
ST. FRANCIS XAVIER UNIVERSITY

FINANCIAL STATEMENTS

MARCH 31, 2004

ST. FRANCIS XAVIER UNIVERSITY
FINANCIAL STATEMENTS

MARCH 31, 2004

INDEX

	Page
Auditors' Report	
Statement of Financial Position	1 - 2
Statement of Operations	3 - 4
Statement of Cash Flow	5
Statement of Changes in Fund Balances	6
Notes to the Financial Statements	7 - 15
Supplementary Information:	
Schedule 1 - Revenue	16
Schedule 2 - Expenditure	17 - 18
Schedule 3 – Coady International Institute - Statement of Revenue and Expenditure	19
Schedule 4 - Extension Department - Statement of Revenue and Expenditure	20
Schedule 5 - Ancillary Enterprises - Statement of Revenue and Expenditure	21
Schedule 6 – Business Development Revenue and Expenditure	22
Schedule 7 - Development Program - Statement of Fund Receipts and Disposition	23
Schedule 8 - Interest Expense	24

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AUDITORS' REPORT

To the Board of Governors
St. Francis Xavier University

We have audited the statement of financial position of **St. Francis Xavier University** as at March 31, 2004 and the statements of operations, cash flows, and changes in fund balances for the year then ended. These financial statements are the responsibility of the University's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles, as disclosed in Note 2 to the financial statements.

May 14, 2004

Chartered Accountants

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2004

1.

	Operating Fund	Research Fund	Capital Fund	Endowment Fund	2004 Total Funds	2003 Total Funds
ASSETS						
Accounts receivable - students	\$ 3,392,575	\$ -	\$ -	\$ -	\$ 3,392,575	\$ 3,297,301
Accounts receivable - general	2,335,575	-	-	-	2,335,375	2,308,364
Deferred expenditures	187,169	-	-	-	187,169	227,178
Inventories (Note 2)	597,037	-	-	-	597,037	601,007
Due from Capital Fund	<u>26,268,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,268,271</u>	<u>16,687,732</u>
Total non-restricted assets	32,780,427	-	-	-	32,780,427	23,121,582
Accounts receivable - restricted for operations	<u>1,455,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,455,299</u>	<u>1,056,726</u>
Total assets - Operating Fund	<u>34,235,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,235,726</u>	<u>24,178,308</u>
Cash, bonds and stocks – restricted (Note 3)	-	-	-	35,857,100	35,857,100	33,391,168
Cash, bonds and stocks – unrestricted (Note 3)	-	-	-	2,843,582	2,843,582	2,771,798
Due from Operating Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,054,284</u>	<u>2,054,284</u>	<u>2,104,896</u>
Total assets - Endowment Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,754,966</u>	<u>40,754,966</u>	<u>38,267,862</u>
Cash, bonds and stocks – restricted (Note 3)	-	-	2,760,086	-	2,760,086	2,760,088
Deferred expenditures (Note 9)	-	-	1,899,293	-	1,899,293	2,199,397
Land, buildings and contents - net (Note 4)	<u>-</u>	<u>-</u>	<u>80,289,308</u>	<u>-</u>	<u>80,289,308</u>	<u>68,090,098</u>
Total assets - Capital Fund	<u>-</u>	<u>-</u>	<u>84,948,687</u>	<u>-</u>	<u>84,948,687</u>	<u>73,049,583</u>
Due from Operating Fund	<u>-</u>	<u>3,213,760</u>	<u>-</u>	<u>-</u>	<u>3,213,760</u>	<u>2,195,649</u>
Total assets	<u>\$34,235,726</u>	<u>\$ 3,213,760</u>	<u>\$84,948,687</u>	<u>\$40,754,966</u>	<u>\$163,153,139</u>	<u>\$137,691,402</u>

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2004

2.

