

Financial Statements of

ST. FRANCIS XAVIER UNIVERSITY

March 31, 2009

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
May 20, 2009
Halifax, Nova Scotia

ST. FRANCIS XAVIER UNIVERSITY

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ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2009

	2009				2008	
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
ASSETS						
Cash	\$ 20,033,773	\$ -	\$ -	\$ -	\$ 20,033,773	\$ 4,157,508
Short term investments	2,327,479				2,327,479	-
Accounts receivable - students	3,786,881	-	-	-	3,786,881	3,832,616
Accounts receivable - general	1,623,953	-	-	-	1,623,953	1,971,428
Deferred expenditures	181,956	-	-	-	181,956	57,468
Inventories	385,719	-	-	-	385,719	364,701
Due from Capital Fund	17,247,636	-	-	-	17,247,636	27,405,414
Total non-restricted assets	45,587,397	-	-	-	45,587,397	37,789,135
Accrued benefit asset (Note 5)	1,314,693	-	-	-	1,314,693	852,109
Accounts receivable - restricted	3,439,591	-	-	-	3,439,591	2,442,818
Total assets - Operating Fund	50,341,681	-	-	-	50,341,681	41,084,062
Cash, bonds and stocks - restricted (Note 3)	-	-	-	46,508,671	46,508,671	78,786,969
Cash, bonds and stocks - unrestricted (Note 3)	-	-	-	1,541,075	1,541,075	2,656,454
Due from Operating Fund	-	-	-	4,165,293	4,165,293	3,759,526
Total assets - Endowment Fund	-	-	-	52,215,039	52,215,039	85,202,949
Cash, bonds and stocks - restricted (Note 3)	-	-	-	-	-	6,755,044
Deferred expenditures (Note 9)	-	-	-	-	-	1,160,520
Capital assets (Note 4)	-	-	142,436,592	-	142,436,592	127,774,910
Total assets - Capital Fund	-	-	142,436,592	-	142,436,592	135,690,474
Due from Operating Fund	-	4,493,581	-	-	4,493,581	4,778,701
Total assets	\$ 50,341,681	\$ 4,493,581	\$ 142,436,592	\$ 52,215,039	\$ 249,486,893	\$ 266,756,186

ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2009

	2009					2008
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
LIABILITIES						
Bank loan (Note 10)	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 14,000,000
Accounts payable and accruals	5,198,227	-	2,929,297	109,814	8,237,338	6,376,875
Deferred revenue	26,632,493	-	-	-	26,632,493	7,344,487
Total non-restricted liabilities	35,830,720	-	2,929,297	109,814	38,869,831	27,721,362
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision - employee future benefits (Note 6)	2,957,488	-	-	-	2,957,488	2,551,340
Deferred revenue - other	2,807,809	-	-	-	2,807,809	2,778,655
Due to Research Fund	4,493,581	-	-	-	4,493,581	4,778,701
Due to Endowment Fund	4,165,293	-	-	-	4,165,293	3,759,526
Deferred revenue - Research Fund	-	4,493,581	-	-	4,493,581	4,778,701
Deferred revenue - Endowment Fund	-	-	-	3,988,008	3,988,008	3,164,437
Due to Operating Fund	-	-	17,247,636	-	17,247,636	27,405,414
Deferred revenue - Capital Fund (Note 12)	-	-	61,324,954	-	61,324,954	49,514,676
Long-term debt (Note 10)	-	-	69,557,084	-	69,557,084	61,403,127
Derivative liability (Note 10)	-	-	14,666,643	-	14,666,643	5,095,774
Total liabilities	50,304,891	4,493,581	165,725,614	4,097,822	224,621,908	193,001,713
FUND EQUITIES (DEFICIENCIES)						
Externally restricted	-	-	570,513	48,117,217	48,687,730	81,897,977
Unrestricted	36,790	-	(14,666,643)	-	(14,629,853)	(5,080,496)
Investment in capital assets	-	-	(9,192,892)	-	(9,192,892)	(3,063,008)
Total fund equities (deficiencies)	36,790	-	(23,289,022)	48,117,217	24,864,985	73,754,473
Total liabilities and fund equities	\$ 50,341,681	\$ 4,493,581	\$ 142,436,592	\$ 52,215,039	\$ 249,486,893	\$ 266,756,186

