

*Financial Statements of*

**ST. FRANCIS XAVIER UNIVERSITY**

*March 31, 2005*

## 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, 2005 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, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP.*

Chartered Accountants  
May 13, 2005

# ST. FRANCIS XAVIER UNIVERSITY

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March 31, 2005

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**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Financial Position**  
**March 31, 2005**

	2005					2004
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
<b>ASSETS</b>						
Accounts receivable - students	\$ 3,883,022	\$ -	\$ -	\$ -	\$ 3,883,022	\$ 3,392,575
Accounts receivable - general	1,545,329	-	-	-	1,545,329	2,335,375
Deferred expenditures	223,629	-	-	-	223,629	187,169
Inventories	579,634	-	-	-	579,634	597,037
Due from Capital Fund	29,843,260	-	-	-	29,843,260	26,268,271
<b>Total non-restricted assets</b>	<b>36,074,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,074,874</b>	<b>32,780,427</b>
Accounts receivable - restricted for operations	2,310,748	-	-	-	2,310,748	1,455,299
<b>Total assets - Operating Fund</b>	<b>38,385,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,385,622</b>	<b>34,235,726</b>
Cash, bonds and stocks – restricted (Note 3)	-	-	-	37,859,957	37,859,957	35,857,100
Cash, bonds and stocks – unrestricted (Note 3)	-	-	-	2,335,303	2,335,303	2,843,582
Due from Operating Fund	-	-	-	2,184,418	2,184,418	2,054,284
<b>Total assets - Endowment Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,379,678</b>	<b>42,379,678</b>	<b>40,754,966</b>
Cash, bonds and stocks – restricted (Note 3)	-	-	-	-	-	2,760,086
Deferred expenditures	-	-	1,310,654	-	1,310,654	1,899,293
Land, buildings and contents - net (Note 4)	-	-	91,832,851	-	91,832,851	80,289,308
<b>Total assets - Capital Fund</b>	<b>-</b>	<b>-</b>	<b>93,143,505</b>	<b>-</b>	<b>93,143,505</b>	<b>84,948,687</b>
Due from Operating Fund	-	3,750,497	-	-	3,750,497	3,213,760
<b>Total assets</b>	<b>\$ 38,385,622</b>	<b>\$ 3,750,497</b>	<b>\$ 93,143,505</b>	<b>\$ 42,379,678</b>	<b>\$ 177,659,302</b>	<b>\$ 163,153,139</b>

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Financial Position

March 31, 2005

	2005					2004
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
<b>LIABILITIES</b>						
Bank indebtedness	\$ 823,632	\$ -	\$ -	\$ -	\$ 823,632	\$ 556,102
Bank loan	22,700,984	-	-	-	22,700,984	20,783,916
Accounts payable and accruals	4,124,609	-	1,114,807	-	5,239,416	4,407,815
Deferred revenue	1,934,956	-	-	-	1,934,956	1,104,665
<b>Total non-restricted liabilities</b>	<b>29,584,181</b>	<b>-</b>	<b>1,114,807</b>	<b>-</b>	<b>30,698,988</b>	<b>26,852,498</b>
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision – post retirement benefit	959,282	-	-	-	959,282	759,114
Grants - sponsored research - restricted	-	3,750,497	-	-	3,750,497	3,213,760
Unexpended Endowment revenue - restricted	-	-	-	1,820,510	1,820,510	1,841,864
Unexpended revenue - other	2,131,822	-	-	-	2,131,822	1,720,408
Due to Research Fund	3,750,497	-	-	-	3,750,497	3,213,760
Due to Endowment Fund	2,184,418	-	-	-	2,184,418	2,054,284
Due to Operating Fund	-	-	29,843,260	-	29,843,260	26,268,271
Deferred revenue - Capital Fund (Note 14)	-	-	46,309,758	-	46,309,758	39,237,770
Long-term debt (Note 10)	-	-	28,295,477	-	28,295,477	24,425,708
<b>Total liabilities</b>	<b>38,660,200</b>	<b>3,750,497</b>	<b>105,563,302</b>	<b>1,820,510</b>	<b>149,794,509</b>	<b>129,637,437</b>
<b>FUND EQUITIES (DEFICIENCIES)</b>						
Externally restricted	-	-	311,728	40,559,168	40,870,896	39,598,918
Unrestricted	(274,578)	-	-	-	(274,578)	(414,338)
Investment in capital assets	-	-	(12,731,525)	-	(12,731,525)	(5,668,878)
<b>Total fund equities (deficiencies)</b>	<b>(274,578)</b>	<b>-</b>	<b>(12,419,797)</b>	<b>40,559,168</b>	<b>27,864,793</b>	<b>33,515,702</b>
<b>Total liabilities and fund equities</b>	<b>\$ 38,385,622</b>	<b>\$ 3,750,497</b>	<b>\$ 93,143,505</b>	<b>\$ 42,379,678</b>	<b>\$ 177,659,302</b>	<b>\$ 163,153,139</b>

