



SAINT MARY'S
UNIVERSITY SINCE 1802

One University. One World. Yours.

Annual Financial Report

March 31, 2012

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One University. One World. Yours.

Management Discussion and Analysis

March 31, 2012

Introduction

I am pleased to introduce the Annual Financial Report for the 2011/12 fiscal year. This report is intended to provide open accountability to the community and demonstrate Saint Mary's strong commitment to fiscal responsibility, one of our key corporate values.

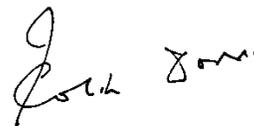
The Board of Governors of Saint Mary's University, as trustee of university financial, physical and human assets, has a fiduciary responsibility to oversee financial management. Financial statements help to fulfil this financial oversight role but these, in isolation, do not always satisfy the various constituencies represented on the Board. The Board is comprised of lay persons, academics, alumni, students, government appointees, administrators and others.

Given the significant size and broad scope of operations, university financial statements are complex and, for many readers, difficult to understand. With the complexity of the financial statements combined with the need to communicate to the overall community and to Board members with various levels of financial background, it is important to increase the understandability of financial disclosures.

In this report, management offers extensive commentary and performance measures of the financial condition of the university. This discussion and analysis should be read in conjunction with the audited financial statements.

The financial statements (pages 20-35) show the university's overall financial picture and are included in this report. The reporting is on a fund accounting basis, using the restricted fund method of accounting for contributions. An independent auditor has audited the financial statements and in their opinion (see page 19) the statements fairly present, in all material respects, the university's financial position at March 31, 2012 and the results of its operations for the year then ended.

In summary, the aim of this Annual Financial Report is to enhance the ability of Board members to use the financial statements to fulfil the Board's financial oversight role, and to promote an attitude of openness toward the community we serve. Taken as a whole, management's discussion and analysis, along with the audited financial statements explain the business environment and financial condition of Saint Mary's University for the year ended March 31, 2012.



J. Colin Dodds, Ph.D.
President and Vice Chancellor

Strategic Focus

President's Strategic Pillars



The President's strategic focus is guided by the vision, mission and core values of Saint Mary's University.

Vision

Saint Mary's, building on its strong tradition of accessibility and community engagement, will be the University of choice for aspiring citizens of the world.

Mission

The mission of Saint Mary's University is to offer undergraduate, graduate, and continuing education programs; to engage in research and disseminate its results; and to serve the community from the local to the international level.

Core Values

Saint Mary's University addresses its vision and mission in the context of all of its values:

- In achieving its mission, the Saint Mary's community is guided by core values of academic integrity, the pursuit of knowledge, responsiveness to community needs, openness to change, concerns for a just and civil society, commitment to environmental sustainability and fiscal responsibility.
- The University is committed to accessibility, diversity and the provision of a positive and supportive learning environment through the effective integration of teaching and research.
- Through promoting the importance of critical enquiry, leadership, teamwork and global awareness, we aim to prepare students for responsible and rewarding lives and to remain engaged with our alumni worldwide.
- We recognize the importance of the contribution and growth of each individual in the University's success.
- Saint Mary's welcomes mutually beneficial partnerships and strategic alliances with all levels of government, with other educational institutions, non-government institutions and the private sector.

University Environment

There are 95 members belonging to the Association of Universities and Colleges of Canada (AUCC). Canadian universities serve more than 1.3 million full-time and part-time students in various degree and continuing education programs and directly employ more than 272,000 people. Nationally, universities are a \$30 billion enterprise in direct expenditures alone – larger than the pulp and paper industry or the oil and gas extraction industry and are significant drivers of economic prosperity across Canada (AUCC, 2011). The system in Nova Scotia includes 11 universities, with 6 located in Halifax.

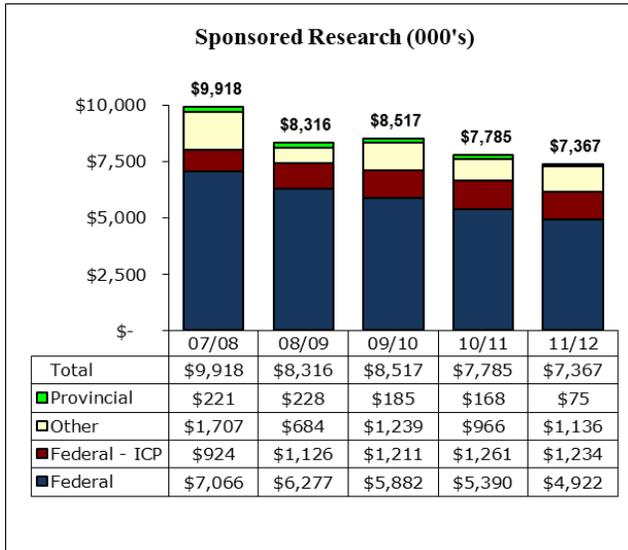
The chart below summarizes the internal and external environment of Saint Mary's. This analysis points to those things we must do well to survive in our competitive situation.

SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)	
<p style="text-align: center; margin: 0;">INTERNAL STRENGTHS</p> <ul style="list-style-type: none"> - Academic Plan endorsed by the university community - friendly, student-centred campus culture - 30 year campus master plan; enhanced and expanded facilities - track record of strong labour relations - well subscribed TESL operations and international student recruitment - strong asset management and operations management - history of commitment to athletics and recreation 	<p style="text-align: center; margin: 0;">INTERNAL WEAKNESSES</p> <ul style="list-style-type: none"> - rising operating costs - weak alumni financial participation - low amount of endowment resources - unfavorably low ratio of full-time faculty to FTE students
<p style="text-align: center; margin: 0;">EXTERNAL OPPORTUNITIES</p> <ul style="list-style-type: none"> - MOU negotiation with the Province of Nova Scotia - general economic downturn creating likely growth for graduate studies - growth potential for research activities - infrastructure improvements - web-based academic courses - growth of international enrolment (may also be a threat; ratio > 23%) 	<p style="text-align: center; margin: 0;">EXTERNAL THREATS</p> <ul style="list-style-type: none"> - Financial status of the Province of Nova Scotia - Difficult fiscal environment as a backdrop to union negotiations - Nova Scotia demographics pointing to lower future enrolment - many local, national and int'l competitors in the higher education sector - Increased competition from the Nova Scotia Community College - extreme competition for philanthropic donations - higher expectations from students and parents

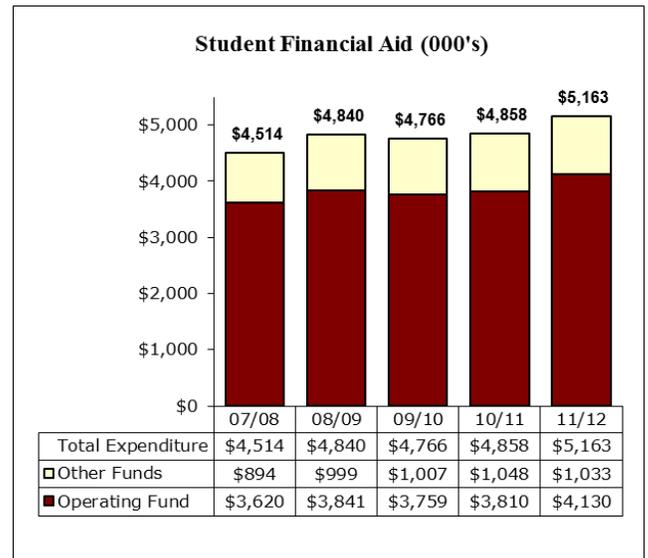
Canadian universities currently offer more than 10,000 undergraduate and graduate degree programs as well as professional degree programs and certificates. Canadian degrees are globally recognized.

Universities also play a vital role in the communities in which they are located – offering reference libraries, sports and recreations facilities, daycare centres, art galleries, lectures, concerts, plays, etc. Saint Mary's University is an integral part of the Halifax Regional Municipality and the Province of Nova Scotia.

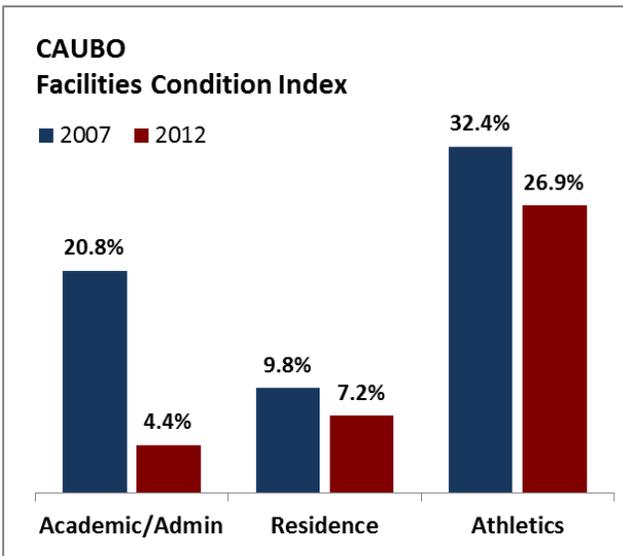
Vital Signs



- Funding from the Indirect Costs Program, decreased 2.1% in 2011/12 from the prior year.
- Federal funding for sponsored research, decreased 8.7% from the prior year.



