

Financial Statements of

ST. FRANCIS XAVIER UNIVERSITY

March 31, 2007

Independent 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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants
Halifax, Nova Scotia
May 19, 2007

ST. FRANCIS XAVIER UNIVERSITY

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ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2007

	2007				2006
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds
ASSETS					
Cash	\$ 908,087	\$ -	\$ -	\$ -	\$ 908,087
Accounts receivable - students	3,616,819	-	-	-	3,616,819
Accounts receivable - general	1,098,387	-	-	-	1,098,387
Deferred expenditures	167,162	-	-	-	167,162
Inventories	419,995	-	-	-	419,995
Due from Capital Fund	26,843,515	-	-	-	26,843,515
Total non-restricted assets	33,053,965	-	-	-	33,053,965
Accrued benefit asset (Note 5)	461,620	-	-	-	461,620
Accounts receivable - restricted	1,678,054	-	-	-	1,678,054
Total assets - Operating Fund	35,193,639	-	-	-	35,193,639
Cash, bonds and stocks – restricted (Note 3)	-	-	-	45,759,624	45,759,624
Cash, bonds and stocks – unrestricted (Note 3)	-	-	-	1,697,383	1,697,383
Due from Operating Fund	-	-	-	6,414,204	6,414,204
Total assets - Endowment Fund	-	-	-	53,871,211	53,871,211
Cash, bonds and stocks – restricted (Note 3)	-	-	5,393,776	-	5,393,776
Deferred expenditures (Note 9)	-	-	2,037,039	-	2,037,039
Holdback deposit	-	-	-	-	-
Capital assets (Note 4)	-	-	115,988,791	-	115,988,791
Total assets - Capital Fund	-	-	123,419,606	-	123,419,606
Due from Operating Fund	-	4,489,998	-	-	4,489,998
Total assets	\$ 35,193,639	\$ 4,489,998	\$ 123,419,606	\$ 53,871,211	\$ 216,974,454
					\$ 195,837,397

ST. FRANCIS XAVIER UNIVERSITY
Statement of Financial Position
March 31, 2007

	2007					2006
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
LIABILITIES						
Bank loan (Note 10)	\$ 14,000,000	\$ -	\$ -	\$ -	\$ 14,000,000	\$ 20,021,822
Accounts payable and accruals	3,702,403	-	310,000	120,953	4,133,356	7,084,931
Deferred revenue	2,741,490	-	-	-	2,741,490	2,072,365
Total non-restricted liabilities	20,443,893	-	310,000	120,953	20,874,846	29,179,118
Provision - insurance deductible and general	50,000	-	-	-	50,000	50,000
Provision – employee future benefits (Note 6)	2,132,929	-	-	-	2,132,929	1,189,026
Deferred revenue - other	1,875,448	-	-	-	1,875,448	1,842,512
Due to Research Fund	4,489,998	-	-	-	4,489,998	3,217,136
Due to Endowment Fund	6,414,204	-	-	-	6,414,204	2,460,582
Deferred revenue - Research Fund	-	4,489,998	-	-	4,489,998	3,217,136
Deferred revenue - Endowment Fund	-	-	-	2,523,840	2,523,840	2,183,900
Due to Operating Fund	-	-	26,843,515	-	26,843,515	26,831,651
Deferred revenue - Capital Campaign	-	-	391,142	-	391,142	1,919,444
Deferred revenue - Capital Fund (Note 14)	-	-	47,930,183	-	47,930,183	50,838,264
Long-term debt (Note 10)	-	-	52,941,495	-	52,941,495	38,740,297
Total liabilities	35,406,472	4,489,998	128,416,335	2,644,793	170,957,598	161,669,066
FUND EQUITIES (DEFICIENCIES)						
Externally restricted	-	-	188,339	51,226,418	51,414,757	45,485,063
Unrestricted	(212,833)	-	-	-	(212,833)	(263,828)
Investment in capital assets	-	-	(5,185,068)	-	(5,185,068)	(11,052,904)
Total fund equities (deficiencies)	(212,833)	-	(4,996,729)	51,226,418	46,016,856	34,168,331
Total liabilities and fund equities	\$ 35,193,639	\$ 4,489,998	\$ 123,419,606	\$ 53,871,211	\$ 216,974,454	\$ 195,837,397

