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. A provision for doubtful student accounts has been recorded.

14. Financial instruments (continued)

Liquidity risk

The University's objective is to have sufficient liquidity to meet its liabilities when due. The University monitors its cash balances and cash flows generated from operations to meet its requirements. The University maintains short-term credit facilities with major financial institutions that are designed to ensure sufficient funds are available to meet current and forecasted requirements in a timely and cost effective manner.

15. Capital management

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

	2020	2019
	\$	\$
Fund equities	103,295,131	120,312,239
Long-term debt	97,787,670	102,622,972
	<u>201,082,801</u>	<u>222,935,211</u>

The University must comply with externally imposed covenants on its long-term debt and bank loans. The University was in compliance with its covenants as at and for the period ended March 31, 2020. Restricted net assets must be used for the purpose designated by the contributor. Pay-outs to the University from the endowment fund equities is restricted to 4% of the three year rolling average of the market value as at December 31 of the previous three years.

16. Change in non-cash working capital

	2020	2019
	\$	\$
Accounts receivable	723,571	3,597,894
Inventories and other assets	181,837	(357,734)
Accounts payable and accruals	2,593,247	6,491,957
Deferred revenue	940,457	(1,129,720)
	<u>4,439,112</u>	<u>8,602,397</u>

17. Contingencies

The University is subject to various legal proceedings claims and other matters that arise in the ordinary course of carrying out its day to day operations. Management continues to evaluate their position in regards to these items and believe that the amount of liability not already accrued, if any, from these items would not have a material effect on the University's financial position or results of its operations.

18. Subsequent event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the Province of Nova Scotia on March 22, 2020. As of the date of issuing the financial statements, the ongoing duration and impact of COVID-19 is unknown and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the University in future fiscal years. This includes the University being unable to reliably estimate the financial impact of COVID-19 on its student enrolment figures, which could greatly impact revenues from tuition and ancillary services. While the University is undertaking cost saving measures to help offset the impact this may have on the University it is unable to reasonably estimate at this time if these measures will be sufficient.

19. Comparative figures

Certain of the comparative figures have been reclassified to conform with current year presentation. In addition, revenue and expenses in the prior year comparative have been increased by \$463,579 due to items recorded that were previously not believed to be revenues or expenses of the University. The revenue and expenses are recorded to sponsored research funds and sponsored research expenses respectively in the statement of operations.

St. Francis Xavier University

Schedule 1 - Revenue

Year ended March 31, 2020

	Notes	2020	2019 \$
Student academic fees			
Full-time tuition		32,081,571	30,441,265
Tuition bursary		2,945,140	2,900,534
Information and technology fee		1,793,636	1,690,085
Part-time tuition		4,987,303	3,785,323
Summer school tuition		2,231,985	2,158,142
Continuing education/training and development		189,927	377,100
Other		1,913,256	1,869,749
		46,142,818	43,222,198
Bequests, donations and non-government grants			
Annual Giving Fund - unrestricted	9	395,320	219,666
Scholarship and bursary donations		755,551	631,173
		1,150,871	850,839
Special purpose and trust income			
General endowment		379,537	155,401
Academic endowment		195,322	53,174
Library endowment		83,697	13,020
Murphy endowment		15,000	15,000
Scholarship and bursary endowment		2,836,787	2,482,807
Alumni Aquatic Centre operating endowment		142,243	135,210
Chairs of study endowment		793,280	779,689
Athletic endowment		33,000	33,000
		4,478,866	3,667,301
Government grants			
Provincial - operating		34,780,756	34,101,668
Provincial special - operating		2,400,000	2,400,000
Federal - indirect research		770,468	752,772
		37,951,224	37,254,440
Miscellaneous		4,864,659	1,898,919
Ancillary enterprises		26,330,016	28,216,473
Funding for Mulroney Institute project costs		—	625,283
Total revenue		120,918,454	115,735,453

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University**Schedule 2 - Expenditure**