➤ SMU spending on scholarships, fellowships and bursaries increased by 6.3% in 2011/12.



- Overall, SMU has made improvement in its Facilities Condition Index (FCI) in the past five years – total campus FCI has dropped from 19.1% in 2007 to 7.5% in 2012.

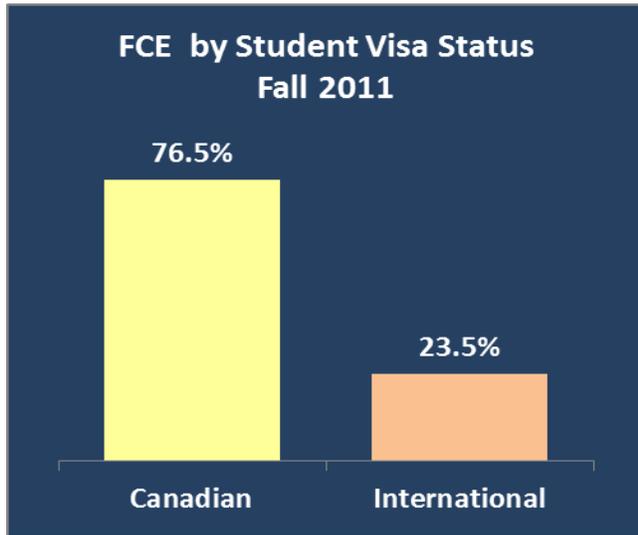
CAUBO FCI Standards

0-5% Excellent to Good
 6-10% Fair to Poor
 > 10% Unacceptable

$$FCI = \frac{\text{deferred maintenance}}{\text{CRV of university facilities}}$$

2011/12 Varsity Sport Teams (prior year in brackets)
 2 (2) AUS Champions (Men's Soccer, Women's Volleyball)
 37 (30) CIS Academic All-Canadians, 9 (9) CIS All-Canadians, 29 (36) AUS All-Stars

University Facts



- ◀ Saint Mary's students originate from 113 different countries
- ◀ The largest international student contingents are from China, Saudi Arabia, India, and Germany
- ◀ 5,822 full-time students
- ◀ 1,318 part-time students
- ◀ The student population is 48% female, 52% male

Residence	Loyola	Vanier	Rice	Total
Single/Super Single	322	80	183	585
Double	112	144	134	390
Senior Apartments	78	8	0	86
Premium Suites	26	0	0	26
Family/Graduate	62	0	0	62
Total Beds	600	232	317	1,149

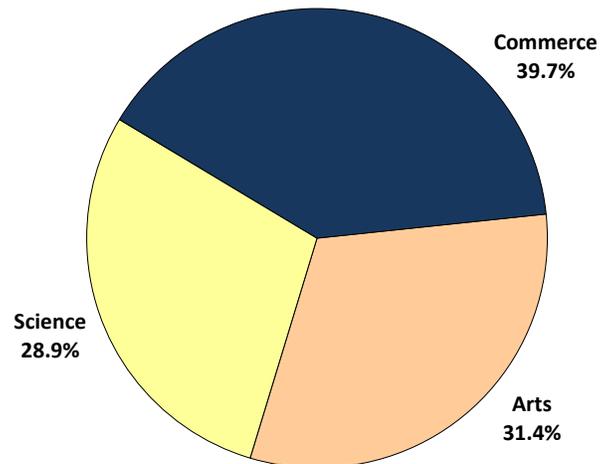
- ▲ Saint Mary's operates three residences, with several different styles of accommodation to suit a variety of student needs. Vacancy rates decreased to 0.8% in October 2011.

Library Holdings	
Print Volumes	453,989
Micromaterials	590,585
Non-Print	41,934
Total	1,086,508

- ▲ Students, faculty and other patrons made 606,878 visits to the University library during 2011/12

Average Class Size (Prior year in brackets)
▪ 40 (43) - Introductory Classes
▪ 17 (19) - Upper Level Classes
▪ 16 (13) - Graduate Classes

Course Registrations by Faculty 2011/12



- ▲ The largest percentage of course registrations is found in Psychology (14.9%)

SMU Staffing 2011/12	Full time	Part time
Faculty	255	183
Academic and Research Support	173	3
Student Support Services	53	2
Administrative Support Services	89	1
Facilities Management	103	
IT Systems & Support	36	1
Ancillaries	16	
TESL	9	44
Total	734	234

- ▲ Saint Mary's also employed more than 950 students during 2011/12

Responsibility for Financial Reporting

The administration of the university is responsible for the preparation, integrity and objectivity of the financial statements and the notes thereto. The administration believes that the financial statements present fairly the university's financial position as at March 31, 2012 and the results of its operations for the year then ended.

The administration has also prepared the unaudited financial information presented elsewhere in this financial report and has ensured that it is consistent with the financial statements.