ST. FRANCIS XAVIER UNIVERSITY
Statement of Operations
Year ended March 31, 2007

	2007					2006
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Revenue (Schedule 1)						
Student academic fees	\$ 32,862,842	\$ -	\$ -	\$ -	\$ 32,862,842	\$ 31,088,339
Bequests, donations and non-government grants	633,571	-	-	-	633,571	584,319
Miscellaneous	202,604	-	-	-	202,604	464,511
Special purpose and trust income	2,605,267	-	-	-	2,605,267	2,206,001
Provincial government grants						
Operating	20,407,613	-	-	-	20,407,613	19,284,912
Restricted - non-space and alterations and renovations	732,950	-	-	-	732,950	732,949
Special - operating	4,810,543	-	-	-	4,810,543	4,564,708
Total ordinary revenue	62,255,390	-	-	-	62,255,390	58,925,739
Sponsored research funds	-	7,907,348	-	-	7,907,348	6,616,981
Coady International Institute (Schedule 3)	3,429,476	-	-	-	3,429,476	2,970,356
Extension Department (Schedule 4)	222,181	-	-	-	222,181	384,370
Ancillary Enterprises (Schedule 5)	20,204,024	-	-	-	20,204,024	18,017,042
Capital Fund revenue						
Amortization of deferred revenue						
- Buildings	-	-	1,296,612	-	1,296,612	1,877,754
- Equipment	-	-	1,944,984	-	1,944,984	1,292,830
- Library books	-	-	320,922	-	320,922	303,425
- Motor vehicles	-	-	46,587	-	46,587	25,948
- Campaign charges	-	-	1,947,645	-	1,947,645	-
Total revenue	86,111,071	7,907,348	5,556,750	-	99,575,169	90,414,445

(continued)

ST. FRANCIS XAVIER UNIVERSITY

Statement of Operations

Year ended March 31, 2007

	2007					2006
	Operating Fund	Research Fund	Capital Fund	Endowment Fund	Total Funds	Total Funds
Expenditure (Schedule 2)						
Instruction and non-sponsored research	\$ 33,661,439	\$ -	\$ -	\$ -	\$ 33,661,439	\$ 32,550,251
Continuing education/training and development	662,531	-	-	-	662,531	748,067
Educational information/technology	1,652,715	-	-	-	1,652,715	1,691,315
Library	2,764,011	-	-	-	2,764,011	2,780,868
Student services	5,836,015	-	-	-	5,836,015	5,762,602
Advancement	1,684,346	-	-	-	1,684,346	1,519,585
Administration & general	5,596,754	-	-	-	5,596,754	4,835,640
Facilities management	7,191,742	-	-	-	7,191,742	6,665,942
Non-space and alterations and renovations	733,000	-	-	-	733,000	732,949
Capital renewal	800,000	-	-	-	800,000	750,000
Information and technology funding	1,372,381	-	-	-	1,372,381	677,770
Provision for HST audit and XEDC (Note 16)	249,461	-	-	-	249,461	200,000
Capital expenditure - Operating Fund (Note 11)	(4,389,831)	-	-	-	(4,389,831)	(2,545,555)
Total ordinary expenditure	57,814,564	-	-	-	57,814,564	56,369,434
Sponsored research expense	-	6,495,917	-	-	6,495,917	5,537,288
Coady International Institute (Schedule 3)	3,429,476	-	-	-	3,429,476	2,970,356
Extension Department (Schedule 4)	222,181	-	-	-	222,181	384,370
Ancillary Enterprises (Schedule 5)	20,204,024	-	-	-	20,204,024	18,017,042
Amortization expense						
- Buildings	-	-	3,459,508	-	3,459,508	2,810,810
- Equipment	-	-	1,229,834	-	1,229,834	1,010,613
- Library books	-	-	320,922	-	320,922	303,425
- Motor vehicles	-	-	46,586	-	46,586	25,949
- Campaign charges	-	-	1,018,520	-	1,018,520	284,034
Total expenditure	81,670,245	6,495,917	6,075,370	-	94,241,532	87,713,321
Surplus (deficit) before interfund transfers	4,440,826	1,411,431	(518,620)	-	5,333,637	2,701,124
Inter-fund transfers (Note 12)	(4,389,831)	(1,411,431)	2,075,429	-	(3,725,833)	(2,452,626)
Surplus	\$ 50,995	\$ -	\$ 1,556,809	\$ -	\$ 1,607,804	\$ 248,498