ST. FRANCIS XAVIER UNIVERSITY
Statement of Operations
Year ended March 31, 2009

	2009				2008
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
Revenue (Schedule 1)					
Student academic fees	\$ 30,200,870	\$ -	\$ -	\$ -	\$ 30,200,870
Bequests, donations and non-government grants	664,805	-	-	-	664,805
Miscellaneous	232,821	-	-	-	232,821
Special purpose and trust income	4,838,213	-	-	-	4,838,213
Government grants					
Provincial Operating	25,434,272	-	-	-	25,434,272
Provincial - Restricted - non-space and alterations and renovations	770,407	-	-	-	770,407
Provincial - Special - operating	4,202,000	-	-	-	4,202,000
Federal - indirect research	893,030	-	-	-	893,030
Total ordinary revenue	67,236,418	-	-	-	67,236,418
Sponsored research funds	-	9,091,495	-	-	9,091,495
Coady International Institute (Schedule 3)	3,246,925	-	-	-	3,246,925
Extension Department (Schedule 4)	254,098	-	-	-	254,098
Ancillary Enterprises (Schedule 5)	23,233,916	-	-	-	23,233,916
Capital Fund revenue					
Revenue recognized from property sales	-	-	-	-	-
Amortization of deferred revenue					
- Buildings	-	-	2,899,156	-	2,899,156
- Equipment	-	-	1,457,342	-	1,457,342
- Library books	-	-	364,210	-	364,210
- Motor vehicles	-	-	71,533	-	71,533
- Campaign charges	-	-	474,282	-	474,282
Total revenue	93,971,357	9,091,495	5,266,523	-	108,329,375

ST. FRANCIS XAVIER UNIVERSITY

Statement of Operations

Year ended March 31, 2009

	2009					2008
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Expenditure (Schedule 2)						
Instruction and non-sponsored research	\$ 34,458,543	\$ -	\$ -	\$ -	\$ 34,458,543	\$ 32,363,888
Continuing education/training and development	755,461	-	-	-	755,461	709,988
Educational information/technology	1,785,065	-	-	-	1,785,065	1,800,732
Library	3,099,856	-	-	-	3,099,856	2,931,619
Student services	6,816,098	-	-	-	6,816,098	6,512,228
Advancement	1,965,323	-	-	-	1,965,323	1,791,457
Administration and general	5,929,241	-	-	-	5,929,241	5,332,742
Facilities management	8,345,475	-	-	-	8,345,475	7,865,915
Non-space and alterations and renovations	770,407	-	-	-	770,407	733,000
Capital renewal	1,300,000	-	-	-	1,300,000	850,000
Information and technology funding	1,343,165	-	-	-	1,343,165	1,308,047
Contingency	423,371	-	-	-	423,371	454,664
Deficit on ancilliary enterprises (Schedule 5)	222,901	-	-	-	222,901	342,564
Capital expenditure - Operating Fund (Note 11)	(4,872,879)	-	-	-	(4,872,879)	(3,987,291)
Total ordinary expenditure	62,342,027	-	-	-	62,342,027	59,009,553
Sponsored research expense	-	9,091,495	-	-	9,091,495	8,679,290
Capital expenditure - Research Fund (Note 11)	-	(1,916,211)	-	-	(1,916,211)	(1,918,123)
Coady International Institute (Schedule 3)	3,246,925	-	-	-	3,246,925	3,259,550
Extension Department (Schedule 4)	254,098	-	-	-	254,098	281,129
Ancillary Enterprises (Schedule 5)	23,233,916	-	-	-	23,233,916	21,144,213
Amortization expense						
- Buildings	-	-	3,957,107	-	3,957,107	3,772,619
- Equipment	-	-	1,484,533	-	1,484,533	1,400,469
- Library books	-	-	364,210	-	364,210	348,562
- Motor vehicles	-	-	71,533	-	71,533	62,818
- Campaign charges	-	-	1,160,520	-	1,160,520	1,160,520
Total expenditure	89,076,965	7,175,284	7,037,903	-	103,290,152	97,200,600
Surplus (deficit) before interfund transfers	4,894,391	1,916,211	(1,771,380)	-	5,039,222	4,955,926
Inter-fund transfers (Note 11)	(4,872,879)	(1,916,211)	2,220,851	-	(4,568,239)	(4,083,696)
Surplus	\$ 21,512	\$ -	\$ 449,471	\$ -	\$ 470,983	\$ 872,230