The University has elected to apply the Canadian accounting standards for not-for-profit organizations per Part III of the CICA Handbook and the standards for private enterprise as per Part II of the Handbook for items not addressed in Part III. The financial statements for the year ended March 31, 2012, and the comparative period were prepared in accordance with the accounting principles and provisions set out in Section 1501: First Time Adoption by Not-for-Profit Organizations. These are the first full set of financial statements presented by the University under the new accounting standards. The University has chosen to early adopt the standards. The financial statements provide full information about this transition.

Where alternative accounting methods exist, those deemed most appropriate in the circumstances have been chosen. Financial statements include amounts based on estimates and judgment. Such amounts have been determined on a reasonable and consistent basis to ensure that the financial

statements are presented fairly, in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board carries out its responsibility for review of the financial statements principally through its Audit Committee. All of the members of the Audit Committee are independent, i.e., not officers or employees of the university. The Audit Committee meets regularly with administration and with the external auditors, Grant Thornton LLP, to discuss the planning and results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of management.

The Board of Governors of Saint Mary's has responsibility to review and approve the financial statements upon the recommendation of management and the Audit Committee.



Larry Corrigan, MBA, FCGA
Vice-President, Finance

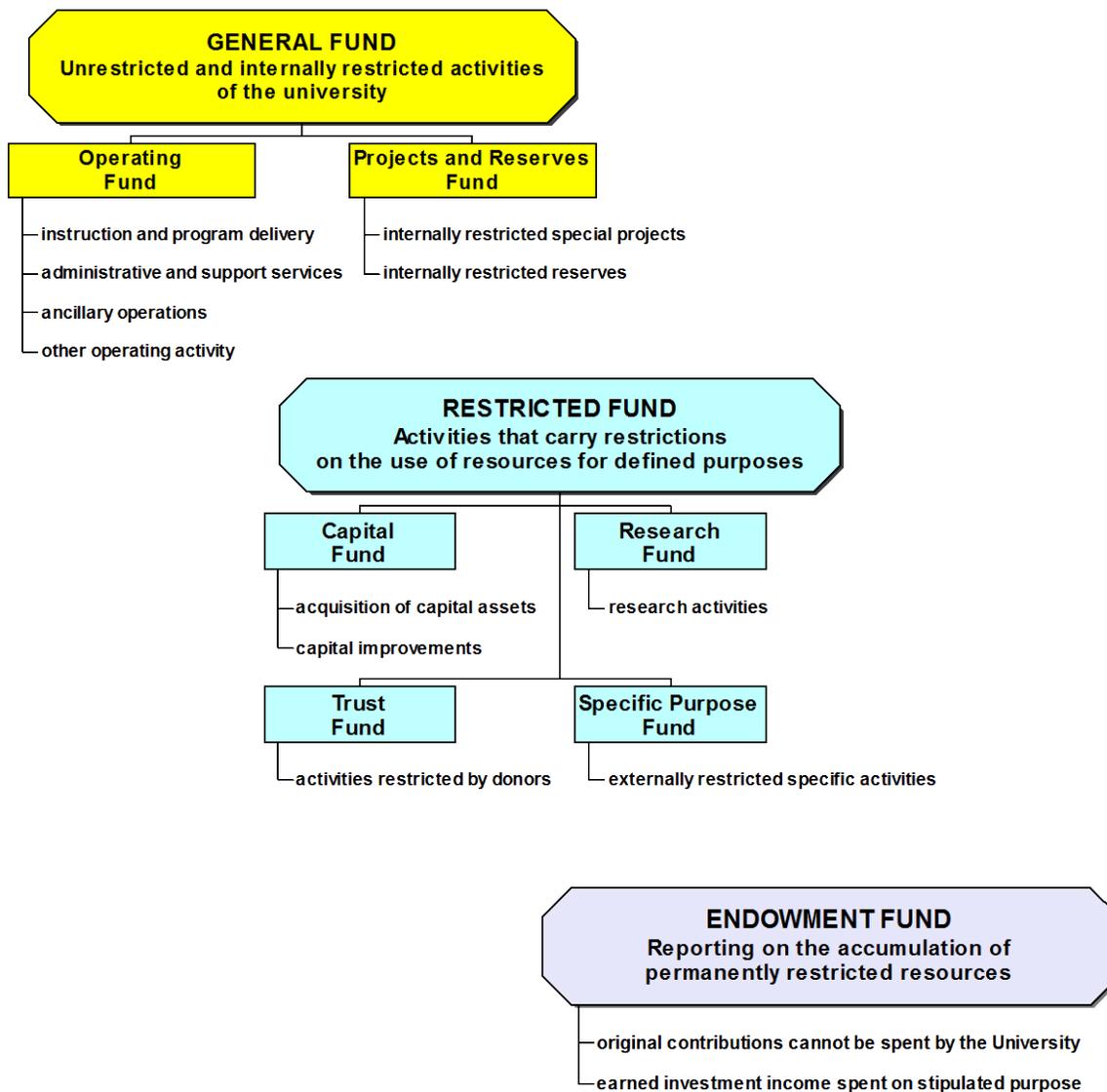
Fund Accounting

The Board of Governors and management have responsibility to set the strategic directions for the university, allocate resources, and then assess achievements associated with those decisions. Fund accounting assists by classifying financial statement items for accounting and reporting purposes into logical groupings with specified activities and objectives. Presentation of the financial information in fund format, based on restrictions and areas of activity, enables more effective performance evaluation and stewardship.

In 2011/12 the University adopted the new Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*. Details on the impact of this change are described in Notes 16 and 17 of the financial statements.

The financial statement structure for Saint Mary's University is comprised of:

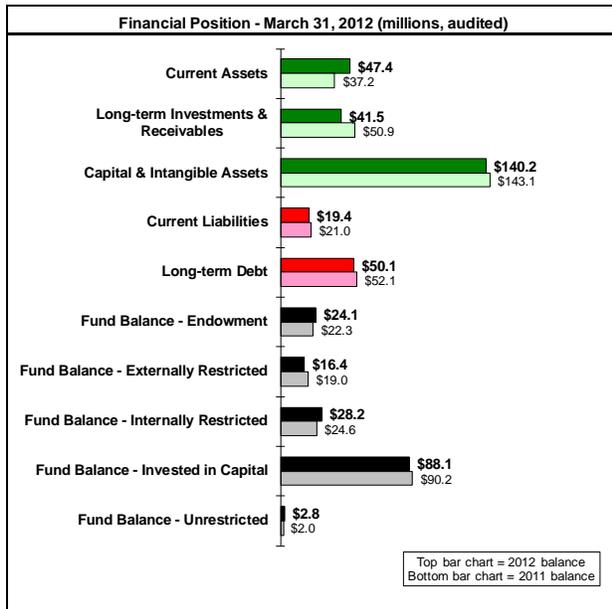
- the General Fund
- the Restricted Fund
- the Endowment Fund



Financial Position and Fund Balances

(Millions \$)

The Statement of Financial Position reports what the university owns (assets), what it owes to others (liabilities) and the remaining interest or equity in the assets (fund balances) at the March 31, 2012 reporting date.