ST. FRANCIS XAVIER UNIVERSITY

Statement of Cash Flows

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash provided from (used in) operating activities		
Surplus	\$ 50,995	\$ 10,750
Campaign fund transfer	(22,464)	(100,925)
Capital assets amortized/charged to operations	2,363,988	2,061,019
Debt repayments from operating fund	1,476,634	1,138,581
Net decrease in non-cash working capital	(588,851)	547,531
	<u>3,280,302</u>	<u>3,656,956</u>
Cash provided from (used in) investing activities		
Capital asset acquisitions	(15,440,218)	(14,721,146)
Purchase of investments, net	(6,452,337)	(6,203,186)
Holdback deposit	1,022,233	(1,022,233)
	<u>(20,870,322)</u>	<u>(21,946,565)</u>
Cash provided from (used in) financing activities		
Increase in bank indebtedness	(6,021,822)	(3,502,794)
Deferred charges - campaign	135,038	174,810
Long-term debt - new	15,672,058	11,578,115
Long-term debt - repayments	(1,465,087)	(1,128,009)
Reinvested endowment income	4,745,869	4,424,714
Contributions - Endowment Fund	1,206,289	1,188,686
Contributions - Capital Fund	3,241,085	6,273,377
Contributions - government	-	265,387
	<u>17,513,430</u>	<u>19,274,286</u>
NET CASH (OUTFLOW) INFLOW	(76,590)	984,677
CASH, BEGINNING OF YEAR	984,677	-
CASH, END OF YEAR	\$ 908,087	\$ 984,677

ST. FRANCIS XAVIER UNIVERSITY
Statement of Changes in Fund Balances
Year ended March 31, 2007

	2007				2006
	Operating Fund	Endowment Fund	Capital Fund	Total Funds Balance	Total Funds Balance
Balance, beginning of year	\$ (263,828)	\$ 45,274,260	\$ (10,842,101)	\$ 34,168,331	\$ 27,864,793
Transactions during the year					
Bequests and donations	-	1,206,289	4,152,908	5,359,197	1,581,246
Capital gains	-	4,482,802	-	4,482,802	4,019,494
Reinvested income	-	263,067	-	263,067	405,220
Development program - net (Schedule 6)	-	-	(22,464)	(22,464)	(100,925)
Corpfinance penalty recovery	-	-	158,119	158,119	150,005
Surplus	50,995	-	1,556,809	1,607,804	248,498
Balance, end of year	\$ (212,833)	\$ 51,226,418	\$ (4,996,729)	\$ 46,016,856	\$ 34,168,331

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

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.

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. F.X. 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 Statement of Financial Position.

Accrual basis accounting

The financial statements of the University are prepared on the accrual basis, with the following exception:

- Pledged contributions and income from the Endowment Fund are recorded when received.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Book store and physical plant inventories are stated at cost, being the lower of cost and net realizable value.

Investments

Investments are recorded at cost. When there is a loss in the fair value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

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

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*.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 not recognized on the balance sheet. Gains or losses on those instruments are recognized in earnings in the same period as those on the hedged item. When the hedging instrument is sold, terminated or ceases to be effective prior to maturity, any gains or losses that had been previously deferred are carried forward to be recognized in earnings in the same period as those on the hedged item. When the hedged item is sold, extinguished or matures prior to the termination of the related hedging instrument all gains or losses previously deferred are recognized in earnings of the current period.

Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the balance sheet date, as well as revenue and expenses for the period then ended. Significant estimates used 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.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

3. ENDOWMENT AND CAPITAL FUND – MARKET VALUES

	<u>2007</u>	<u>2006</u>
Cash, bonds and stocks - Endowment Fund, restricted, at cost	\$ 45,759,624	\$ 43,563,906
Cash, bonds and stocks - Capital Fund, restricted, at cost	5,393,776	1,290,868
Cash, bonds and stocks - Endowment Fund, unrestricted, at cost	1,697,383	1,543,672
	<u>\$ 52,850,783</u>	<u>\$ 46,398,446</u>
Market value as at March 31	<u>\$ 85,806,676</u>	<u>\$ 83,974,526</u>

There is \$120,953 (2006 - \$110,000) 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.

4. CAPITAL ASSETS

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 3,328,551	\$ -	\$ 2,877,967	\$ -
Buildings	148,111,722	42,339,376	135,436,569	38,879,869
Equipment and furnishings	21,174,319	14,745,913	18,800,764	13,516,079
Library books	3,209,224	2,863,694	3,034,250	2,542,772
Motor vehicles	448,213	334,255	372,262	287,669
	<u>\$ 176,272,029</u>	<u>\$ 60,283,238</u>	<u>\$ 160,521,812</u>	<u>\$ 55,226,389</u>
Less: Accumulated amortization	<u>60,283,238</u>		<u>55,226,389</u>	
Net book value	<u>\$ 115,988,791</u>		<u>\$ 105,295,423</u>	

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

5. PENSION PLANS

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

For its defined benefit pension plans, the University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2005 and the next required valuation will be as of December 31, 2008.

Information about the University's defined benefit pension plans as at March 31, 2007 is as follows:

	<u>Plan 1</u>	<u>Plan 2</u>
Accrued benefit obligation	\$ 14,059,763	\$ 1,811,908
Fair value of plan assets	12,692,597	1,390,851
Deficit	(1,367,166)	(421,057)
Plus: Unamortized amounts		
Transitional obligation	886,706	526,820
Actuarial experience losses (gains)	681,536	(15,421)
Employer contributions (January - March 2007)	122,451	47,751
Accrued benefit asset	\$ 323,527	\$ 138,093

Plan assets consist of:

	Percentage of plan assets	
	<u>Plan 1</u>	<u>Plan 2</u>
	%	%
Equity securities	60.1	58.0
Debt securities	34.5	33.3
Other	5.4	8.7
	100.0	100.0

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

5. PENSION PLANS (continued)

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

	<u>Plan 1</u> %	<u>Plan 2</u> %
Discount rate (to determine accrued benefit obligation)	5.0	5.0
Discount rate (to determine benefit cost)	5.0	5.0
Expected long-term rate of return on plan assets	6.5	6.5
Salary escalation	4.0	N/A

Other information about the University's defined benefit pension plans for the year ended March 31, 2007 is as follows:

	<u>Plan 1</u>	<u>Plan 2</u>
Benefits cost	\$ 283,530	\$ 71,776
Cash contributions	544,137	-
Benefits paid	462,489	232,929

Employer and employee contributions to the defined contribution plan were \$179,047 (2006 - \$187,915) and \$161,173 (2006 - \$152,777) respectively for the year ended March 31, 2007.

6. EMPLOYEE FUTURE BENEFITS

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.