Year ended March 31, 2020

	2020	2019
	\$	\$
Instruction and non-sponsored research		
Salaries - instruction and research	32,966,726	30,915,689
- support and other	7,219,187	6,524,759
Fringe benefits	5,812,462	5,571,563
Post retirement recovery	(232,500)	(54,500)
Operational supplies	2,463,797	2,384,345
Travel	773,149	762,855
Chairs of studies	823,177	779,688
	49,825,998	46,884,399
Continuing education/training and development		
Salaries	148,908	189,135
Fringe benefits	24,747	33,220
Outside services	19,483	33,770
Operational supplies	47,667	77,317
Travel	28,117	65,456
	268,922	398,898
Educational information/technology		
Salaries	1,906,376	1,568,945
Fringe benefits	350,819	308,741
Operational supplies	772,117	523,529
Service of equipment	313,750	419,002
Travel	32,570	13,469
	3,375,632	2,833,686
Library		
Salaries	1,317,226	1,161,473
Fringe benefits	244,570	212,324
Library acquisitions	1,330,617	1,284,482
Operational supplies	25,575	34,644
Travel	2,927	1,553
	2,920,915	2,694,476
Student services		
Salaries	2,870,714	2,708,831
Fringe benefits	525,097	505,489
Operational supplies	1,183,729	1,100,679
Scholarships, bursaries and prizes	5,661,629	4,677,436
Travel	655,629	811,617
	10,896,798	9,804,052

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Schedule 2 - (continued)

Year ended March 31, 2020

	Schedule	2020 \$	2019 \$
Advancement			
Salaries		1,938,235	1,864,346
Fringe benefits		360,182	339,338
Operational supplies		1,471,240	1,227,434
Travel		153,529	172,228
		3,923,186	3,603,346
Administration and general			
Salaries		2,970,750	2,854,062
Fringe benefits		574,176	556,425
Operational supplies		527,774	507,667
Institutional dues, legal, audit and other		1,342,777	1,404,278
Interest - net	SCH 6	2,297,166	2,267,519
Travel		126,786	222,787
Contingency		—	100,000
		7,839,429	7,912,738
Facilities management			
Salaries		3,709,153	3,602,312
Fringe benefits		959,574	734,617
Operational supplies		1,647,382	1,026,364
Insurance		281,947	305,183
Utilities		3,103,567	3,203,702
		9,701,623	8,872,178
Repairs and maintenance		1,621,416	1,646,955
Capital renewal		2,352,000	—
Information technology and funding		1,013,225	1,237,213
Deficit on ancillary		2,273,702	567,142
Capital expenditures and debt repayments		(6,077,559)	(3,035,309)
Ancillary enterprises		22,522,615	24,341,811
Non-capital Mulroney Institute project costs		—	625,283
Total expenditure		112,457,902	108,386,868

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Coady International Institute
Schedule 3 - Statement of revenue and expenditure
Year ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Project and program	6,384,343	5,943,805
Tuition	122,558	507,407
Endowments and annual giving	1,022,458	894,787
Other	11,823	—
	7,541,182	7,345,999
Expenditure		
Salaries	2,694,350	4,387,719
Fringe benefits	468,130	663,391
Outside services	319,984	201,074
Operational supplies	672,286	523,181
Project disbursements	3,017,666	4,875,832
Travel	389,772	790,971
Room and board	404,331	1,280,961
Facilities and services	111,130	173,555
	8,077,649	12,896,684
Deficit recovered from University contribution	(536,467)	(5,550,685)

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Ancillary enterprises
Schedule 4 - Statement of revenue and expenditure
Year ended March 31, 2020

Schedule	2020 \$	2019 \$
Revenue		
Residence fees students	18,000,689	18,118,142
-others	3,299,274	3,639,524
Bookstore sales	2,471,724	2,376,120
Other ancillary services	3,704,098	4,082,687
Pandemic residence refund	(1,145,769)	—
	26,330,016	28,216,473
Expenditure		
Food service	8,413,636	8,625,212
Facilities management	7,749,448	7,643,458
Bookstore	2,336,464	2,294,222
Administrative	2,135,593	2,270,115
Other ancillary services	1,711,641	1,697,344
Interest on ancillary debt	2,749,054	2,874,290
Capital expenditures	(299,519)	(495,688)
	24,796,317	24,908,953
Surplus before principal debt repayment and capital expenditures	1,533,699	3,307,520
Less: Ancillary debt repayments (principal only)	(3,507,882)	(3,378,974)
Less: Capital expenditures	(299,519)	(495,688)
Deficit	(2,273,702)	(567,142)

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Development program (Note 8)
Schedule 5 - Statement of fund receipts and disposition
Year ended March 31, 2020

	2020	2019
	\$	\$
Cash receipts	11,945,944	17,749,158
Allocated to:		
Endowments	4,319,120	3,611,891
Capital Fund - Main gym floor & bleachers	1,714,157	236,063
- Bleacher/therapy room	115,989	3,069,946
- School of business	566	401,404
- Nursing renovation & SIM lab	—	415,971
- Mulronev institute	1,604,761	5,845,466
- Coady International Institute	300	275
Specific operating accounts	3,940,597	4,260,163
	11,695,490	17,841,179
Increase (decrease) in development program capital	250,454	(92,021)
Development program capital, beginning of year	833,854	925,875
Development program capital, end of year	1,084,308	833,854

The accompanying notes to the financial statements are an integral part of this financial statement.