University current assets amount to \$47.4 and are made up of cash, short-term investments, accounts receivable, inventories and prepaid expenses. The year-end balance of current assets was \$10.2 higher than the previous year. This was due in part to the university's decision to move a significant portion of the Restricted Funds Investment Pool from bonds to short-term investments based on a review of the cash flow requirements. This decision also resulted in a corresponding decrease in the long-term investments and receivables which decreased \$9.4 compared to the prior year and ended 2011/12 at \$41.5. The investments earned \$3.9 during the year and the university received \$3.3 in gifts and bequests. The long-term investments are recorded at fair value and the investment income included unrealized losses of \$0.1 from the change in the fair value of the investments in 2011/12. The gifts are for various purposes including capital construction, program support, and endowments.

As part of the new accounting standards, software and other intangible assets are now classified and reported separately in the financial statements. These items were previously reported as part of capital assets.

Capital and intangible assets, with a net book value of \$140.2, are a prominent component of the university's statement of financial position. The university's buildings comprise 80% of net capital assets. During the year the university reviewed the estimates and assumptions related to the amortization of the capital and intangible assets and decided that the straight-line method of calculating amortization would better reflect the university's use of these assets compared to the diminishing balance method previously used. The straight-line method will result in faster amortization of the assets and higher annual amortization expense. Although the change resulted in a significant increase in amortization in 2011/12, which was \$15.6 compared to \$7.3 in 2010/11, the expense is expected to be approximately \$9 in future years.

Current liabilities of \$19.4 include payables, accruals, students' deposits and deferred revenue. The year-end balance decreased by \$1.6 compared to the prior year. This is in part due to the \$0.8 decrease in the current portion of the long-term debt. Long-term debt decreased by \$2.0.

The fund balances represent the university's residual interest in its assets after deducting liabilities. The fund accounting method of reporting used by Saint Mary's shows the restrictions on the balances. \$40.5 relates to resources that are constrained by endowments and other external restrictions; \$28.2 is internally restricted by the university for projects and reserves; \$88.1 is the net amount invested in buildings and other capital assets. The unrestricted General Fund balance represents the accumulated surplus and is \$2.8.

In total, the fund balances of Saint Mary's University increased substantially over the past five years from \$101.6 at March 31, 2007 to \$159.6 at March 31, 2012.