Information about the University's post-retirement benefits, other than pension, as at March 31, 2007 is as follows:

Accrued benefit obligation	\$ 2,448,129
Fair value of plan assets	-
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Deficit	(2,448,129)
Less: Unamortized amounts	
Transitional obligation	(839,700)
Actuarial experience gain	524,500
<hr/>	
	\$ (2,132,929)
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ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

6. EMPLOYEE FUTURE BENEFITS (continued)

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

Discount rate (to determine accrued benefit obligation)	5.5%
Discount rate (to determine benefit cost)	5.5%
Dental benefits cost escalation	4.5%
Medical benefits cost escalation – extended health care	6.5% (decreasing by 1% per year)

Other information about the University's post-retirement benefits, other than pension, for the year ended March 31, 2007 are as follows:

Benefits cost	\$366,200
Benefits paid	162,959

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 \$2,598,105 (2006 - \$2,291,379), 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.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

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 \$30 million revolving term loan with interest payable on \$14 million at bankers' acceptance rates and on \$16 million at prime; a \$5 million special operating loan at prime less $\frac{1}{4}$; and a \$6 million special operating loan at prime plus $\frac{1}{4}$, available only for the period April 1 to September 30. At March 31, 2007, \$14 million has been drawn on the revolving term loan.

Long-term debt

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

	<u>2007</u>	<u>2006</u>
Congregation of Sisters of Notre Dame - non-interest bearing, due June 1, 2021	\$ 2,012,998	\$ 2,151,826
Bank of Montreal 10 year SWAP - 4.81 % due January 1, 2015	2,462,978	2,718,809
Bank of Montreal 19 year SWAP 5.53% due October 1, 2023	21,500,955	22,291,548
Bank of Montreal 25 year SWAP 5.63% due September 2, 2031	18,664,215	11,578,114
Bank of Montreal 20 year SWAP 5.48% due October 1, 2026	8,300,349	-
	<u>\$ 52,941,495</u>	<u>\$ 38,740,297</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 \$15,000,000 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.

During fiscal 2007, a new residence was constructed and a major renovation to an older residence was completed. These projects were both financed with the BMO demand construction credit facility and converted into loans maturing in 2031 and 2026. At the same time, the University entered into two interest rate swaps to fix interest rates for the full term of the loans at 5.63% and 5.48%, respectively.

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

10. LONG-TERM DEBT (continued)

At March 31, 2007, the difference between the fair value and the carrying value of the debt, being the fair value of the interest rate swap, was (\$44) for the BMO 10 year SWAP; (\$1,170,011) for the BMO 19 year SWAP; (\$1,390,095) for the BMO 25 year SWAP; and (\$455,115) for the 20 year SWAP.

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:

2008	\$ 1,876,621
2009	1,968,819
2010	2,066,049
2011	2,168,392
2012	2,276,186
	<hr/>
	\$ 10,356,067

11. CAPITAL EXPENDITURE - OPERATING FUND

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>2007</u>	<u>2006</u>
Facilities management equipment	\$ 10,932	\$ 10,932
Alterations and renovations	62,494	272,723
Non-space capital equipment	68,239	81,870
Mount Saint Bernard, Municipal building	106,036	103,480
Library books and equipment	174,974	252,392
Equipment - general	350,170	5,016
Information and technology equipment	741,557	-
Capital renewal	800,000	750,000
Ancillary Enterprises (Note 13)	2,075,429	1,069,142
	<hr/>	
Total	\$ 4,389,831	\$ 2,545,555

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

12. INTERFUND TRANSFERS

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

	<u>2007</u>	<u>2006</u>
Facilities management equipment	\$ 10,932	\$ 10,932
Alterations and renovations	62,494	272,723
Non-space capital equipment	68,239	81,870
Mount Saint Bernard, Municipal building	106,036	103,480
Library books and equipment	174,974	252,392
Equipment - general	350,170	5,016
Information and technology equipment	741,557	-
Capital renewal	800,000	750,000
Ancillary Enterprises (Note 13)	2,075,429	1,069,142
	<u>\$ 4,389,831</u>	<u>\$ 2,545,555</u>

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

	<u>2007</u>	<u>2006</u>
Research - equipment, motor vehicles	\$ 1,411,431	\$ 1,079,693