	Operating Fund	Research Fund	Capital Fund	Endowment Fund	2004 Total Funds	2003 Total Funds
LIABILITIES						
Bank indebtedness	\$ 556,102	\$ -	\$ -	\$ -	\$ 556,102	\$ 124,554
Bank loan	20,783,916	-	-	-	20,783,916	14,000,000
Accounts payable and accruals	4,407,815	-	-	-	4,407,815	3,602,293
Deferred revenue	<u>1,104,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104,665</u>	<u>837,829</u>
Total non-restricted liabilities	26,852,498	-	-	-	26,852,498	18,564,676
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision – post retirement benefit (Note 2)	759,114	-	-	-	759,114	458,414
Grants - sponsored research - restricted	-	3,213,760	-	-	3,213,760	2,195,649
Unexpended Endowment revenue - restricted	-	-	-	1,841,864	1,841,864	1,707,784
Unexpended revenue - other	1,720,408	-	-	-	1,720,408	1,392,268
Due to Research Fund	3,213,760	-	-	-	3,213,760	2,195,649
Due to Endowment Fund	2,054,284	-	-	-	2,054,284	2,104,896
Due to Operating Fund	-	-	26,268,271	-	26,268,271	16,687,732
Deferred revenue - Capital Fund (Note 14)	-	-	39,237,770	-	39,237,770	36,375,952
Long-term debt (Note 10)	<u>-</u>	<u>-</u>	<u>24,425,708</u>	<u>-</u>	<u>24,425,708</u>	<u>25,041,915</u>
Total liabilities	<u>34,650,064</u>	<u>3,213,760</u>	<u>89,931,749</u>	<u>1,841,864</u>	<u>129,637,436</u>	<u>106,774,935</u>
FUND EQUITIES (DEFICIENCIES)						
Externally restricted	-	-	685,816	38,913,102	39,598,918	37,357,517
Unrestricted	(414,338)	-	-	-	(414,338)	(587,595)
Investment in capital assets	<u>-</u>	<u>-</u>	<u>(5,668,878)</u>	<u>-</u>	<u>(5,668,878)</u>	<u>(5,853,455)</u>
Total fund equities (deficiencies)	<u>(414,338)</u>	<u>-</u>	<u>(4,983,062)</u>	<u>38,913,102</u>	<u>33,515,702</u>	<u>30,916,467</u>
Total liabilities and fund equities	<u>\$34,235,726</u>	<u>\$ 3,213,760</u>	<u>\$84,948,687</u>	<u>\$40,754,966</u>	<u>\$163,153,139</u>	<u>\$137,691,402</u>

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2004

3.

	Operating Fund	Research Fund	Capital Fund	Endowment Fund	2004 Total Funds	2003 Total Funds
REVENUE (Schedule 1)						
Student academic fees	\$27,928,857	\$ -	\$ -	\$ -	\$27,928,857	\$ 24,078,026
Bequests, donations and non-government grants	556,861	-	-	-	556,861	646,098
Miscellaneous	423,127	-	-	-	423,127	372,311
Special purpose and trust income	1,496,592	-	-	-	1,496,592	1,378,479
Provincial government grants						
Operating	17,128,455	-	-	-	17,128,455	16,690,243
Restricted - non-space capita/ alterations and renovations	732,949	-	-	-	732,949	732,949
Special - operating	<u>3,458,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,458,027</u>	<u>2,458,004</u>
Total ordinary revenue	51,724,868	-	-	-	51,724,868	46,356,110
Sponsored research funds		4,001,161	-	-	4,001,161	4,805,768
Coady international institute (Schedule 3)	3,944,528	-	-	-	3,944,528	3,661,779
Extension department (Schedule 4)	378,280	-	-	-	378,280	502,325
Ancillary enterprises (Schedule 5)	17,759,104	-	-	-	17,759,104	16,068,511
Capital fund revenue						
Amortization of deferred revenue						
- Buildings	-	-	1,744,598	-	1,744,598	1,317,908
- Equipment	-	-	1,931,156	-	1,931,156	1,306,528
- Library books	-	-	252,989	-	252,989	231,213
- Motor vehicles	<u>-</u>	<u>-</u>	<u>52,411</u>	<u>-</u>	<u>52,411</u>	<u>49,183</u>
Total revenue	<u>73,806,780</u>	<u>4,001,161</u>	<u>3,981,154</u>	<u>-</u>	<u>81,789,095</u>	<u>74,706,276</u>

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2004

4.