ST. FRANCIS XAVIER UNIVERSITY

Statement of Cash Flows

Year ended March 31, 2009

	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash provided from (used in) operating activities		
Surplus	\$ 21,512	\$ 228,111
Campaign fund transfer	521,752	(139,579)
Capital assets charged to research and operations	2,335,522	3,103,839
Debt repayments from operating fund	2,488,097	1,909,503
Net change in non-cash working capital	17,988,976	6,573,103
	23,355,859	11,674,977
Cash provided from (used in) investing activities		
Capital asset acquisitions	(17,540,932)	(16,989,083)
Change in investments, net	7,165,876	(7,962,538)
Short term investements	(2,327,479)	-
	(12,702,535)	(24,951,621)
Cash provided from (used in) financing activities		
Decrease in bank indebtedness	(10,000,000)	-
Deferred charges - campaign	474,282	60,514
Long-term debt - new	10,635,170	10,364,830
Long-term debt - repayments	(2,474,328)	(1,896,892)
Reinvested endowment income	(1,130,948)	2,174,235
Contributions - Endowment Fund	305,251	1,127,139
Contributions - Capital Fund	7,413,514	4,696,239
	5,222,941	16,526,065
NET CASH (OUTFLOW) INFLOW	15,876,265	3,249,421
CASH, BEGINNING OF YEAR	4,157,508	908,087
CASH, END OF YEAR	\$ 20,033,773	\$ 4,157,508

ST. FRANCIS XAVIER UNIVERSITY
Statement of Changes in Fund Balances
Year ended March 31, 2009

	2009				2008
	Operating Fund	Capital Fund	Endowment Fund	Total Funds Balance	Total Funds Balance
Balance, beginning of year	\$ 15,278	\$ (8,110,022)	\$ 81,849,217	\$ 73,754,473	\$ 46,016,856
Transactions during the year					
Bequests and donations	-	(6,755,043)	384,732	(6,370,311)	2,370,064
Capital (losses) gains	-	-	(1,263,549)	(1,263,549)	1,961,810
Reinvested income	-	-	129,662	129,662	217,046
Development program - net (Schedule 6)	-	521,752	-	521,752	(139,579)
Corpfinance penalty recovery	-	175,689	-	175,689	166,673
Transition entry for financial instruments	-	-	-	-	30,085,628
Change in fair value of cash flow hedge	-	(9,570,869)	-	(9,570,869)	(2,080,509)
Change in fair value of restricted held for trading investments	-	-	(32,982,845)	(32,982,845)	(5,715,746)
Surplus	21,512	449,471	-	470,983	872,230
Balance, end of year	\$ 36,790	\$ (23,289,022)	\$ 48,117,217	\$ 24,864,985	\$ 73,754,473

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

1. DESCRIPTION

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

St. F.X. is a primarily undergraduate institution of approximately 4,100 students located in Antigonish, a northeastern Nova Scotia community. The University offers major, advanced major and honours programs through departments in its Faculties of Arts 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

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

Changes in accounting policies

On April 1, 2008, the University adopted the recommendations of Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3031, *Inventories*, which provides guidance on the measurement, presentation and disclosure of inventories. Section 3031 states that inventories be measured at the lower of cost and net realizable value and provides additional guidance on the determination of the cost of inventories. The adoption of the new standard had no impact on the University’s financial statements.

The University adopted the recommendations of CICA Handbook Section 1535, *Capital Disclosures*, which requires organizations to disclose information about their objectives, policies and processes for managing capital. The University has included this disclosure in Note 14.

The CICA amended Section 3855, *Financial Instruments – Measurement*, to allow not-for-profit organizations to elect not to record embedded derivatives in host contracts at fair value. The University has elected to use this exemption. There is no impact to the University’s financial statements as a result of this change in accounting policy.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Endowment contributions are recognized directly in net assets.

Student academic fees and ancillary revenue are recognized when the services are provided or the goods are sold and collection is reasonably assured.

Accrual basis accounting

The financial statements of the University are prepared on the accrual basis, with the exception of pledged contributions which are recorded when received.

Cash & cash equivalents

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

Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventory is determined using the weighted average method.