St. Francis Xavier University
Schedule 6 - Interest expense

Year ended March 31, 2020

	2020	2019
	\$	\$
Operating interest expense		
Interest and bank charges	2,278,166	2,232,437
Operating interest recoveries	19,000	35,082
Operating interest expense - net	2,297,166	2,267,519
Ancillary interest expense	2,749,054	2,874,290
Total interest expense	5,046,220	5,141,809

The accompanying notes to the financial statements are an integral part of this financial statement.

ST. FRANCIS XAVIER UNIVERSITY
Unaudited Actuals 2019-20

	Actual FY 18/19	Budget FY 19/20	Actuals FY 19/20	Compared to Budget FY 19/20	Compared to Previous Yr FY 18/19
GOVERNMENT GRANTS					
Provincial Grant - Operations	\$ 34,101,668	\$ 34,556,000	\$ 34,780,756	\$ 224,756	\$ 679,088
Provincial Grant - Nursing	2,400,000	2,400,000	2,400,000	-	-
Federal Grant - Indirect Research	752,772	753,000	770,468	17,468	17,696
	<u>\$ 37,254,440</u>	<u>\$ 37,709,000</u>	<u>\$ 37,951,224</u>	<u>\$ 242,224</u>	<u>\$ 696,784</u>
TUITION & FEES					
Full-time Credit courses and NS Tuition Bursary	\$ 33,341,799	\$ 34,673,000	\$ 35,026,711	\$ 353,711	\$ 1,684,912
Part-time Credit courses	3,785,323	3,300,000	4,987,303	1,687,303	1,201,980
Summer School & Intersession Credit courses	2,158,142	1,912,000	2,231,985	319,985	73,843
Continuing Ed & Training & Development	377,099	489,000	189,927	(299,073)	(187,172)
Information & Technology fee	1,690,085	1,720,000	1,793,636	73,636	103,551
Recreational Fee	213,041	217,000	224,698	7,698	11,657
Facilities Renewal Fee	817,780	829,000	868,867	39,867	51,087
Other fees	830,087	710,000	819,691	109,691	(10,396)
	<u>\$ 43,213,356</u>	<u>\$ 43,850,000</u>	<u>\$ 46,142,818</u>	<u>\$ 2,292,818</u>	<u>\$ 2,929,462</u>
ENDOWMENT & OTHER					
Scholarship & Bursary Endowments	\$ 2,456,707	\$ 2,510,000	\$ 2,809,258	\$ 299,258	\$ 352,551
Special Purpose Endowments	1,075,582	1,239,000	1,762,709	523,709	687,127
Awards & Bursary Donations	315,516	300,000	435,265	135,265	119,749
Athletic Donations, Gate and Endowments	631,071	547,000	564,448	17,448	(66,623)
Endowment funds for Advancement	661,180	761,000	704,798	(56,202)	43,618
Other	1,066,179	1,248,000	3,822,598	2,574,598	2,756,419
Annual Giving	219,666	300,000	395,320	95,320	175,654
	<u>\$ 6,425,901</u>	<u>\$ 6,905,000</u>	<u>\$ 10,494,396</u>	<u>\$ 3,589,396</u>	<u>\$ 4,068,495</u>
TOTAL OPERATING REVENUE	<u>\$ 86,893,697</u>	<u>\$ 88,464,000</u>	<u>\$ 94,588,438</u>	<u>\$ 6,124,438</u>	<u>\$ 7,694,741</u>
				6.92%	8.86%