Financial Condition Analysis

Critical Success Factors and Related Performance Indicators

To enhance the financial governance of the university, particularly in the area of accountability, Saint Mary's has developed the set of key financial performance indicators summarized below. The indicators are rooted in the articulated mission of the university. More information about the relevance of the measures and management discussion and analysis follows on the pages referenced.

Accountability is important to the future of Saint Mary's. The various stakeholders of the university appropriately require that the Board of Governors and university management demonstrate financial stewardship:

- to support our internal planning processes and provide information for decision making
- to report results to government to justify receiving over \$45 million in grants and contributions
- to demonstrate to donors that their philanthropic gifts are prudently applied
- to provide evidence to lending institutions that the university meets its fiduciary duties
- to generate support from our students, employees, external partners and the overall university community

No set of aggregate quantitative measures can capture the complexity of the university. Nonetheless, we identified indicators which can allow us to monitor the "big picture" of Saint Mary's financial condition over time and in comparison to selected peer group universities.

Critical success factors

Performance indicators

⊗ OPERATIONS (page 10)

1 - student demand	→ enrolment trend
2 - independent sources of revenue	→ ratio of own source revenue to total operating revenue
3 - funding of the university educational mission	→ expenditure per student
4 - student accessibility	→ tuition + mandatory fees, compared to university peer group

⊗ ASSET MANAGEMENT (page 11)

5 - liquidity	→ unrestricted resources
6 - physical infrastructure	→ current replacement value of capital assets per student
7 - capital investment	→ ratio of capital spending to current replacement value of capital assets
8 - financial flexibility	→ expendable resources per student, compared to university peer group

⊗ FUNDRAISING and ENDOWMENT (page 12)

9 - fundraising	→ resources provided by fundraising efforts
10 - alumni financial participation	→ number of alumni contributors
11 - management of endowment investments	→ endowment fund performance
12 - endowment	→ market value of endowed assets, compared to university peer group

⊗ DEBT CAPACITY (page 13)

13 - ability to pay debt with medium term resources	→ ratio of expendable resources to debt
14 - manageable debt load	→ university debt per student
15 - debt funding strength arising from operations	→ ratio of debt service cost to operating revenue
16 - positive credit profile	→ outstanding debt, compared to university peer group

Financial Condition

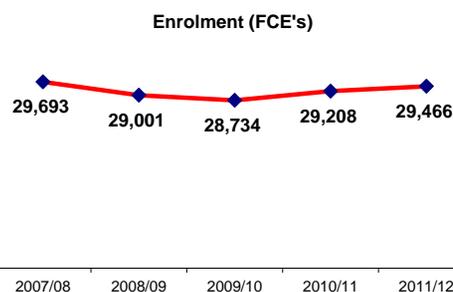
Operations Analysis, March 31, 2012

Critical Success Factor 1: Student demand

 Key Performance Indicator 1: **Enrolment trend** (full course equivalents as at March 31 of the academic year)

Saint Mary's position in the educational "market" is a driver of long-term financial health. Strong student demand provides pricing flexibility and assists with budget management. Student demand not only determines the stability of tuition and other fee revenue, but also affects political and community support, recruitment and retention of faculty and staff, as well as the university's ability to generate philanthropic donations. In common with other universities, SMU is vulnerable to swings in enrolment resulting from demographic patterns, university participation rates, competition and other factors.

Student demand	2010/11	2011/12
Arts enrolment	9,144	9,025
Science enrolment	8,193	8,368
Commerce enrolment	9,963	10,145
Graduate Studies enrolment	1,908	1,928
Total enrolment at March 31 (full course equivalents)	29,208	29,466



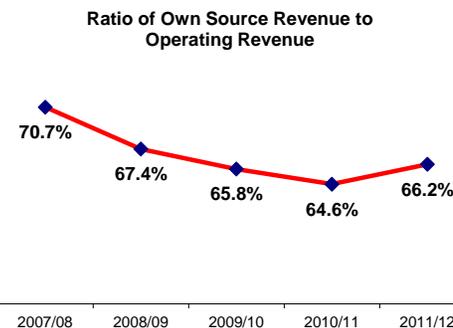
- total enrolment increased 0.9% even with an Arts enrolment decrease of 1.3%
- the largest increase (2.1%) was experienced in Science enrolment
- international enrolment stands at 23.5%, one of the highest in Canada

Critical Success Factor 2: Independent sources of revenue

 Key Performance Indicator 2: **Ratio of own source revenue to total operating revenue**

Universities derive a significant portion of their budget from their provincial government. Given the fiscal challenges of the Province of Nova Scotia, SMU is vulnerable to declines in grant funding. The current 3-year MOU provides no funding security. Revenue diversity adds financial strength by reducing overall risk, and also implies a healthy mix of "business" segments, including academic programs and other sources of operating revenue. A favorable assessment for this measure assumes the government will at least maintain a baseline amount of financial support.