Capital assets

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

Buildings	40.0
Paving	8.0
Computers	5.0
Equipment and furnishings	10.0
Library books	10.0
Motor vehicles	3.5

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

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

Pension plans

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

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

Employee future benefits

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

Hedge accounting

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

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

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

Financial Instruments

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

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

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

The CICA amended Sections 3862, *Financial Instruments – Disclosures* and 3863, *Financial Instruments – Presentation* to allow not-for-profit organizations to elect not to adopt these sections and to continue applying the guidance in Section 3861, *Financial Instruments – Disclosure and Presentation*. The University has elected to use this exemption.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes

In November 2008, the CICA issued amendments to Section 1540, *Cash Flow Statements*, Section 4400, *Financial Statement Presentation by Not-for-profit Organizations*, Section 4460, *Disclosure of Related Party Transactions by Not-for-profit Organizations* and issued Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations*. The new standards will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the University will adopt the new standards as of April 1, 2009.

Section 1540 has been amended to include not-for-profit organizations within its scope. Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of fund balance and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted fund balance when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions. Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840. Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The University is currently evaluating the impact of the adoption of these new standards on its financial statements.

3. ENDOWMENT AND CAPITAL FUND

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash, bonds and stocks -				
Endowment Fund, restricted	\$ 46,508,671	\$ 51,926,488	\$ 78,786,969	\$ 52,296,074
Cash, bonds and stocks -				
Capital Fund, restricted	-	-	6,755,044	6,755,044
Cash, bonds and stocks -				
Endowment Fund, unrestricted	1,541,075	1,720,957	2,656,454	1,762,203
	<u>\$ 48,049,746</u>	<u>\$ 53,647,445</u>	<u>\$ 88,198,467</u>	<u>\$ 60,813,321</u>

There is \$122,633 (2008 - \$125,572) investments at cost with a fair value of \$109,815 (2008 \$189,295) included in the Endowment Fund that belongs to the St. Francis Xavier University's Students' Union (the "Students' Union"). The University agreed to endow and invest this money on their behalf. A corresponding payable to the Students' Union is also recorded in the Endowment Fund.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

4. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 3,372,550	\$ -	\$ 3,372,550	\$ -
Buildings	181,059,705	50,069,102	162,734,124	46,111,995
Equipment and furnishings	25,530,187	17,630,915	23,519,241	16,146,382
Library books	3,642,102	3,576,467	3,485,622	3,212,257
Motor vehicles	577,139	468,607	531,081	397,074
	\$ 214,181,683	\$ 71,745,091	\$ 193,642,618	\$ 65,867,708
Less: Accumulated amortization	71,745,091		65,867,708	
Net book value	\$ 142,436,592		\$ 127,774,910	

5. PENSION PLANS

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

For its defined benefit pension plans, the University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the pension plan for funding purposes was as of December 31, 2007 for Plan 1. The next required valuation will be as of December 31, 2010. For Plan 2, the most recent actuarial valuation of the pension plan for funding purposes was as of June 30, 2008. The next required valuation will be as of June 30, 2011.

Information about the University's defined benefit pension plans as at March 31, 2009 is as follows:

	2009	2008	2009	2008
	Plan 1	Plan 1	Plan 2	Plan 2
Fair value of plan assets	\$ 10,700,317	\$ 13,445,130	\$ 886,808	\$ 1,170,096
Accrued benefit obligation	11,406,648	14,322,752	1,096,306	1,303,440
Deficit	(706,331)	(877,622)	(209,498)	(133,344)
Unamortized amounts				
Transitional obligation	768,479	827,593	395,115	460,967
Past service costs	653,238	696,074	-	-
Actuarial experience (gain) loss	(93,148)	(210,041)	193,587	(87,679)
Employer contributions (January - March)	284,205	127,255	29,046	48,906
Accrued benefit asset	\$ 906,443	\$ 563,259	\$ 408,250	\$ 288,850

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

5. PENSION PLANS (continued)

Plan assets consist of:

	Percentage of plan assets	
	Plan 1	Plan 2
	%	%
Equity securities	57.4	56.4
Debt securities	38.9	38.2
Other	3.7	5.4
	<u>100.0</u>	<u>100.0</u>

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

	Plan 1	Plan 2
	%	%
Discount rate (to determine accrued benefit obligation)	7.5	6.0
Discount rate (to determine benefit cost)	5.5	5.5
Expected long-term rate of return on plan assets	6.5	6.5
Salary escalation	4.0	N/A

Other information about the University's defined benefit pension plans for the year ended March 31, 2009 is as follows:

	Plan 1	Plan 2
Benefits cost	\$ 309,161	\$ 56,363
Cash contributions	504,465	-
Benefits paid	793,166	247,209

Employer and employee contributions to the defined benefit plan were \$152,774 (2008 - \$167,829) and \$142,513 (2008 - \$156,577) respectively for the year ended March 31, 2009.