	Operating Fund	Research Fund	Capital Fund	Endowment Fund	2004 Total Funds	2003 Total Funds
EXPENDITURE (Schedule 2)						
Instruction and non-sponsored research	\$27,676,732	\$ -	\$ -	\$ -	\$27,676,732	\$ 25,044,146
Continuing education/training and development	786,550	-	-	-	786,550	832,691
Educational information/technology	1,438,588	-	-	-	1,438,588	1,489,771
Library	2,521,618	-	-	-	2,521,618	2,447,721
Student services	4,003,423	-	-	-	4,003,423	3,537,298
Administration and general	6,250,101	-	-	-	6,250,101	5,203,637
Physical plant	5,463,593	-	-	-	5,463,593	5,177,530
Non-space capital and alterations and renovations	732,949	-	-	-	732,949	732,949
Capital renewal	675,000	-	-	-	675,000	580,000
Information and technology funding	1,336,646	-	-	-	1,336,646	1,050,685
On-line learning centre	467,164	-	-	-	467,164	-
Pension adjustment	199,247	-	-	-	199,247	-
Deficit on ancillary enterprises (Schedule 5)	-	-	-	-	-	148,862
Capital expenditure - operating fund (Note 11)	<u>(4,212,996)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,212,996)</u>	<u>(3,262,460)</u>
Total ordinary expenditure	47,338,615	-	-	-	47,338,615	42,982,830
Sponsored research expense	-	3,830,426	-	-	3,830,426	4,573,308
Coady international institute (Schedule 3)	3,944,528	-	-	-	3,944,528	3,661,779
Extension department (Schedule 4)	378,280	-	-	-	378,280	502,325
Ancillary enterprises (Schedule 5)	17,759,104	-	-	-	17,759,104	16,068,511
Amortization expense - Buildings	-	-	2,112,714	-	2,112,714	2,090,195
- Equipment	-	-	1,594,836	-	1,594,836	1,719,502
- Library books	-	-	252,989	-	252,989	231,213
- Motor vehicles	-	-	52,411	-	52,411	49,183
- Campaign charges	-	-	404,267	-	404,267	362,802
Total expenditures	<u>69,420,527</u>	<u>3,830,426</u>	<u>4,417,217</u>	<u>-</u>	<u>77,668,170</u>	<u>72,241,648</u>
Surplus (deficit) before interfund transfers	4,386,253	170,735	(436,063)	-	4,120,925	2,464,628
Inter-fund transfers (Note 12)	<u>(4,212,996)</u>	<u>(170,735)</u>	<u>620,640</u>	<u>-</u>	<u>(3,763,091)</u>	<u>(2,904,156)</u>
Surplus (deficit)	<u>\$ 173,257</u>	<u>\$ -</u>	<u>\$ 184,577</u>	<u>\$ -</u>	<u>\$ 357,834</u>	<u>\$ (439,528)</u>

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2004

5.

	2004	2003
Cash provided from (used in) operating activities		
Surplus	\$ 173,257	\$ 110,820
Campaign fund transfer	(111,623)	574,365
Capital assets amortized/charged to operations	3,473,371	2,604,676
Debt repayments from operating fund	620,640	590,764
Net decrease in non-cash working capital	<u>2,376,510</u>	<u>501,863</u>
	<u>6,532,155</u>	<u>4,382,488</u>
Cash provided (used in) from investing activities		
Capital asset acquisitions	(16,212,160)	(5,089,033)
Purchase of investments, net	<u>(2,537,714)</u>	<u>(3,613,889)</u>
	<u>(18,749,874)</u>	<u>(8,702,922)</u>
Cash provided from (used in) financing activities		
Deferred charges - campaign	(104,163)	(307,878)
Long-term debt - repayments	(616,207)	(506,704)
Reinvested endowment income	1,070,410	724,361
Contributions - endowment fund	1,282,615	2,532,968
Contributions - capital fund	2,950,355	1,371,345
Contributions - government	419,245	1,258,274
Sale of land	-	4,500
Net decrease (increase) in non-cash working capital	<u>-</u>	<u>250,000</u>
	<u>5,002,255</u>	<u>5,246,866</u>
Net cash (outflow) inflow	(7,215,464)	926,432
Bank indebtedness, beginning of year	(14,124,554)	(15,050,986)
Bank indebtedness, end of year	<u>\$(21,340,018)</u>	<u>\$(14,124,554)</u>
Represented by:		
Bank indebtedness	\$ (556,102)	\$ (124,554)
Bank loan	<u>(20,783,916)</u>	<u>(14,000,000)</u>
	<u>\$(21,340,018)</u>	<u>\$(14,124,554)</u>

ST. FRANCIS XAVIER UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2004

6.

	Operating Fund	Endowment Fund	Capital Fund	Total Funds Balance 2004	Total Funds Balance 2003
Balance, beginning of year	\$ (587,595)	\$36,560,078	\$ (5,056,016)	\$30,916,467	\$ 27,524,300
Transactions during the year					
Bequests and donations	-	1,282,615	-	1,282,615	2,532,968
Capital gains	-	946,837	-	946,837	673,487
Reinvested income	-	123,572	-	123,572	50,875
Development program – net (Schedule 7)	-	-	(111,623)	(111,623)	574,365
Surplus (deficit)	<u>173,257</u>	<u>-</u>	<u>184,577</u>	<u>357,834</u>	<u>(439,528)</u>
Balance, end of year	<u>\$ (414,338)</u>	<u>\$38,913,102</u>	<u>\$ (4,983,062)</u>	<u>\$33,515,702</u>	<u>\$ 30,916,467</u>

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS

7.