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

	<u>2007</u>	<u>2006</u>
Congregation of Sisters of Notre Dame	\$ 48,589	\$ 48,589
Bank of Montreal loan repayment	57,447	54,891
	<u>\$ 106,036</u>	<u>\$ 103,480</u>

ST. FRANCIS XAVIER UNIVERSITY

Notes to the Financial Statements

March 31, 2007

13. ANCILLARY - INTERFUND TRANSFERS TO CAPITAL FUND

	<u>2007</u>	<u>2006</u>
Lane Hall loan repayment	\$ 5,774	\$ 5,287
Congregation of Sisters of Notre Dame	105,663	105,663
Bank of Montreal loan repayment (former CMHC)	198,384	189,557
Bank of Montreal loan repayment (former Corpfinance)	790,593	750,020
Bank of Montreal loan repayment (Governors Hall)	182,853	-
Bank of Montreal loan repayment (MacIsaac Hall)	102,756	-
Ancillary equipment	24,409	-
Residence improvement	664,997	18,615
	<u>\$ 2,075,429</u>	<u>\$ 1,069,142</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>2007</u>	<u>2006</u>
Balance, beginning of year	\$ 50,838,264	\$ 46,309,758
Add: Contributions received during the year	2,770,680	9,195,799
Less: Recognition of deferred revenue	(5,678,761)	(4,667,293)
	<u>\$ 47,930,183</u>	<u>\$ 50,838,264</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 the University uses interest rate swaps to fix interest rates on its long-term debt.

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, 2007

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 and long-term debt and derivative instruments is described in Note 3 and Note 10 respectively.

16. PROVISIONS

The University is currently in the appeals stage of an HST audit by Canada Revenue Agency. A provision has been recorded for potential exposure to the University if the appeal is not successful. A provision has also been provided for the current deficit of XEDC due to the uncertainty surrounding funding each year.

17. SUBSEQUENT EVENT

A lending facility to complete an \$11 million renovation to Bishops Hall in the summer of 2007 has been added to the existing BMO credit agreement. A fixed interest rate SWAP was entered into on April 10, 2007 with an effective date of February 1, 2008.

18. COMPARATIVE FIGURES

Certain 2006 comparative figures have been reclassified to conform to 2007 presentation.

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

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Student academic fees		
Full-time tuition	\$ 27,294,229	\$ 25,336,091
Information & technology fee	1,372,381	1,346,385
Part-time tuition	1,532,124	1,639,677
Summer school tuition	1,028,543	974,798
Continuing education/training and development	880,108	982,893
Other	755,457	808,495
	<u>32,862,842</u>	<u>31,088,339</u>
Bequests, donations and non-government grants		
Annual Giving Fund - unrestricted (Note 8)	300,000	300,000
Scholarship and bursary donations	333,571	284,319
	<u>633,571</u>	<u>584,319</u>
Miscellaneous	202,604	464,511
Special purpose and trust income		
General endowment	48,306	61,696
Academic endowment	31,739	39,677
Library endowment	11,325	14,159
Murphy endowment	15,000	15,000
Scholarship and bursary endowment	2,201,667	1,478,893
Alumni Aquatic Centre operating endowment	117,617	147,035
Chairs of study endowment	146,613	416,541
Athletic endowment	33,000	33,000
	<u>2,605,267</u>	<u>2,206,001</u>
Provincial government grants		
Operating	20,407,613	19,284,912
Restricted – non-space and alterations and renovations	732,950	732,949
Special - operating	4,810,543	4,564,708
	<u>25,951,106</u>	<u>24,582,569</u>
Total ordinary revenue	<u>\$ 62,255,390</u>	<u>\$ 58,925,739</u>