ST. FRANCIS XAVIER UNIVERSITY
Unaudited Actuals 2019-20

	Actual FY 18/19	Budget FY 19/20	Actuals FY 19/20	Compared to Budget FY 19/20	Compared to Previous Yr FY 18/19
ACADEMIC:					
INSTRUCTION & NON-SPONSORED RESEARCH					
Salaries - Instruction & Research	\$ 30,915,689	\$ 32,300,000	\$ 32,966,726	\$ 666,726	\$ 2,051,037
Salaries - Support & Other	5,517,174	6,051,000	6,140,382	89,382	623,208
Fringe benefits	5,401,045	5,631,000	5,639,207	8,207	238,162
Operational Supplies & expense	1,781,674	1,608,000	1,842,912	234,912	61,238
Travel	481,261	460,000	583,931	123,931	102,670
Chairs of Study	779,689	542,000	823,177	281,177	43,488
Recruitment	2,062,367	2,140,000	2,062,846	(77,154)	479
	\$ 46,938,899	\$ 48,732,000	\$ 50,059,181	\$ 1,327,181	\$ 3,120,282
CONTINUING ED, TRAINING & DEVELOPMENT					
Salaries	\$ 189,135	\$ 203,000	\$ 148,908	\$ (54,092)	\$ (40,227)
Fringe Benefits	33,220	37,000	24,747	(12,253)	(8,473)
Outside services	33,770	61,000	19,483	(41,517)	(14,287)
Operational supplies & expenses	77,316	135,000	47,667	(87,333)	(29,649)
Travel	65,457	72,000	28,118	(43,882)	(37,339)
	\$ 398,898	\$ 508,000	\$ 268,923	\$ (239,077)	\$ (129,975)
LIBRARY					
Salaries	\$ 1,161,473	\$ 1,199,000	\$ 1,317,226	\$ 118,226	\$ 155,753
Fringe benefits	212,324	213,000	244,570	31,570	32,246
Library Acquisitions	1,284,482	1,339,000	1,330,618	(8,382)	46,136
Operational Supplies & expense	34,644	65,000	25,575	(39,425)	(9,069)
Travel	1,553	10,000	2,926	(7,074)	1,373
	\$ 2,694,476	\$ 2,826,000	\$ 2,920,915	\$ 94,915	\$ 226,439
Employee Future Benefits	\$ (54,500)	\$ -	\$ (232,500)	\$ (232,500)	\$ (178,000)
TOTAL ACADEMIC	\$ 49,977,773	\$ 52,066,000	\$ 53,016,519	\$ 950,519	\$ 3,038,746
				1.83%	6.08%

ST. FRANCIS XAVIER UNIVERSITY
Unaudited Actuals 2019-20

	Actual FY 18/19	Budget FY 19/20	Actuals FY 19/20	Compared to Budget FY 19/20	Compared to Previous Yr FY 18/19
STUDENT SERVICES:					
Administration (VP Office)	\$ 46,139	\$ 25,000	\$ 150,507	\$ 125,507	\$ 104,368
Student Support Services	1,711,223	1,839,000	1,702,203	(136,797)	(9,020)
Athletics	2,557,650	2,572,000	2,702,083	130,083	144,433
Athletics Playoffs	377,193	210,000	247,511	37,511	(129,682)
Athletic Financial Awards	657,137	700,000	641,606	(58,394)	(15,531)
Welcome Week	227,930	175,000	222,938	47,938	(4,992)
Financial Aid Office	63,480	71,000	66,927	(4,073)	3,447
Transfer to Fit and Rec (Student Access)	143,000	143,000	143,000	-	-
Scholarships	4,020,299	4,042,000	5,020,023	978,023	999,724
TOTAL STUDENT SERVICES	\$ 9,804,051	\$ 9,777,000	\$ 10,896,798	\$ 1,119,798	\$ 1,092,747
				11.45%	11.15%
ADVANCEMENT:					
Vice President Advancement Office	\$ 367,097	\$ 374,000	\$ 688,462	\$ 314,462	\$ 321,365
Alumni	478,070	606,000	507,169	(98,831)	29,099
Communications	1,138,478	951,000	993,712	42,712	(144,766)
Development	831,150	884,000	854,458	(29,542)	23,308
Comprehensive Fundraising Campaign	661,180	761,000	704,798	(56,202)	43,618
Convocation	127,371	169,000	174,440	5,440	47,069
TOTAL ADVANCEMENT	\$ 3,603,346	\$ 3,745,000	\$ 3,923,039	\$ 178,039	\$ 319,693
				4.75%	8.87%