MARCH 31, 2004

1. DESCRIPTION

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

St. F. X. is a primarily undergraduate institution of approximately 4,000 students located in Antigonish, a north eastern Nova Scotia community. The University offers major, advanced major and honours programs through departments in its Faculties of Arts and Science. Two-thirds of the student body is from Nova Scotia, and the remainder is welcomed from other Canadian provinces and from countries around the world.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Statements

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

b) Fund Accounting

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

The financial statements of St. Francis Xavier University are prepared using the deferral method with the multi-column format. The deferral method, which introduces the concept of deferring restricted revenues to future accounting periods, is a process of matching the restricted revenues with the related expenses regardless of when the revenues are received. Restricted revenues are recognized as revenue in the same accounting period as related expenses. Those restricted revenues for which the related expenses have not been incurred are reported as deferred revenue on the University's balance sheet.

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

8.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Capital Assets

Purchased capital assets including collections are recorded at cost. Contributions of capital assets and collection items are capitalized at fair market value at the date of the contribution. Capital assets are amortized on a straight-line basis over the following number of years:

Buildings	40.0
Computers	5.0
Equipment and furnishings	10.0
Library books	10.0
Motor vehicles	3.5

d) Accrual Basis Accounting

The financial statements of St. Francis Xavier University are prepared on the accrual basis, with the following exceptions:

- Pledged contributions and income from Endowment Funds are recorded when received; and
- Certain employee remuneration entitlements are accounted for in the period of payment.

e) Inventories

Inventories of supplies are stated at cost, being the lower of cost and net realizable value.

f) Employee Future Benefits

The cost of postretirement 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.

g) 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. Actual results could differ from those estimates.

h) Investments

Investments are recorded at the lower of cost and fair market value.

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

9.

3. ENDOWMENT AND CAPITAL FUND – MARKET VALUES

	<u>2004</u>	<u>2003</u>
Cash, bonds and stocks – Endowment Fund, restricted, at cost	\$35,857,100	\$ 33,391,168
Cash, bonds and stocks – Capital Fund, restricted, at cost	2,760,086	2,760,086
Cash, bonds and stocks – Endowment Fund, unrestricted, at cost	<u>2,843,582</u>	<u>2,771,798</u>
	<u>\$41,460,768</u>	<u>\$ 38,923,054</u>
Market value as at March 31	<u>\$52,075,656</u>	<u>\$ 40,854,124</u>

4. LAND, BUILDINGS AND CONTENTS

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 1,649,982	\$ -	\$ 1,568,950	\$ -
Buildings	108,144,654	33,588,822	93,523,245	31,476,107
Equipment and furnishings	14,710,473	11,216,419	13,441,109	9,621,584
Library books	2,529,888	1,961,161	2,312,129	1,708,173
Motor vehicles	<u>269,781</u>	<u>249,068</u>	<u>247,185</u>	<u>196,656</u>
	127,304,778	<u>\$47,015,470</u>	111,092,618	<u>\$ 43,002,520</u>
Less: Accumulated amortization	<u>(47,015,470)</u>		<u>(43,002,520)</u>	
Net book value	<u>\$ 80,289,308</u>		<u>\$ 68,090,098</u>	

5. PENSIONS

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

An actuarial valuation as of December 31, 2002 has been prepared using the accrued benefit actuarial cost method, in respect of the defined benefit pension plans. The value of the plan assets, at that time, exceeded the value of accrued pension benefits by \$910,855 for plan 1 and the value of accrued liabilities exceeded the plan assets for plan 2 by \$325,700.

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

10.

5. PENSIONS (continued)

	<u>Plan 1</u>	<u>Plan 2</u>
Accrued benefit obligations	\$9,244,200	\$1,774,100
Fair value of plan assets	<u>9,663,600</u>	<u>1,541,200</u>
Funded status – plan surplus (deficit)	\$ <u>419,400</u>	\$ <u>(232,900)</u>

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation as at December 31, 2002 are as follows:

	<u>Plan 1</u>	<u>Plan 2</u>
Expected long-term rate of return on plan assets	6.0%	6.5%
Rate of compensation increase	0%	0%

Employer and employee contributions during the year were as follows:

	<u>Plan 1</u>	<u>Plan 2</u>
Employee contributions	\$ 185,452	\$ -
Employer contributions	<u>312,427</u>	<u>303,071</u>
	\$ <u>497,879</u>	\$ <u>303,071</u>

6. EMPLOYEE FUTURE BENEFITS

At March 31, 2004, the University's obligation relating to these benefits was \$1,526,700 (2003 - \$1,658,300). This obligation is being amortized at a rate of \$236,900 per year over the average remaining service period of active employees, being seven years from 2003.

Financial position of the program is as follows:

Continuity Schedule

Current service costs	\$ 82,100
Interest on liability	138,600
Transitional amortization	215,400
Benefits paid out to retirees	<u>(135,400)</u>
Post retirement benefits expense	\$ <u>300,700</u>

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

11.