6. EMPLOYEE FUTURE BENEFITS

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

Post retirement benefits, other than pension

The University provides post-retirement benefits, other than pension, to certain employees. The University measures its accrued benefit obligation for accounting purposes as at March 31 of each year.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

6. EMPLOYEE FUTURE BENEFITS (continued)

Information about the University's post-retirement benefits, other than pension, as at March 31 is as follows:

	<u>2009</u>	<u>2008</u>
Accrued benefit obligation	\$ 2,522,388	\$ 2,679,040
Fair value of plan assets	-	-
Deficit	(2,522,388)	(2,679,040)
Less: Unamortized amounts		
Transitional obligation	(408,900)	(624,300)
Actuarial experience gain	844,000	496,600
	<u>\$ (2,957,488)</u>	<u>\$(2,551,340)</u>

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

Discount rate (to determine accrued benefit obligation)	7.5%
Discount rate (to determine benefit cost)	6.0%
Dental benefits cost escalation	4.5%
Medical benefits cost escalation – extended health care	4.5% (increasing by 2.5% per year)

Other information about the University's post-retirement benefits, other than pension, for the year ended March 31, 2009 is as follows:

Benefits cost	\$360,800
Benefits paid	105,656

7. DEVELOPMENT PROGRAM (SCHEDULE 6)

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

8. ANNUAL GIVING FUND

The total Annual Giving Fund proceeds for the year were \$2,563,729 (2008 - \$3,213,893), most of which was directed for restricted uses.

9. DEFERRED CAMPAIGN CHARGES

The Expanding Futures Campaign was launched in 1999 to raise funds for capital projects, scholarships, chairs and other. These costs which have provided benefits to the Campaign were being amortized over ten years, which was the anticipated life of the Campaign. At March 31, 2009, these costs were fully amortized.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

10. BANK LOAN AND LONG-TERM DEBT

Bank loan

The University has a line of credit with the Bank of Nova Scotia to assist with bridge financing on major construction projects and with regular operations. The line of credit is comprised of a \$20 million revolving term loan with interest payable on \$4 million at bankers' acceptance rates and on \$16 million at prime; a \$5 million special operating loan at prime; and a \$6 million special operating loan at prime, available only for the period April 1 to September 30. At March 31, 2009, \$4 million has been drawn on the revolving term loan (2008 - \$14 million).

Long-term debt

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

	<u>2009</u>	<u>2008</u>
Congregation of Sisters of Notre Dame - non-interest bearing, due June 1, 2021	\$ 1,735,343	\$ 1,874,171
Bank of Montreal 10 year SWAP - 4.81% due January 1, 2015	1,915,024	2,195,235
Bank of Montreal 19 year SWAP - 5.53% due October 1, 2023	19,789,150	20,667,594
Bank of Montreal 25 year SWAP - 5.63% due September 2, 2031	17,881,691	18,283,452
Bank of Montreal 20 year SWAP - 5.48% due October 1, 2026	7,774,787	8,044,423
Bank of Montreal 20 year SWAP - 5.31% due February 1, 2028	10,645,623	10,338,252
Bank of Nova Scotia 10 year SWAP - 5.15% due April 24, 2018	9,815,467	-
	<u>\$ 69,557,084</u>	<u>\$ 61,403,127</u>

The University has a credit agreement with the Bank of Montreal ("BMO") 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 of debt; a demand construction credit facility of \$19,000,000 for construction of a new residence; and a demand construction credit facility of \$19,000,000 for renovating existing residences.

The refinancing facility was utilized in 2004 to consolidate various mortgages into two loans maturing in 2015 and 2023. At the same time, the University entered into two interest rate swaps to fix interest rates for the full term of the loans at 4.81% and 5.53%, respectively.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

10. LONG-TERM DEBT (continued)

During fiscal 2007, a new residence was constructed in the amount of \$19 million and a major renovation was completed of MacIsaac Hall in the amount of \$8.6 million. These projects were both financed with the BMO demand credit facility and converted into loans maturing in 2031 and 2026. Two interest rate swaps were entered into to fix interest rates for the full term of the loans at 5.63% and 5.48%, respectively.