Contingency (Note 17)

Signed by.....

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Operations

Year ended March 31, 2005

	2005					2004
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Revenue (Schedule 1)						
Student academic fees	\$ 30,351,527	\$ -	\$ -	\$ -	\$ 30,351,527	\$ 27,928,857
Bequests, donations and non-government grants	496,807	-	-	-	496,807	556,861
Miscellaneous	502,275	-	-	-	502,275	323,740
Special purpose and trust income	1,663,245	-	-	-	1,663,245	1,496,592
Provincial government grants						
Operating	17,395,562	-	-	-	17,395,562	17,128,455
Restricted - non-space capital alterations and renovations	732,949	-	-	-	732,949	732,949
Special - operating	4,178,021	-	-	-	4,178,021	3,458,027
Total ordinary revenue	55,320,386	-	-	-	55,320,386	51,625,481
Sponsored research funds	-	5,456,380	-	-	5,456,380	4,001,161
Coady international institute (Schedule 3)	2,365,218	-	-	-	2,365,218	3,944,528
Extension department (Schedule 4)	419,017	-	-	-	419,017	378,280
Ancillary enterprises (Schedule 5)	17,680,113	-	-	-	17,680,113	17,759,104
Capital fund revenue						
Amortization of deferred revenue						
- Buildings	-	-	1,695,687	-	1,695,687	1,744,598
- Equipment	-	-	1,953,299	-	1,953,299	1,931,156
- Library books	-	-	278,186	-	278,186	252,989
- Motor vehicles	-	-	12,653	-	12,653	52,411
Total revenue	75,784,734	5,456,380	3,939,825	-	85,180,939	81,689,708

(continued)

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Operations

Year ended March 31, 2005

	2005					2004
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Expenditure (Schedule 2)						
Instruction and non-sponsored research	\$ 29,564,165	\$ -	\$ -	\$ -	\$ 29,564,165	\$ 27,676,732
Continuing education/training and development	712,019	-	-	-	712,019	786,550
Educational information/technology	1,558,471	-	-	-	1,558,471	1,438,588
Library	2,702,703	-	-	-	2,702,703	2,422,231
Student services	4,672,366	-	-	-	4,672,366	4,003,423
Administration and general	7,200,686	-	-	-	7,200,686	6,250,101
Physical plant	5,965,073	-	-	-	5,965,073	5,463,593
Non-space capital and alterations and renovations	732,949	-	-	-	732,949	732,949
Capital renewal	700,000	-	-	-	700,000	675,000
Information and technology funding	1,372,194	-	-	-	1,372,194	1,336,646
On-line learning centre	-	-	-	-	-	467,164
Pension adjustment	-	-	-	-	-	199,247
Deficit on ancillary enterprises (Schedule 5)	4,670,186	-	-	-	4,670,186	-
Capital expenditure - operating fund (Note 11)	(8,063,713)	-	-	-	(8,063,713)	(4,212,996)
<b>Total ordinary expenditure</b>	<b>51,787,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,787,099</b>	<b>47,239,228</b>
Sponsored research expense	-	4,164,203	-	-	4,164,203	3,830,426
Coady international institute (Schedule 3)	2,365,218	-	-	-	2,365,218	3,944,528
Extension department (Schedule 4)	419,017	-	-	-	419,017	378,280
Ancillary enterprises (Schedule 5)	17,680,113	-	-	-	17,680,113	17,759,104
Amortization expense - Buildings	-	-	2,480,237	-	2,480,237	2,112,714
- Equipment	-	-	1,289,047	-	1,289,047	1,594,836
- Library books	-	-	278,186	-	278,186	252,989
- Motor vehicles	-	-	12,653	-	12,653	52,411
- Campaign charges	-	-	317,333	-	317,333	404,267
<b>Total expenditures</b>	<b>72,251,447</b>	<b>4,164,203</b>	<b>4,377,456</b>	<b>-</b>	<b>80,793,106</b>	<b>77,568,783</b>
Surplus (deficit) before interfund transfers	3,533,287	1,292,177	(437,631)	-	4,387,833	4,120,925
Inter-fund transfers (Note 12)	(3,393,527)	(1,292,177)	(3,864,928)	-	(8,550,632)	(3,763,091)
<b>Surplus (deficit)</b>	<b>\$ 139,760</b>	<b>\$ -</b>	<b>\$ (4,302,559)</b>	<b>\$ -</b>	<b>\$ (4,162,799)</b>	<b>\$ 357,834</b>