6. EMPLOYEE FUTURE BENEFITS (continued)

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

Discount rate	5.50%
Dental benefits cost escalation	4.50%
Medical benefits cost escalation - extended health care	6.5%, decreasing by 1% per year

Included in expenses is \$135,400 (2003 - \$214,435) in benefits paid.

7. DEVELOPMENT PROGRAM

This 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 \$1,716,453 (2003 - \$1,043,516), most of which was directed for restricted uses.

9. DEFERRED CAMPAIGN CHARGES

Deferred campaign charges have been recorded net of unrestricted contributions. The Expanding Futures Campaign, launched in 1999 is expected to raise \$35 million for capital projects, scholarships, chairs and other. These costs are expected to provide future benefits to the Campaign and are being amortized over the anticipated life of the Campaign.

10. LONG-TERM DEBT

	<u>2004</u>	<u>2003</u>
Central Mortgage and Housing Corporation		
Morrison and Bishops Halls - 5 3/8%, due January 1, 2013	\$ 591,848	\$ 641,820
Coady International House - 5 3/8%, due February 1, 2017	79,121	83,238
Maclsaac Hall - 6 1/4%, due May 1, 2019	799,351	829,248

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

12.

10. LONG-TERM DEBT (continued)

	<u>2004</u>	<u>2003</u>
Coady-MacNeil Hall - 6 7/8%, due November 1, 2019	308,722	319,626
Lane Hall - 5 7/8%, due September 1, 2017	889,882	932,123
Mount Saint Bernard – 5 3/8%, due June 1, 2013	233,975	253,060
Municipal building – 5 3/4%, due July 1, 2018	210,395	219,490
Congregation of Sisters of Notre Dame – non-interest bearing, due June 1, 2021	2,429,481	2,568,308
Corpfinance International Limited – 7.82% due April 1, 2025	<u>18,882,933</u>	<u>19,195,002</u>
	<u>\$24,425,708</u>	<u>\$25,041,915</u>

The Corpfinance loan is secured by a first ranking charge (subject to Permitted Encumbrances) on, and security interest in, all present and future real property of the University, forming part of the Main Campus Assets under a debenture and security agreement securing the payment of bonds to be issued by the University further to a trust indenture. Such trust indenture in the principal amount of \$50,000,000 provides *inter alia* the charging and granting of a security interest in all present and future real and personal property of the University, all proceeds of insurance, Key Contracts, permits, licenses and approvals relating to the Projects, all cash accounts of the University relating to the Projects and all income received or receivable by the University, forming part of the Main Campus Assets.

The term and amortization of the loan is 25 years. Blended (principal and interest) payments are made on the first day of each calendar month.

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

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$679,526	\$719,463	\$762,415	\$808,608	\$858,295

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

13.

11. CAPITAL EXPENDITURE - OPERATING FUND

The following represents reductions in expenses for capitalization of library books, research equipment, motor vehicle, and interest and buildings, as well as transfers to Deferred Revenue and Provisions in the Capital Fund.

	<u>2004</u>	<u>2003</u>
Library books and equipment	\$ 217,758	\$ 117,113
Alterations and renovations	50,282	-
Non-space capital equipment	124,904	216,638
Physical plant, motor vehicles	22,597	-
Information and technology equipment	1,164,146	929,681
Capital renewal	731,895	580,000
Ancillary enterprises – Note 12	1,837,051	1,357,676
Other – Mount Saint Bernard, municipal building	<u>64,363</u>	<u>61,352</u>
Total	<u>\$4,212,996</u>	<u>\$3,262,460</u>

12. INTERFUND TRANSFERS

Deferred revenue and provisions attributed to the Capital Fund provided by the Operating and Research Funds:

	<u>2004</u>	<u>2003</u>
Ancillary enterprises	\$1,837,051	\$ 1,357,676
Information and technology	1,164,146	929,681
Capital renewal	731,895	580,000
Physical plant motor vehicles, equipment	22,597	-
Library books and equipment	217,758	117,113
Non-space capital equipment	124,904	216,638
Alterations and renovations	50,282	-
Research - research equipment - computer and office	170,735	232,460
Other – Mount saint bernard, municipal building	<u>64,363</u>	<u>61,352</u>
	<u>\$4,383,731</u>	<u>\$ 3,494,920</u>

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

14.