In fiscal 2008, a major renovation was completed on Bishops Hall. This project was financed with the BMO demand credit facility and converted into a loan maturing in 2028. An interest rate swap was entered into to fix the interest rate for the full term of the loan at a rate of 5.31%. The credit facilities with BMO for new construction and renovation of residences have now been fully utilized.

In April 2008, the University began making principle payments on \$10 million of Bank of Nova Scotia bridge financing. An interest rate swap was entered into to fix the interest rate for 10 years at 5.15%. The swap matures on April 24, 2018.

At March 31, 2009, the difference between the fair value and the carrying value of the debt, being the fair value of the interest rate swaps was (\$14,666,643) (2008 – (\$5,095,774)).

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

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

2010	2,837,167
2011	2,946,869
2012	3,065,758
2013	3,173,196
2014	3,311,618
	<u>\$ 15,334,608</u>

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

11. 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 deferred revenue and provisions in the Capital Fund.

	<u>2009</u>	<u>2008</u>
Facilities management equipment	\$ -	\$ 23,265
Alterations and renovations	152,255	103,961
Non-space capital equipment	110,574	108,023
Mount Saint Bernard, Municipal building	296,044	108,711
Library books and equipment	156,481	276,398
Equipment - general	-	9,032
Information and technology equipment	160,000	256,183
Bloomfield renovation	476,674	430,000
Capital renewal	1,300,000	850,000
Ancillary debt principle repayments (Schedule 5)	2,220,851	1,821,718
Total	\$ 4,872,879	\$ 3,987,291

Reductions in the Research Fund expenses as well as transfers to deferred revenue for capital expenditures during the year totalled \$1,916,211 (2008 - \$1,918,123).

12. 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>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 49,514,676	\$ 47,930,183
Add: Contributions received during the year	18,579,346	7,583,329
Less: Recognition of deferred revenue	(6,769,068)	(5,998,836)
Balance, end of year	\$ 61,324,954	\$ 49,514,676

13. 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 the University uses interest rate swaps to fix interest rates on its long-term debt.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2009

13. FINANCIAL INSTRUMENTS (continued)

Credit risk

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

Fair value

The fair value of cash, accounts receivable, the bank loan and accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturity. The fair value of long-term debt is described in Note 10. Bonds and stocks are recorded at fair value. Fair value is determined by quoted market prices.

Market risk

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

14. CAPITAL MANAGEMENT

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

The University must comply with externally imposed covenants on its long-term debt. The University was in compliance with its loan covenants as at and for the period ended March 31, 2009. Restricted net assets must be used for the purpose designated by the contributor.

Payouts to the University from the endowment net assets is restricted to 5.5% of the average market value of endowment funds at September 30 of the current fiscal year and at September 30 of the two previous fiscal years. The Board of Governors approved a change in the calculation of the payout to 4.5% of a 3 year rolling average of the assets' market value as of December 31 for fiscal 2010.

15. SUBSEQUENT EVENT

Subsequent to year-end, the University was made aware that certain unionized employees within the Defined Benefit Pension Plan may be eligible for past service pension benefits. Actuarial advice is currently being sought on the liability considerations, estimated costs, and potential payment obligations for a pending management decision. As the likelihood and amount cannot be determined at this time, no amount has been recorded in the financial statements related to this event.

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

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Student academic fees		
Full-time tuition	\$ 24,218,594	\$ 24,556,177
Information & technology fee	1,343,165	1,308,047
Part-time tuition	1,794,381	1,582,141
Summer school tuition	1,048,970	868,022
Continuing education/training and development	992,995	924,094
Other	802,765	810,604
	<u>30,200,870</u>	<u>30,049,085</u>
Bequests, donations and non-government grants		
Annual Giving Fund - unrestricted (Note 8)	300,000	300,000
Scholarship and bursary donations	364,805	379,353
	<u>664,805</u>	<u>679,353</u>
Miscellaneous	232,821	175,470
Special purpose and trust income		
Tuition Bursary	1,887,039	-
General endowment	57,201	55,560
Academic endowment	36,232	34,899
Library endowment	12,929	12,453
Murphy endowment	15,000	15,000
Scholarship and bursary endowment	2,557,260	2,710,395
Alumni Aquatic Centre operating endowment	134,267	129,328
Chairs of study endowment	105,285	119,738
Athletic endowment	33,000	33,000
	<u>4,838,213</u>	<u>3,110,373</u>
Government grants		
Provincial - Operating	25,434,272	23,214,282
Provincial - Restricted – non-space and alterations and renovations	770,407	732,949
Provincial Special - operating	4,202,000	4,403,466
Federal - indirect research	893,030	859,977
	<u>31,299,709</u>	<u>29,210,674</u>
Total ordinary revenue	<u>\$ 67,236,418</u>	<u>\$ 63,224,955</u>