ST. FRANCIS XAVIER UNIVERSITY**SCHEDULE 2****Expenditure**

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Instruction and non-sponsored research		
Salaries - instruction and research	\$ 23,259,557	\$ 22,272,292
- support and other	3,333,795	3,208,647
Fringe benefits	3,967,300	3,869,807
Post retirement benefits	203,241	229,744
Operational supplies and expenses	2,075,848	1,849,362
Travel	411,674	490,246
Chairs of studies	146,613	308,542
Extension department - net (Schedule 4)	63,411	121,611
Coady International Institute - net (Schedule 3)	200,000	200,000
	<u>33,661,439</u>	<u>32,550,251</u>
Continuing education/training and development		
Salaries	201,991	192,404
Fringe benefits	45,724	43,354
Outside services	118,240	160,888
Operational supplies and expenses	210,231	241,186
Travel	86,345	110,235
	<u>662,531</u>	<u>748,067</u>
Educational information/technology		
Salaries	1,142,690	1,184,986
Fringe benefits	187,115	218,900
Operational supplies and expenses	64,816	63,035
Service of equipment	215,578	193,164
Travel	42,516	31,230
	<u>1,652,715</u>	<u>1,691,315</u>
Library		
Salaries	1,349,474	1,358,544
Fringe benefits	243,944	243,192
Library acquisitions	1,101,432	1,110,532
Operational supplies and expenses	66,109	65,624
Travel	3,052	2,976
	<u>2,764,011</u>	<u>2,780,868</u>
Student services		
Salaries	1,879,489	1,898,274
Fringe benefits	325,002	310,284
Operational supplies and expenses	675,134	750,690
Scholarships, bursaries and prizes	2,491,745	2,395,478
Travel	464,645	407,876
	<u>5,836,015</u>	<u>5,762,602</u>

(continued)

ST. FRANCIS XAVIER UNIVERSITY**SCHEDULE 2****Expenditure**

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Advancement		
Salaries	972,933	860,288
Fringe benefits	183,155	158,439
Operational supplies and expenses	486,589	452,644
Travel	41,669	48,214
	1,684,346	1,519,585
Administration and general		
Salaries	2,357,231	1,944,007
Fringe benefits	427,177	322,545
Operational supplies and expenses	85,611	62,347
Institutional dues, legal, audit and other	1,049,018	964,077
Interest - net (Schedule 7)	1,570,349	1,470,355
Travel	107,368	72,309
	5,596,754	4,835,640
Facilities management		
Salaries	2,929,071	2,769,212
Fringe benefits	576,794	575,216
Operational supplies and expenses	1,217,062	1,137,922
Insurance	244,815	324,166
Utilities	2,224,000	1,859,426
	7,191,742	6,665,942
Non-space and alterations and renovations	733,000	732,949
Capital renewal	800,000	750,000
Information and technology funding	1,372,381	677,770
Provision for HST Audit & XEDC (Note 16)	249,461	200,000
Capital expenditure - Operating Fund (Note 11)	(4,389,831)	(2,545,555)
	(1,234,989)	(184,836)
Total ordinary expenditure before interfund transfers	\$ 57,814,564	\$ 56,369,434
Interfund transfers (Note 12)	4,389,831	2,545,555
Total ordinary expenditure after interfund transfers	62,204,395	58,914,989
Less: Total ordinary revenue (Schedule 1)	62,255,390	58,925,739
Net surplus on ordinary revenue and expenditure	\$ 50,995	\$ 10,750

ST. FRANCIS XAVIER UNIVERSITY
COADY INTERNATIONAL INSTITUTE
Statement of Revenue and Expenditure
Year ended March 31, 2007

SCHEDULE 3

	<u>2007</u>	<u>2006</u>
Revenue		
C.I.D.A. - general	\$ 1,250,000	\$ 1,000,000
- special projects	928,255	764,957
General revenue	568,214	415,481
Endowments	118,043	110,782
Antigonish Movement Fund	2,220	11,627
Other grants and donations	562,744	667,509
	<u>3,429,476</u>	<u>2,970,356</u>
University contribution	200,000	200,000
	<u>\$ 3,629,476</u>	<u>\$ 3,170,356</u>
Expenditure		
Salaries	\$ 1,445,557	\$ 1,297,625
Fringe benefits	211,300	201,976
Travel - students	35,406	18,099
- staff	272,536	244,204
Operational supplies and expense	595,859	429,327
Library acquisitions	22,381	25,869
Room and board	170,292	171,119
Facilities and services	265,156	252,341
C.I.D.A. - special projects	610,989	529,796
	<u>\$ 3,629,476</u>	<u>\$ 3,170,356</u>