12. INTER-FUND TRANSFERS (continued)

Revenue attributed to the Capital Fund provided by the Operating Fund:

	<u>2004</u>	<u>2003</u>
CMHC loan repayment	\$ 165,310	\$ 131,929
Corpfinance international limited loan repayment	312,069	315,948
Lane hall loan repayment	4,434	4,060
Congregation of sisters of notre dame	<u>138,827</u>	<u>138,827</u>
	<u>\$ 620,640</u>	<u>\$ 590,764</u>

13. ANCILLARY - INTERFUND TRANSFERS TO CAPITAL FUND

	<u>2004</u>	<u>2003</u>
CMHC loan repayment	\$ 149,536	\$ 119,166
Corpfinance international limited loan repayment	312,069	315,948
Lane hall loan repayment	4,434	4,060
Congregation of sisters of notre dame	90,238	90,238
Phone switch amortization	83,721	79,689
Residence improvement	763,147	706,070
Furniture and equipment	398,652	42,505
Food service	<u>35,254</u>	<u>-</u>
	<u>\$1,837,051</u>	<u>\$1,357,676</u>

14. 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>2004</u>	<u>2003</u>
Balance, beginning of year	\$36,375,952	\$34,426,357
Add: Contributions received during the year	7,463,237	5,441,130
Less: Recognition of deferred revenue	<u>(4,601,419)</u>	<u>(3,491,535)</u>
Balance, end of year	<u>\$39,237,770</u>	<u>\$36,375,952</u>

ST. FRANCIS XAVIER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

15.

15. FINANCIAL INSTRUMENTS

Financial Risk

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

a) Interest Rate Risk

Interest rate risk is minimized as mortgages are financed at fixed rates.

b) 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 investments is described in Note 3.

The fair value of long-term debt has been estimated by discounting future cash flows using current market rates for similar debt. The fair value of the long-term debt exceeded its carrying value by \$2.3 million at March 31, 2004.

16. COMPARATIVE FIGURES

Certain 2003 comparative figures have been reclassified to conform to 2004 presentation.

ST. FRANCIS XAVIER UNIVERSITY
SCHEDULE OF REVENUE
 YEAR ENDED MARCH 31, 2004

	2004	2003
Student academic fees		
Full-time - tuition	\$22,791,605	\$19,422,984
Information & technology fee	1,336,646	1,050,685
Part-time - tuition	1,317,011	1,389,809
Summer school - tuition	778,309	596,943
Continuing education/training and development	956,276	1,015,795
Other	<u>749,010</u>	<u>601,810</u>
	<u>27,928,857</u>	<u>24,078,026</u>
Bequests, donations and non-government grants		
Annual giving fund - unrestricted (Note 8)	300,000	434,165
Scholarship and bursary donations	<u>256,861</u>	<u>211,933</u>
	<u>556,861</u>	<u>646,098</u>
Miscellaneous	<u>423,127</u>	<u>372,311</u>
Special purpose and trust income		
General endowment	71,418	52,636
Academic endowment	29,538	32,543
Library endowment	10,540	11,613
Murphy endowment	15,000	16,500
Scholarship and bursary endowment	949,578	776,779
Alumni aquatic centre operating endowment	109,461	120,600
Chairs of study endowment	251,057	301,808
Athletic endowment	<u>60,000</u>	<u>66,000</u>
	<u>1,496,592</u>	<u>1,378,479</u>
Provincial government grants		
Operating	17,128,455	16,690,243
Restricted – non-space capital and alterations and renovations	732,949	732,949
Special - operating	<u>3,458,027</u>	<u>2,458,004</u>
	<u>21,319,431</u>	<u>19,881,196</u>
Total ordinary revenue	<u>\$51,724,868</u>	<u>\$46,356,110</u>

17.
SCHEDULE 2

ST. FRANCIS XAVIER UNIVERSITY
SCHEDULE OF EXPENDITURE
YEAR ENDED MARCH 31, 2004

	2004	2003
<hr/>		
Instruction and non-sponsored research		
Salaries - instruction and research	\$19,254,065	\$ 17,766,653
- support and other	2,087,121	1845,607
Fringe benefits	3,293,994	2,897,753
Post retirement benefits	300,700	231,265
Operational supplies and expenses	1,656,411	1,338,871
Travel	368,893	337,189
Chairs of studies	275,767	301,808
Extension department - net (Schedule 4)	289,781	225,000
Coady International Institute - net (Schedule 3)	150,000	100,000
	<u>27,676,732</u>	<u>25,044,146</u>
 Continuing education/training and development		
Salaries	205,850	207,265
Fringe benefits	43,697	40,596
Outside services	168,686	197,950
Operational supplies and expenses	261,586	270,858
Travel	106,731	116,022
	<u>786,550</u>	<u>832,691</u>
 Educational information/technology		
Salaries	987,719	991,896
Fringe benefits	158,805	152,199
Operational supplies and expenses	35,352	11,641
Service of equipment	197,545	298,860
Travel	62,167	35,175
	<u>1,438,588</u>	<u>1,489,771</u>
 Library		
Salaries	1,218,052	1,165,336
Fringe benefits	214,772	211,064
Library acquisitions and services	1,020,100	1,014,792
Operational supplies and expenses	63,110	50,718
Travel	5,584	5,811
	<u>2,521,618</u>	<u>2,447,721</u>