Independent sources of operating revenue	2010/11	2011/12
Own source revenue (millions)	\$71.6	\$73.9
Provincial operating grant (millions)	\$37.7	\$36.3
Federal grant (millions)	\$1.6	\$1.5
Total operating revenue (millions)	\$110.9	\$111.7
Ratio of own source revenue to operating revenue	64.6%	66.2%



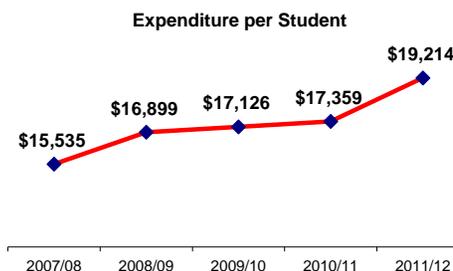
- own source revenue increased in both \$ terms and as a % of total operating revenue
- Provincial grants decreased 3.7% from the previous year
- Federal government grants decreased 6.3%

Critical Success Factor 3: Funding of the university educational mission

 Key Performance Indicator 3: **Expenditure per student**

The primary mission of Saint Mary's includes service of the public interest. As a not-for-profit organization, the university does not focus on maximizing "the bottom line," although avoiding operating deficits is critical to sustainability. The plans of the university are translated into budget targets which become a major focus in applying resources. Assuming prudent management, the allocation of resources, including academic, information technology, maintenance of physical infrastructure and other support services, has the effect of increasing the overall quality of teaching, research and community support. Accordingly, the university seeks a healthy level of funding support expressed in this measure as expenditure per student.

Funding of university educational mission	2010/11	2011/12
Annual expenses, all Funds (millions)	\$116.2	\$126.6
Students (full-time equivalents)	6,694	6,589
Expenditure per student	\$17,359	\$19,214



- spending increase and decreased enrolment (FTE) make this ratio more favourable
- expenditure per student up 10.7% from the prior year
- SMU ranks 7th of 12 peer group universities (peer median = \$19,296 per student)

Financial Condition

Operations Analysis, March 31, 2012

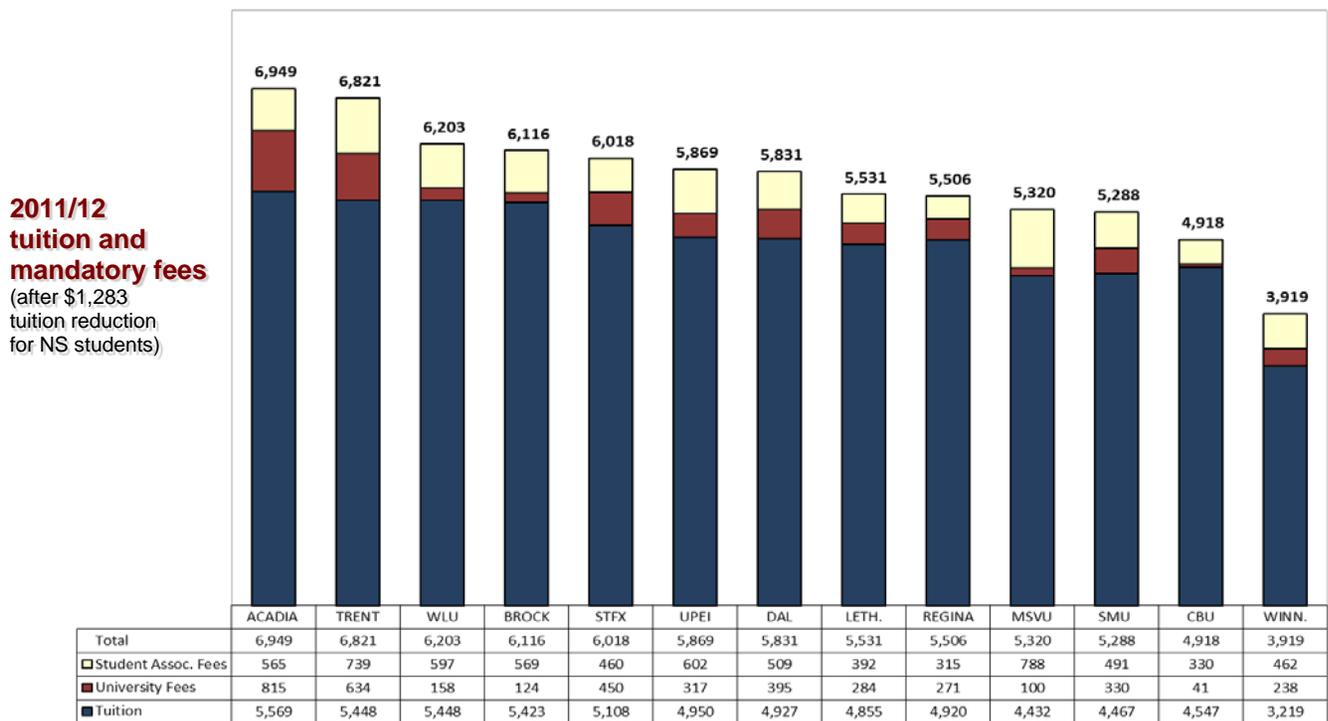
Critical Success Factor 4: **Student accessibility**