Expenditure

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Instruction and non-sponsored research		
Salaries - instruction and research	\$ 23,466,527	\$ 22,018,556
- support and other	3,776,809	3,452,852
Fringe benefits	4,170,297	4,194,623
Post retirement benefits	253,543	231,690
Operational supplies and expenses	1,759,020	1,680,531
Travel	637,031	450,372
Chairs of studies	105,285	119,738
Extension department - net (Schedule 4)	90,031	15,526
Coady International Institute - net (Schedule 3)	200,000	200,000
	<u>34,458,543</u>	<u>32,363,888</u>
Continuing education/training and development		
Salaries	250,399	230,497
Fringe benefits	47,704	44,241
Outside services	125,525	113,808
Operational supplies and expenses	209,020	192,618
Travel	122,813	128,824
	<u>755,461</u>	<u>709,988</u>
Educational information/technology		
Salaries	1,339,345	1,264,762
Fringe benefits	257,656	235,910
Operational supplies and expenses	2,578	123,739
Service of equipment	160,399	133,977
Travel	25,087	42,344
	<u>1,785,065</u>	<u>1,800,732</u>
Library		
Salaries	1,552,689	1,463,032
Fringe benefits	300,135	266,979
Library acquisitions	1,171,432	1,127,961
Operational supplies and expenses	74,303	69,562
Travel	1,297	4,085
	<u>3,099,856</u>	<u>2,931,619</u>
Student services		
Salaries	2,169,903	2,080,191
Fringe benefits	380,460	338,196
Operational supplies and expenses	1,047,079	827,402
Scholarships, bursaries and prizes	2,669,304	2,763,463
Travel	549,352	502,976
	<u>6,816,098</u>	<u>6,512,228</u>

(continued)

ST. FRANCIS XAVIER UNIVERSITY

SCHEDULE 2

Expenditure

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Advancement		
Salaries	\$ 1,115,423	\$ 992,255
Fringe benefits	183,793	189,687
Operational supplies and expenses	563,483	547,939
Travel	102,624	61,576
	<u>1,965,323</u>	<u>1,791,457</u>
Administration and general		
Salaries	2,346,225	2,175,600
Fringe benefits	440,735	373,072
Operational supplies and expenses	318,512	64,797
Institutional dues, legal, audit and other	1,379,236	1,119,761
Interest - net (Schedule 7)	1,359,446	1,495,680
Travel	85,088	103,832
	<u>5,929,241</u>	<u>5,332,742</u>
Facilities management		
Salaries	3,271,284	2,952,706
Fringe benefits	747,714	645,892
Operational supplies and expenses	1,426,858	1,443,144
Insurance	294,033	228,257
Utilities	2,605,586	2,595,916
	<u>8,345,475</u>	<u>7,865,915</u>
Non-space and alterations and renovations	770,407	733,000
Capital renewal	1,300,000	850,000
Information and technology funding	1,343,165	1,308,047
Deficit on ancillary enterprises (Schedule 5)	222,901	342,564
Contingency	423,371	454,664
Capital expenditure (Note 11)	(4,872,879)	(3,987,291)
	<u>(813,035)</u>	<u>(299,016)</u>
Total ordinary expenditure before interfund transfers	\$ 62,342,027	\$ 59,009,553
Interfund transfers (Note 11)	4,872,879	3,987,291
Total ordinary expenditure after interfund transfers	67,214,906	62,996,844
Less: Total ordinary revenue (Schedule 1)	67,236,418	63,224,955
Net surplus on ordinary revenue and expenditure	\$ 21,513	\$ 228,111

ST. FRANCIS XAVIER UNIVERSITY
COADY INTERNATIONAL INSTITUTE
Statement of Revenue and Expenditure
Year ended March 31, 2009