# ST. FRANCIS XAVIER UNIVERSITY

## Statement of Cash Flow

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
Cash provided from (used in) operating activities		
Surplus	\$ 139,760	\$ 173,257
Campaign fund transfer	(374,088)	(111,623)
Capital assets amortized/charged to operations	8,527,676	3,473,371
Debt repayments from operating fund	(3,864,928)	620,640
Net decrease in non-cash working capital	2,213,950	2,376,510
	<u>6,642,370</u>	<u>6,532,155</u>
Cash provided (used in) from investing activities		
Capital asset acquisitions	(15,603,665)	(16,212,160)
Purchase of investments, net	(1,494,576)	(2,537,714)
	<u>(17,098,241)</u>	<u>(18,749,874)</u>
Cash provided from (used in) financing activities		
Increase in bank indebtedness	2,184,598	7,215,464
Deferred charges - campaign	(4,338,673)	(104,163)
Long-term debt - discharge	(21,675,342)	-
Long-term debt - new	26,345,527	-
Long-term debt - repayments	(800,416)	(616,207)
Reinvested endowment income	752,820	1,070,410
Contributions - endowment fund	893,245	1,282,615
Contributions - capital fund	6,772,862	2,950,355
Contributions - government	321,250	419,245
	<u>10,455,871</u>	<u>12,217,719</u>
<b>NET CASH OUTFLOW</b>	-	-
<b>CASH, BEGINNING OF YEAR</b>	-	-
<b>CASH, END OF YEAR</b>	\$ -	\$ -



**ST. FRANCIS XAVIER UNIVERSITY**  
**Statement of Changes in Fund Balances**  
Year ended March 31, 2005

	2005				2004
	Operating Fund	Endowment Fund	Capital Fund	Total Funds Balance	Total Funds Balance
Balance, beginning of year	\$ (414,338)	\$ 38,913,102	\$ (4,983,062)	\$ 33,515,702	\$ 30,916,467
Transactions during the year					
Bequests and donations	-	893,245	-	893,245	1,282,615
Capital gains	-	582,807	221,635	804,442	946,837
Reinvested income	-	170,014	-	170,014	123,572
Development program - net (Schedule 7)	-	-	(374,088)	(374,088)	(111,623)
Surplus (deficit)	139,760	-	(4,302,559)	(4,162,799)	357,834
Transferred to deferred revenue - buildings	-	-	(2,981,723)	(2,981,723)	-
Balance, end of year	\$ (274,578)	\$ 40,559,168	\$ (12,419,797)	\$ 27,864,793	\$ 33,515,702

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

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### 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

#### *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.

#### *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, 2005

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *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
Paving	8.0
Computers	5.0
Equipment and furnishings	10.0
Library books	10.0
Motor vehicles	3.5

#### *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.

#### *Inventories*

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

#### *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.

#### *Use of estimates*

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

#### *Investments*

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

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

### 3. ENDOWMENT AND CAPITAL FUND – MARKET VALUES

	<u>2005</u>	<u>2004</u>
Cash, bonds and stocks - Endowment Fund, restricted, at cost	\$ 37,859,957	\$ 35,857,100
Cash, bonds and stocks - Capital Fund, restricted, at cost	-	2,760,086
Cash, bonds and stocks - Endowment Fund, unrestricted, at cost	2,335,303	2,843,582
	<u>\$ 40,195,260</u>	<u>\$ 41,460,768</u>
Market value as at March 31	<u>\$ 59,418,198</u>	<u>\$ 52,075,656</u>