ST. FRANCIS XAVIER UNIVERSITY
EXTENSION DEPARTMENT
Statement of Revenue and Expenditure
Year ended March 31, 2007

SCHEDULE 4

	<u>2007</u>	<u>2006</u>
Revenue		
Antigonish Movement Fund	\$ 2,220	\$ 11,627
Cape Breton endowment	85,765	107,216
Murphy endowment	69,234	90,289
Other grants and donations	64,962	175,238
	<u>222,181</u>	<u>384,370</u>
University contribution	63,411	121,611
	<u>\$ 285,592</u>	<u>\$ 505,981</u>
Expenditure		
Salaries	\$ 189,456	\$ 363,750
Fringe benefits	40,579	66,096
Outside services	3,000	1,480
Travel	12,353	21,741
Operational supplies and expense	40,204	52,914
	<u>\$ 285,592</u>	<u>\$ 505,981</u>

ST. FRANCIS XAVIER UNIVERSITY
ANCILLARY ENTERPRISES
Statement of Revenue and Expenditure
Year ended March 31, 2007

SCHEDULE 5

	<u>2007</u>	<u>2006</u>
Revenue		
Residence fees - students	\$ 12,565,495	\$ 10,432,616
- others	2,876,447	2,689,410
Bookstore sales	2,705,208	2,795,598
Other ancillary services	2,056,874	2,099,418
	<u>\$ 20,204,024</u>	<u>\$ 18,017,042</u>
Expenditure		
Food service expenses	\$ 5,677,664	\$ 5,233,746
Facilities management expenses	4,177,991	3,986,862
Bookstore expenses	2,531,307	2,558,135
Administrative expenses	1,162,481	935,500
Other ancillary services	1,866,612	1,815,921
	<u>15,416,055</u>	<u>14,530,164</u>
Surplus before debt repayments/provisions	4,787,969	3,486,878
Less: Debt repayments and interest expense	3,849,549	2,643,070
Less: Provision for ancillary improvements	938,420	843,808
Plus: Capital expenditure and debt repayments (Note 13)	2,075,429	1,069,142
Surplus before interfund transfers	2,075,429	1,069,142
Less: Inter-fund transfers (Note 13)	2,075,429	1,069,142
Surplus	\$ -	\$ -

ST. FRANCIS XAVIER UNIVERSITY
DEVELOPMENT PROGRAM (Note 7)
Statement of Fund Receipts and Disposition
Year ended March 31, 2007

SCHEDULE 6

	<u>2007</u>	<u>2006</u>
Cash receipts	\$ 4,455,683	\$ 9,068,066
Allocated to		
Endowments	1,206,289	1,188,686
Capital Fund - physical services project	1,000	34,253
- Science Hall	61,513	328,836
- Millennium Centre	140,461	3,489,661
- School of Business	21,474	61,868
- Global Connection Centre	99,385	1,858,451
- classroom renovations	10,260	12,233
- other	155,488	60
Specific operating accounts	2,782,277	2,194,943
	4,478,147	9,168,991
Decrease in Campaign Fund capital	(22,464)	(100,925)
Development program capital, beginning of year	210,803	311,728
Development program capital, end of year	\$ 188,339	\$ 210,803

Interest Expense

Year ended March 31, 2007

	<u>2007</u>	<u>2006</u>
Interest expense		
Interest and bank charges	\$ 1,620,420	\$ 1,714,457
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Interest recoveries		
University bookstore	19,000	19,000
Lane Hall	7,884	8,370
Other	23,187	216,732
	50,071	244,102
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Interest expense - net	\$ 1,570,349	\$ 1,470,355