(continued)

ST. FRANCIS XAVIER UNIVERSITY
SCHEDULE OF EXPENDITURE
YEAR ENDED MARCH 31, 2004

	2004	2003
Student services		
Salaries	\$ 1,463,734	\$ 1,378,160
Fringe benefits	221,940	208,423
Operational supplies and expenses	397,041	334,700
Scholarships, bursaries and prizes	1,673,925	1,395,411
Travel	<u>246,783</u>	<u>220,604</u>
	<u>4,003,423</u>	<u>3,537,298</u>
Administration and general		
Salaries	2,599,779	2,426,362
Fringe benefits	446,812	407,462
Operational supplies and expenses	730,167	584,547
Institutional dues, legal, audit and other	939,177	678,801
Interest - net (Schedule 7)	1,372,312	933,750
Travel	<u>161,854</u>	<u>172,715</u>
	<u>6,250,101</u>	<u>5,203,637</u>
Physical Plant		
Salaries	2,451,354	2,423,160
Fringe benefits	493,742	456,392
Operational supplies and expenses	909,346	771,44
Insurance	184,344	142,817
Utilities	<u>1,424,807</u>	<u>1,383,719</u>
	<u>5,463,593</u>	<u>5,177,530</u>
Non-space capital and alterations and renovations	732,949	732,949
Capital renewal	675,000	580,000
Information and technology funding	1,336,646	1,050,685
On-line learning centre	467,164	-
Pension adjustment	199,247	-
Surplus on ancillary enterprises (Schedule 5)	-	148,862
Capital expenditure - operating fund (Note 11)	<u>(4,212,996)</u>	<u>(3,262,460)</u>
	<u>(801,990)</u>	<u>(749,964)</u>
Total expenditure before interfund transfers	<u>\$47,338,615</u>	<u>\$ 42,982,830</u>
Total ordinary expenditure before interfund transfers	\$47,338,615	\$ 42,982,830
Interfund transfers (Note 12 and 13)	<u>4,212,996</u>	<u>3,262,460</u>
Total ordinary expenditure after interfund transfers	51,551,611	46,245,290
Less: Total ordinary revenue (Schedule 1)	<u>51,724,868</u>	<u>46,356,110</u>
Net surplus on ordinary revenue and expenditure	<u>\$ 173,257</u>	<u>\$ 110,820</u>

19.
SCHEDULE 3

ST. FRANCIS XAVIER UNIVERSITY
COADY INTERNATIONAL INSTITUTE
SCHEDULE OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2004

	2004	2003
Revenue		
C.I.D.A. - general	\$ 1,000,000	\$ 714,320
- special projects	1,862,817	2,166,283
General revenue	561,756	433,251
Endowments	82,047	94,582
Antigonish movement fund	9,811	8,250
Other grants and donations	<u>428,097</u>	<u>245,093</u>
	3,944,528	3,661,779
University contribution	<u>150,000</u>	<u>100,000</u>
	\$ <u>4,094,528</u>	\$ <u>3,761,779</u>
Expenditure		
Salaries	\$ 1,129,242	\$ 1,056,214
Fringe benefits	168,964	151,773
Travel - students	134,197	20,526
- staff	126,123	185,131
Operational supplies and expense	336,467	271,157
Library acquisitions	22,602	18,812
Room and board	129,245	161,685
Facilities and services	176,381	232,239
C.I.D.A. - special projects	<u>1,871,307</u>	<u>1,664,242</u>
	\$ <u>4,094,528</u>	\$ <u>3,761,779</u>

20.
SCHEDULE 4

ST. FRANCIS XAVIER UNIVERSITY
EXTENSION DEPARTMENT
SCHEDULE OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
Revenue		
Antigonish Movement fund	\$ 9,811	\$ 8,250
Cape Breton endowment	82,758	85,000
Murphy endowment	61,164	65,000
Other grants and donations	<u>224,547</u>	<u>344,075</u>
	378,280	502,325
University contribution	<u>289,782</u>	<u>225,000</u>
	<u>\$ 668,062</u>	<u>\$ 727,325</u>
Expenditure		
Salaries	\$ 493,185	\$ 506,907
Fringe benefits	86,918	78,925
Outside services	9,759	26,009
Travel	26,272	42,121
Operational supplies and expense	<u>51,928</u>	<u>73,363</u>
	<u>\$ 668,062</u>	<u>\$ 727,325</u>