### 4. LAND, BUILDINGS AND CONTENTS

	<u>2005</u>		<u>2004</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 2,824,263	\$ -	\$ 1,649,982	\$ -
Buildings	119,507,743	36,069,059	108,144,654	33,588,822
Equipment and furnishings	17,490,836	12,505,466	14,710,473	11,216,419
Library books	2,781,858	2,239,347	2,529,888	1,961,161
Motor vehicles	303,743	261,720	269,781	249,068
	<u>142,908,443</u>	<u>\$ 51,075,592</u>	127,304,778	<u>\$ 47,015,470</u>
Less: Accumulated amortization	(51,075,592)		(47,015,470)	
Net book value	<u>\$ 91,832,851</u>		<u>\$ 80,289,308</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 was 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.

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

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

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### 5. PENSIONS (continued)

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%	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	\$ 145,117	\$ -
Employer contributions	209,388	105,720
	<u>\$ 354,505</u>	<u>\$ 105,720</u>

### 6. EMPLOYEE FUTURE BENEFITS

At March 31, 2005, the University's obligation relating to these benefits was \$1,526,700 (2004 - \$2,159,700). This obligation is being amortized at a rate of \$215,400 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	\$ 76,400
Interest on liability	83,000
Transitional amortization	215,400
Benefits paid out to retirees	(43,800)
Post retirement benefits expense	(130,832)
	<u>\$ 200,168</u>

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	6.5%, decreasing
- extended health care	by 1% per year

Included in expenses is \$130,832 (2004 - \$135,400) in benefits paid.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

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### 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 \$2,082,196 (2004 - \$1,716,453), 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 ten years, which is the anticipated life of the Campaign.

### 10. LONG-TERM DEBT

	<u>2005</u>	<u>2004</u>
Central Mortgage and Housing Corporation		
Morrison and Bishops Halls - 5 3/8%, due January 1, 2013. Repaid in 2005.	\$ -	\$ 591,848
Coady International House - 5 3/8%, due February 1, 2017. Repaid in 2005.	-	79,121
MacIsaac Hall - 6 1/4%, due May 1, 2019. Repaid in 2005.	-	799,351
Coady-MacNeil Hall - 6 7/8%, due November 1, 2019. Repaid in 2005.	-	308,722
Lane Hall - 5 7/8%, due September 1, 2017. Repaid in 2005.	-	889,882
Mount Saint Bernard – 5 3/8%, due June 1, 2013. Repaid in 2005.	-	233,975
Municipal building – 5 3/4%, due July 1, 2018. Repaid in 2005.	-	210,395
Congregation of Sisters of Notre Dame – non-interest bearing, due June 1, 2021.	<b>2,290,653</b>	2,429,481

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

### 10. LONG-TERM DEBT (continued)

	<u>2005</u>	<u>2004</u>
Corpfinance International Limited – 7.82% due April 1, 2025. Repaid in 2005.	-	18,882,933
Bank of Montreal 4.81% due January 1, 2015.	<b>2,963,256</b>	-
Bank of Montreal 5.53% due October 1, 2023.	<b>23,041,568</b>	-
	<b>\$ 28,295,477</b>	<b>\$ 24,425,708</b>

The University entered into a new credit agreement with the Bank of Montreal providing three financing facilities totalling \$63,000,000 authorized by a resolution of the Board of Governors dated October 1, 2004. The three facilities include: a non-revolving term credit facility of \$29,000,000 for refinancing current debt; a demand construction credit facility of \$19,000,000 for construction of a new residence; and a demand construction credit facility of \$15,000,000 for renovating existing residences.

The new agreement has no security over University property or assets. General release and discharge documents were recorded on October 7, 2004 to release the first ranking charge on all present and future assets previously held by Computershare on behalf of Corpfinance.

The Corpfinance loan (7.82% due April 1, 2025) was refinanced on October 6, 2004 for 19 years (5.53% due October 1, 2023); seven CMHC mortgages were consolidated and refinanced for 10 years (4.56% due January 1, 2015). The CMHC mortgages had interest rates ranging from 5.375% - 6.875% and remaining terms of 9-15 years.