SCHEDULE 3

	<u>2009</u>	<u>2008</u>
Revenue		
C.I.D.A. - general	\$ 1,331,298	\$ 1,341,798
- special projects	786,670	756,101
General revenue	429,279	589,822
Endowments	177,466	149,855
Antigonish Movement Fund	11,530	15,356
Other grants and donations	510,682	406,618
	<u>3,246,925</u>	<u>3,259,550</u>
University contribution	200,000	200,000
	<u>\$ 3,446,925</u>	<u>\$ 3,459,550</u>
Expenditure		
Salaries	\$ 1,697,268	\$ 1,645,640
Fringe benefits	236,373	238,360
Travel - students	35,895	37,217
- staff	176,465	155,433
Operational supplies and expense	499,802	434,863
Library acquisitions	36,615	28,245
Room and board	243,067	152,740
Facilities and services	194,980	225,613
C.I.D.A. - special projects	326,460	541,439
	<u>\$ 3,446,925</u>	<u>\$ 3,459,550</u>

ST. FRANCIS XAVIER UNIVERSITY
EXTENSION DEPARTMENT
Statement of Revenue and Expenditure
Year ended March 31, 2009

SCHEDULE 4

	<u>2009</u>	<u>2008</u>
Revenue		
Antigonish Movement Fund	\$ 11,530	\$ 15,355
Cape Breton endowment	97,906	94,305
Murphy endowment	81,136	77,610
Other grants and donations	63,526	93,859
	<u>254,098</u>	281,129
University contribution	90,031	15,526
	<u>\$ 344,129</u>	<u>\$ 296,655</u>
Expenditure		
Salaries	\$ 243,720	\$ 194,473
Fringe benefits	40,837	36,745
Travel	17,150	21,358
Operational supplies and expense	42,422	44,079
	<u>\$ 344,129</u>	<u>\$ 296,655</u>

ST. FRANCIS XAVIER UNIVERSITY
ANCILLARY ENTERPRISES
Statement of Revenue and Expenditure
Year ended March 31, 2009

SCHEDULE 5

	<u>2009</u>	<u>2008</u>
Revenue		
Residence fees - students	\$ 14,028,351	\$ 13,020,530
- others	3,545,559	2,902,200
Bookstore sales	3,027,335	2,709,866
Other ancillary services	2,632,671	2,511,617
	<u>\$ 23,233,916</u>	<u>\$ 21,144,213</u>
Expenditure		
Food service expenses	\$ 6,841,525	\$ 5,835,868
Facilities management expenses	4,834,898	4,826,480
Bookstore expenses	2,561,399	2,420,608
Administrative expenses	1,353,624	1,351,808
Other ancillary services	2,423,830	2,118,869
	<u>18,015,276</u>	<u>16,553,633</u>
Surplus before ancillary debt repayments and provisions	5,218,640	4,590,580
Less: Ancillary debt repayments (interest and principle)	5,441,541	4,933,144
Plus: Ancillary debt principle repayments (Note 11)	2,220,851	1,821,718
Surplus before interfund transfers	1,997,950	1,479,154
Less: Inter-fund transfers (Note 11)	2,220,851	1,821,718
Deficit	<u>\$ (222,901)</u>	<u>\$ (342,564)</u>

ST. FRANCIS XAVIER UNIVERSITY
DEVELOPMENT PROGRAM (Note 7)
Statement of Fund Receipts and Disposition
Year ended March 31, 2009

SCHEDULE 6

	<u>2009</u>	<u>2008</u>
Cash receipts	\$ 6,384,808	\$ 7,604,356
Allocated to		
Endowments	305,251	2,595,176
Capital Fund - physical services project	2,500	1,000
- Science Hall	5,491	9,928
- Millennium Centre	9,645	79,639
- School of Business	698,820	1,925
- Coady	2,649,218	2,351,986
- classroom renovations	-	150
- other	100	12,697
Specific operating accounts	2,192,031	2,691,434
	5,863,056	7,743,935
Increase (decrease) in Campaign Fund capital	521,752	(139,579)
Development program capital, beginning of year	48,760	188,339
Development program capital, end of year	\$ 570,512	\$ 48,760

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

Year ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Interest expense		
Interest and bank charges	\$ 1,432,902	\$ 1,543,324
<hr/>		
Interest recoveries		
University bookstore	19,000	19,000
Lane Hall	6,772	13,658
Other	47,684	14,986
	<hr/> 73,456	<hr/> 47,644
<hr/>		
Interest expense - net	\$ 1,359,446	\$ 1,495,680