21.
SCHEDULE 5

**ST. FRANCIS XAVIER UNIVERSITY
ANCILLARY ENTERPRISES
SCHEDULE OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
Revenue		
Residence fees - students	\$ 10,234,052	\$ 9,462,879
- others	3,262,025	2,636,174
Bookstore sales	2,809,111	2,506,336
Other ancillary services	289,196	244,223
Business development	<u>1,164,720</u>	<u>1,218,899</u>
	<u>\$17,759,104</u>	<u>\$ 16,068,511</u>
Expenditure		
Food service expenses	\$ 5,643,976	\$ 4,852,563
Physical plant expenses	3,806,270	3,931,279
Bookstore expenses	2,560,757	2,329,646
Administrative expenses	859,694	693,570
Business development	<u>1,236,322</u>	<u>1,367,761</u>
	<u>14,107,019</u>	<u>13,174,819</u>
Surplus before debt repayments/provisions	3,652,085	2,893,692
Less: Debt repayments	(2,186,002)	(2,196,119)
Less: Provision for ancillary improvements	(1,466,083)	(846,435)
Plus: Capital expenditure – ancillary (Note 12)	<u>1,837,051</u>	<u>1,357,676</u>
Surplus before interfund transfers	<u>\$ 1,837,051</u>	<u>\$ 1,208,814</u>
Surplus before interfund transfers	\$ 1,837,051	\$ 1,208,814
Less: Interfund Transfers (Note 12)	<u>(1,837,051)</u>	<u>(1,357,676)</u>
Surplus (deficit)	<u>\$ -</u>	<u>\$ (148,862)</u>

22.
SCHEDULE 6

ST. FRANCIS XAVIER UNIVERSITY
BUSINESS DEVELOPMENT
SCHEDULE OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
Revenue		
Ice rentals	\$ 196,450	\$ 140,010
Meeting room rentals	23,701	83,027
Food and beverage	35,824	82,458
Fitness and recreation association	569,713	590,751
Sponsorships	53,505	27,489
St. F.X. University	150,000	150,000
Miscellaneous	1,015	1,093
Special events	<u>134,512</u>	<u>144,071</u>
Total Revenue	\$ <u>1,164,720</u>	\$ <u>1,218,899</u>
Expenditure		
Salaries	\$ 689,926	\$ 740,136
Fringe benefits	125,281	108,194
Utilities	249,055	206,236
Repairs and maintenance	57,684	40,825
Insurance	12,000	10,000
Marketing	1,978	421
Other expenditures	72,420	37,763
Food and beverage	-	136,985
Administrative expenses	<u>27,978</u>	<u>87,201</u>
Total expenditures	\$ <u>1,236,322</u>	\$ <u>1,367,761</u>
Net deficit	\$ <u>(71,602)</u>	\$ <u>(148,862)</u>

23.
SCHEDULE 7

**ST. FRANCIS XAVIER UNIVERSITY
DEVELOPMENT PROGRAM (NOTE 7)
SCHEDULE OF FUND RECEIPTS AND DISPOSITION
YEAR ENDED MARCH 31, 2004**

	<u>2004</u>	<u>2003</u>
Cash receipts	<u>\$ 5,788,701</u>	<u>\$ 6,109,551</u>
Allocated to		
Endowments	1,282,616	2,540,647
Capital fund - Physical services project	4,772	3,246
- Science hall	1,813,823	459,314
- Millennium centre	799,796	731,107
- Global connection centre	165,863	133,615
- Other	173,640	8,478
- Morrison hall	25	500
Specific operating accounts	<u>1,659,789</u>	<u>1,658,279</u>
	<u>5,900,324</u>	<u>5,535,186</u>
(Decrease) increase in campaign fund capital	(111,623)	574,365
Development program capital, beginning of year	<u>797,439</u>	<u>223,074</u>
Development program capital, end of year	<u>\$ 685,816</u>	<u>\$ 797,439</u>

24.
SCHEDULE 8

ST. FRANCIS XAVIER UNIVERSITY
INTEREST EXPENSE
YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
Interest expense		
Interest and bank charges	\$ 1,444,025	\$ 1,036,714
Interest on food service upgrade	21,227	-
Other	<u>1,814</u>	<u>1,707</u>
	<u>1,467,066</u>	<u>1,038,421</u>
Interest recoveries		
University bookstore	18,500	18,000
Lane hall	9,224	9,598
Residence improvements	56,471	60,676
Other	<u>10,559</u>	<u>16,397</u>
	<u>94,754</u>	<u>104,671</u>
Interest expense - net	<u>\$ 1,372,312</u>	<u>\$ 933,750</u>