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

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

2006	\$ 1,133,294
2007	1,185,251
2008	1,239,932
2009	1,297,482
2010	1,454,758
	<u>\$ 6,310,717</u>

### 11. CAPITAL EXPENDITURE - OPERATING FUND

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

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

### 11. CAPITAL EXPENDITURE - OPERATING FUND (continued)

	<u>2005</u>	<u>2004</u>
Library books and equipment	\$ 251,970	\$ 217,758
Alterations and renovations	167,319	50,282
Non-space capital equipment	28,579	124,904
Physical plant, motor vehicles	33,961	22,597
Information and technology equipment	463,094	1,164,146
Capital renewal	907,842	731,895
Ancillary enterprises – Note 13	6,151,828	1,837,051
Other – Mount Saint Bernard, municipal building	59,120	64,363
Total	<u>\$ 8,063,713</u>	<u>\$4,212,996</u>

### 12. INTERFUND TRANSFERS

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

	<u>2005</u>	<u>2004</u>
Ancillary enterprises, net of Corpfinance prepayment penalty	\$ 1,481,642	\$1,837,051
Information and technology	463,094	1,164,146
Capital renewal	907,842	731,895
Physical plant motor vehicles, equipment	33,961	22,597
Library books and equipment	251,970	217,758
Non-space capital equipment	28,579	124,904
Alterations and renovations	167,319	50,282
Other – Mount Saint Bernard, municipal building	59,120	64,363
	<u>\$ 3,393,527</u>	<u>\$4,212,996</u>

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

	<u>2005</u>	<u>2004</u>
Research - research equipment - computer and office	\$ 1,292,177	\$ 170,735

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

	<u>2005</u>	<u>2004</u>
CMHC loan repayment	\$ 110,367	\$ 165,310
Corpfinance international limited loan repayment	210,518	312,069
Lane hall loan repayment	4,842	4,434
Congregation of sisters of notre dame	138,827	138,827
BMO loan repayment (was CMHC)	39,671	-
BMO loan repayment (was Corpfinance Int'l Ltd.)	301,033	-
Less: Corpfinance prepayment penalty	(4,670,186)	-
	<u>\$ (3,864,928)</u>	<u>\$ 620,640</u>



# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

### 13. ANCILLARY - INTERFUND TRANSFERS TO CAPITAL FUND

	<u>2005</u>	<u>2004</u>
CMHC loan repayment	\$ 103,607	\$ 149,536
Corpfinance international limited loan repayment	210,518	312,069
Lane hall loan repayment	4,842	4,434
Congregation of sisters of notre dame	90,238	90,238
BMO loan repayment (was CMHC)	35,900	-
BMO loan repayment (was Corpfinance Int'l Ltd.)	301,033	-
Phone switch amortization	-	83,721
Residence improvement	716,515	763,147
Furniture and equipment	-	398,652
Food service	18,989	35,254
Capital expense - Corpfinance prepayment penalty	4,670,186	-
	<u>\$ 6,151,828</u>	<u>\$1,837,051</u>

The prepayment penalty for refinancing the Corpfinance loan must be expensed in the year it is incurred, although being financed over 19 years. The Corpfinance loan was paid out through a BMO financing facility which achieved a more favourable interest rate (5.53% versus 7.82%), a change in retirement date (October 1, 2023 versus April 1, 2025), and more flexibility (all security over current and future campus assets was released). The monthly payments are fixed for the entire term of the loan, with an insignificant impact on Ancillary cash flow.

### 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>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 39,237,770	\$36,375,952
Add: Contributions received during the year	11,752,022	7,463,237
Less: Recognition of deferred revenue	(4,680,034)	(4,601,419)
Balance, end of year	<u>\$ 46,309,758</u>	<u>\$39,237,770</u>

### 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:

#### *Interest rate risk*

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

#### *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.

# ST. FRANCIS XAVIER UNIVERSITY

## Notes to the Financial Statements

March 31, 2005

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### 15. FINANCIAL INSTRUMENTS (continued)

#### *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 approximates its carrying value.

### 16. SUBSEQUENT EVENT

Subsequent to year end the University entered into a demand construction facility agreement with the Bank of Montreal. The debt agreement entered into was in the amount of \$18,600,000 of an available facility of \$19,000,000. The agreement is for a 25 year period beginning September 1, 2006 carrying an interest rate of 5.64% and was entered into for purposes of construction of a new residence to be completed by May, 2006.