ST. FRANCIS XAVIER UNIVERSITY
Unaudited Actuals 2019-20

	Actual FY 18/19	Budget FY 19/20	Actuals FY 19/20	Compared to Budget FY 19/20	Compared to Previous Yr FY 18/19
FACILITIES MANAGEMENT:					
Administration	\$ 655,702	\$ 743,000	\$ 711,912	\$ (31,088)	\$ 56,210
Mechanical and Electrical	1,351,720	1,396,000	1,466,742	70,742	115,022
Grounds & Transport	1,010,872	1,039,000	1,076,132	37,132	65,260
Buildings	721,098	900,000	828,600	(71,400)	107,502
Central Heating Plant	669,791	743,000	695,919	(47,081)	26,128
Safety & Security	1,180,490	1,102,000	1,023,623	(78,377)	(156,867)
Cleaning	3,576,745	3,986,000	3,778,909	(207,091)	202,164
Transfer to KMC	165,000	165,000	165,000	-	-
Pension Adjustment	(154,453)	96,000	62,198	(33,802)	216,651
Keating/Oland Facility Costs	1,007,894	1,126,000	1,222,667	96,667	214,773
Utilities	4,492,597	4,200,000	4,235,268	35,268	(257,329)
Energy Project	780,602	852,000	850,091	(1,909)	69,489
Repairs & Maintenance (Projects)	1,646,956	600,000	1,621,416	1,021,416	(25,540)
Furnishings & Equipment	14,822	45,000	47,241	2,241	32,419
FM Allocation of Charges to Ancillary	(6,505,883)	(6,897,000)	(6,744,627)	152,373	(238,744)
FM Allocation to Coady	(326,000)	(326,000)	(326,000)	-	-
FM Allocation to Capital	(400,000)	-	-	-	400,000
TOTAL FACILITIES MANAGEMENT	\$ 9,887,953	\$ 9,770,000	\$ 10,715,091	\$ 945,091	\$ 827,138
				9.67%	8.37%
INFORMATION TECHNOLOGY:					
Desktop Support	\$ 290,515	\$ 292,000	\$ 307,215	\$ 15,215	\$ 16,700
Infrastructure	1,042,894	1,254,000	1,249,083	(4,917)	206,189
MIS	484,674	462,000	532,086	70,086	47,412
Audio Visual	336,947	304,000	218,797	(85,203)	(118,150)
IT Services	457,413	688,000	726,442	38,442	269,029
IT Administration	221,243	336,000	342,007	6,007	120,764
Transfer to Keating Millennium Centre	272,987	150,000	150,000	-	(122,987)
Transfer to Capital - Computer purchases	134,644	194,000	554,570	360,570	419,926
Tech Projects	829,582	497,000	308,654	(188,346)	(520,928)
TOTAL INFORMATION TECHNOLOGY	\$ 4,070,899	\$ 4,177,000	\$ 4,388,854	\$ 211,854	\$ 317,955
				5.07%	7.81%

ST. FRANCIS XAVIER UNIVERSITY
Unaudited Actuals 2019-20

	Actual FY 18/19	Budget FY 19/20	Actuals FY 19/20	Compared to Budget FY 19/20	Compared to Previous Yr FY 18/19
ADMINISTRATION & GENERAL:					
Academic Vice President Office	\$ 447,395	\$ 440,000	\$ 377,927	\$ (62,073)	\$ (69,468)
President's Office	924,933	853,000	836,248	(16,752)	(88,685)
VP Finance Office	316,723	318,000	302,549	(15,451)	(14,174)
Finance Functions	1,564,931	1,560,000	1,594,471	34,471	29,540
Human Resources & Payroll	720,829	711,000	734,603	23,603	13,774
Risk Management	85,663	237,000	223,319	(13,681)	137,656
Post Office	79,962	95,000	82,332	(12,668)	2,370
Institutional Dues/Legal/Audit/Other	1,403,742	1,207,000	1,390,278	183,278	(13,464)
TOTAL ADMINISTRATION AND GENERAL	\$ 5,544,178	\$ 5,421,000	\$ 5,541,727	\$ 120,727	\$ (2,451)
				2.23%	-0.04%
RESTRICTED & NON-DISCRETIONARY					
Bank Fees, Interest (Bank Line)	347,468	415,000	404,195	\$ (10,805)	\$ 56,727
Debt Payments	1,921,091	1,923,000	1,892,971	(30,029)	(28,120)
Capital Renewal	-	-	2,352,000	2,352,000	2,352,000
Insurance	305,183	290,000	281,947	(8,053)	(23,236)
Coady Institute	326,000	326,000	326,000	-	-
Extension Dept.	-	-	-	-	-
Contingency	100,000	550,000	-	(550,000)	(100,000)
TOTAL RESTRICTED/NON-DISCRETIONARY	\$ 2,999,742	\$ 3,504,000	\$ 5,257,113	\$ 1,753,113	\$ 2,257,371
				50.03%	75.25%
TOTAL EXPENDITURES	\$ 85,887,942	\$ 88,460,000	\$ 93,739,141	\$ 5,279,141	\$ 7,851,199
				5.97%	9.14%
NET OPERATING SURPLUS (DEFICIT)	\$ 1,005,755	\$ 4,000	\$ 849,297	\$ 845,297	\$ (156,458)
ANCILLARY SURPLUS (DEFICIT)	\$ (567,142)	\$ (1,000)	\$ (2,273,702)	\$ (2,272,702)	\$ (1,706,560)
CONSOLIDATED SURPLUS (DEFICIT)	\$ 438,613	\$ 3,000	\$ (1,424,405)	\$ (1,427,405)	\$ (1,863,018)