### 17. CONTINGENCY

Rideau Construction Inc. has filed a delay claim against the University arising out of its contract for the construction of the Science Hall. The claim is presently under negotiation with Rideau Construction Inc. and the outcome can not be determined at this time.

### 18. COMPARATIVE FIGURES

Certain 2004 comparative figures have been reclassified to conform to 2005 presentation.

## Revenue

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Student academic fees		
Full-time - tuition	\$ 24,984,057	\$ 22,791,605
Information & technology fee	1,372,194	1,336,646
Part-time - tuition	1,616,391	1,317,011
Summer school - tuition	826,025	778,309
Continuing education/training and development	804,205	956,276
Other	748,655	749,010
	<u>30,351,527</u>	<u>27,928,857</u>
Bequests, donations and non-government grants		
Annual giving fund - unrestricted (Note 8)	300,000	300,000
Scholarship and bursary donations	196,807	256,861
	<u>496,807</u>	<u>556,861</u>
Miscellaneous	502,275	323,740
Special purpose and trust income		
General endowment	50,641	71,418
Academic endowment	32,177	29,538
Library endowment	11,482	10,540
Murphy endowment	15,000	15,000
Scholarship and bursary endowment	1,053,254	949,578
Alumni aquatic centre operating endowment	119,242	109,461
Chairs of study endowment	348,449	251,057
Athletic endowment	33,000	60,000
	<u>1,663,245</u>	<u>1,496,592</u>
Provincial government grants		
Operating	17,395,562	17,128,455
Restricted – non-space capital and alterations and renovations	732,949	732,949
Special - operating	4,178,021	3,458,027
	<u>22,306,532</u>	<u>21,319,431</u>
Total ordinary revenue	<u>\$ 55,320,386</u>	<u>\$ 51,625,481</u>

**Expenditure**

Year ended March 31, 2005

	2005	2004
Instruction and non-sponsored research		
Salaries - instruction and research	\$ 20,789,578	\$ 19,254,065
- support and other	2,431,671	2,201,798
Fringe benefits	3,580,649	3,293,994
Post retirement benefits	200,168	300,700
Operational supplies and expenses	1,428,201	1,755,798
Travel	526,815	368,893
Chairs of studies	348,449	275,767
Extension department - net (Schedule 4)	307,652	289,781
Coady International Institute - net (Schedule 3)	200,000	150,000
Indirect research grant	(249,018)	(214,064)
	<b>29,564,165</b>	<b>27,676,732</b>
Continuing education/training and development		
Salaries	203,567	205,850
Fringe benefits	42,092	43,697
Outside services	129,541	168,686
Operational supplies and expenses	254,236	261,586
Travel	82,583	106,731
	<b>712,019</b>	<b>786,550</b>
Educational information/technology		
Salaries	1,127,960	1,027,627
Fringe benefits	203,281	173,805
Operational supplies and expenses	42,653	32,352
Service of equipment	211,051	211,443
Travel	45,526	62,167
Indirect research grant	(72,000)	(68,806)
	<b>1,558,471</b>	<b>1,438,588</b>
Library		
Salaries	1,324,114	1,218,052
Fringe benefits	256,902	214,772
Library acquisitions and services	1,130,162	1,020,100
Operational supplies and expenses	92,878	63,110
Travel	2,647	5,584
Indirect research grant	(104,000)	(99,387)
	<b>2,702,703</b>	<b>2,422,231</b>
Student services		
Salaries	1,721,399	1,463,734
Fringe benefits	282,709	221,940
Operational supplies and expenses	410,726	397,041
Scholarships, bursaries and prizes	1,960,526	1,673,925
Travel	297,006	246,783
	<b>4,672,366</b>	<b>4,003,423</b>

(continued)

**Expenditure**

Year ended March 31, 2005

	2005	2004
Administration and general		
Salaries	\$ 3,219,313	\$ 2,698,401
Fringe benefits	582,645	462,867
Operational supplies and expenses	712,465	730,167
Institutional dues, legal, audit and other	1,131,841	939,177
Interest - net (Schedule 8)	1,438,665	1,372,312
Travel	219,757	161,854
Indirect research grant	(104,000)	(114,677)
	<b>7,200,686</b>	<b>6,250,101</b>
Physical Plant		
Salaries	2,874,816	2,451,354
Fringe benefits	575,547	493,742
Operational supplies and expenses	1,052,026	1,069,023
Insurance	271,429	184,344
Utilities	1,471,255	1,532,710
Indirect research grant	(280,000)	(267,580)
	<b>5,965,073</b>	<b>5,463,593</b>
Non-space capital and alterations and renovations	732,949	732,949
Capital renewal	700,000	675,000
Information and technology funding	1,372,194	1,336,646
On-line learning centre	-	467,164
Pension adjustment	-	199,247
Surplus on ancillary enterprises (Schedule 5)	4,670,186	-
Capital expenditure - operating fund (Note 11)	(8,063,713)	(4,212,996)
	<b>(588,384)</b>	<b>(801,990)</b>
Total expenditure before interfund transfers	<b>\$ 51,787,099</b>	<b>\$ 47,239,228</b>
Total ordinary expenditure before interfund transfers	<b>\$ 51,787,099</b>	<b>\$ 47,239,228</b>
Interfund transfers (Note 12)	<b>3,393,527</b>	<b>4,212,996</b>
Total ordinary expenditure after interfund transfers	<b>55,180,626</b>	<b>51,452,224</b>
Less: Total ordinary revenue (Schedule 1)	<b>55,320,386</b>	<b>51,625,481</b>
Net surplus on ordinary revenue and expenditure	<b>\$ 139,760</b>	<b>\$ 173,257</b>

**ST. FRANCIS XAVIER UNIVERSITY**  
**COADY INTERNATIONAL INSTITUTE**  
**Statement of Revenue and Expenditure**  
**Year ended March 31, 2005**

**SCHEDULE 3**

	<u>2005</u>	<u>2004</u>
Revenue		
C.I.D.A. - general	<b>\$ 1,000,000</b>	\$1,000,000
- special projects	<b>464,229</b>	1,862,817
General revenue	<b>376,139</b>	561,756
Endowments	<b>94,978</b>	82,047
Antigonish movement fund	<b>7,210</b>	9,811
Other grants and donations	<b>422,662</b>	428,097
	<b>2,365,218</b>	3,944,528
University contribution	<b>200,000</b>	150,000
	<b>\$ 2,565,218</b>	\$4,094,528
Expenditure		
Salaries	<b>\$ 1,072,932</b>	\$1,129,242
Fringe benefits	<b>177,613</b>	168,964
Travel - students	<b>27,127</b>	134,197
- staff	<b>147,788</b>	126,123
Operational supplies and expense	<b>328,085</b>	336,467
Library acquisitions	<b>22,025</b>	22,602
Room and board	<b>206,810</b>	129,245
Facilities and services	<b>262,956</b>	176,381
C.I.D.A. - special projects	<b>319,882</b>	1,871,307
	<b>\$ 2,565,218</b>	\$4,094,528

**ST. FRANCIS XAVIER UNIVERSITY**  
**EXTENSION DEPARTMENT**  
**Statement of Revenue and Expenditure**  
Year ended March 31, 2005

**SCHEDULE 4**

	<u>2005</u>	<u>2004</u>
Revenue		
Antigonish Movement fund	\$ 7,211	\$ 9,811
Cape Breton endowment	86,950	82,758
Murphy endowment	70,387	61,164
Other grants and donations	254,469	224,547
	<u>419,017</u>	378,280
University contribution	307,652	289,781
	<u>\$ 726,669</u>	<u>\$ 668,061</u>
Expenditure		
Salaries	\$ 557,394	\$ 493,185
Fringe benefits	90,629	86,918
Outside services	13,287	9,759
Travel	16,796	26,272
Operational supplies and expense	48,563	51,927
	<u>\$ 726,669</u>	<u>\$ 668,061</u>

**ST. FRANCIS XAVIER UNIVERSITY**  
**ANCILLARY ENTERPRISES**  
**Statement of Revenue and Expenditure**  
**Year ended March 31, 2005**

**SCHEDULE 5**

	<u>2005</u>	<u>2004</u>
<b>Revenue</b>		
Residence fees - students	<b>\$ 10,174,053</b>	\$10,234,052
- others	<b>3,375,749</b>	3,262,025
Bookstore sales	<b>2,778,696</b>	2,809,111
Other ancillary services	<b>230,062</b>	289,196
Business development (Schedule 6)	<b>1,121,553</b>	1,164,720
	<b>\$ 17,680,113</b>	\$17,759,104
<b>Expenditure</b>		
Food service expenses	<b>\$ 5,781,170</b>	\$ 5,643,976
Physical plant expenses	<b>3,861,085</b>	3,806,270
Bookstore expenses	<b>2,465,476</b>	2,560,757
Administrative expenses	<b>967,169</b>	859,694
Business development (Schedule 6)	<b>1,290,659</b>	1,236,322
	<b>14,365,559</b>	14,107,019
Surplus before debt repayments/provisions	<b>3,314,554</b>	3,652,085
Less: Debt repayments	<b>(2,247,466)</b>	(2,186,002)
Less: Interest prepayment - corpfinance	<b>(4,670,186)</b>	-
Less: Provision for ancillary improvements	<b>(1,067,088)</b>	(1,466,083)
Plus: Capital expenditure – ancillary (Note 11)	<b>6,151,828</b>	1,837,051
Surplus before interfund transfers	<b>\$ 1,481,642</b>	\$ 1,837,051
Surplus before interfund transfers	<b>\$ 1,481,642</b>	\$ 1,837,051
Less: Interfund transfers (Note 13)	<b>(6,151,828)</b>	(1,837,051)
Surplus (deficit)	<b>\$ (4,670,186)</b>	\$ -



**ST. FRANCIS XAVIER UNIVERSITY  
BUSINESS DEVELOPMENT**

**SCHEDULE 6**

**Revenue and Expenditure**

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Revenue		
Ice rentals	\$ 175,451	\$ 196,450
Meeting room rentals	115,975	23,701
Food and beverage	27,101	35,824
Fitness and recreation association	538,865	569,713
Sponsorships	17,567	53,505
St. F.X. University	154,318	150,000
Miscellaneous	554	1,015
Special events	91,722	134,512
<b>Total Revenue</b>	<b>\$ 1,121,553</b>	<b>\$ 1,164,720</b>
Expenditure		
Salaries	\$ 710,629	\$ 689,926
Fringe benefits	124,333	125,281
Utilities	268,046	249,055
Repairs and maintenance	56,597	57,684
Insurance	14,000	12,000
Marketing	16,963	1,978
Other expenditures	71,199	72,420
Administrative expenses	28,892	27,978
<b>Total expenditures</b>	<b>\$ 1,290,659</b>	<b>\$ 1,236,322</b>
<b>Net deficit</b>	<b>\$ (169,106)</b>	<b>\$ (71,602)</b>

**ST. FRANCIS XAVIER UNIVERSITY**  
**DEVELOPMENT PROGRAM (Note 7)**  
**Statement of Fund Receipts and Disposition**  
**Year ended March 31, 2005**

**SCHEDULE 7**

	<u>2005</u>	<u>2004</u>
Cash receipts	<b>\$ 6,000,704</b>	\$ 5,788,701
Allocated to		
Endowments	<b>893,245</b>	1,282,616
Capital fund - Physical services project	<b>1,737</b>	4,772
- Science hall	<b>1,922,386</b>	1,813,823
- Millennium centre	<b>668,572</b>	799,796
- School of Business	<b>22,073</b>	-
- Global connection centre	<b>305,903</b>	165,863
- Other	<b>125</b>	173,640
- Morrison hall	<b>-</b>	25
Specific operating accounts	<b>2,560,751</b>	1,659,789
	<b>6,374,792</b>	5,900,324
Decrease in campaign fund capital	<b>(374,088)</b>	(111,623)
Development program capital, beginning of year	<b>685,816</b>	797,439
Development program capital, end of year	<b>\$ 311,728</b>	\$ 685,816

**Interest Expense**

Year ended March 31, 2005

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	<u>2005</u>	<u>2004</u>
Interest expense		
Interest and bank charges	\$ 1,570,980	\$ 1,444,025
Interest on food service upgrade	-	21,227
Other	-	1,814
	<u>1,570,980</u>	<u>1,467,066</u>
Interest recoveries		
University bookstore	19,000	18,500
Lane hall	8,816	9,224
Residence improvements	23,390	56,471
Other	81,109	10,559
	<u>132,315</u>	<u>94,754</u>
Interest expense - net	<u>\$ 1,438,665</u>	<u>\$ 1,372,312</u>