Key Performance Indicator 4: **Tuition plus mandatory fees**

The mission statement for Saint Mary's refers to "building on a strong tradition of accessibility". Financially, we contribute to that vision by ensuring to the extent possible that students can afford to attend the university. Studies have shown that higher education is a good financial investment for students, with clear lifetime economic benefit. The amount of tuition and fees charged at Saint Mary's must maintain the investment value for students. Total mandatory student charges include basic tuition plus any other mandatory fees levied by the university and by the related student association.

Tuition is heavily influenced by the amount of government operating support from the province in which each university is located. As a % of total university income, Nova Scotia provides 51% compared to the Canadian median of 56.4%, excluding Quebec which has not reported (CAUBO / Statistics Canada). Average tuition fees therefore are relatively high. Within Nova Scotia, Saint Mary's University has the lowest proportion of provincial operating funding (39.3%) relative to the other NS universities.

The following chart shows total student charges levied by selected universities across the country (SMU peer group comparators).



- in 2011/12, the Province of Nova Scotia provided a tuition bursary of \$1,283 for each Nova Scotia student (about 60% of SMU students)
This had the effect of reducing Nova Scotia university tuition to become more competitive with universities across Canada

- Saint Mary's receives the lowest proportion of provincial funding relative to its Canadian peer group (12th of 12 universities;
39.3% funding compared to the peer group median of 51.4%)

- total cost to attend SMU is \$543 less than the median (\$5,831) of the 12 peer group universities (plus Dalhousie)

- it is reasonable to conclude that SMU tuition is competitive within Nova Scotia and Canada

Source of NS and peer group funding information: CAUBO/Statistics Canada interim report 2011 (last year reported)

Source of provincial funding information: CAUBO/Statistics Canada 2011 (last year reported)

Source of tuition and fees information: Association of Atlantic Universities and university websites - assumes 5 full Arts courses

Financial Condition

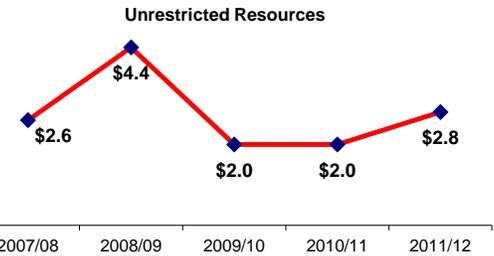
Asset Management Analysis, March 31, 2012

Critical Success Factor 5: Liquidity
Key Performance Indicator 5: Unrestricted resources

Financial strength is demonstrated by asset management policies that provide financial flexibility. Unrestricted resources (immediately available to be expended) are important due to the risk associated with volatile university operations. The university policy is to maintain unrestricted resources in a range between \$1 million and \$3 million to enable the university to hedge against unfavourable contingencies, to take advantage of opportunities and innovation, and to ensure a level of stability over time.

Liquidity	2010/11	2011/12
Unrestricted fund balance, start of year (millions)	\$2.0	\$2.0
Change during the year (millions)	\$0.0	\$0.8
Unrestricted fund balance, end of year (millions)	\$2.0	\$2.8

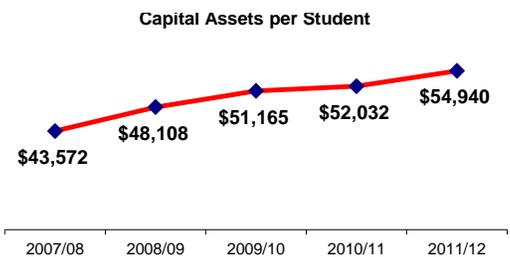
- the unrestricted balance at year end is within the approved range
- SMU balance, \$2.8 million, exceeds the median of the peer group (-\$0.5 million)
- Negative unrestricted resources in 6 of the 12 peer universities


Critical Success Factor 6: Physical infrastructure
Key Performance Indicator 6: Current replacement value of capital assets per student

Capital assets form a very significant financial investment and are by far the largest component of the university's asset base. Land, buildings, information technology, furniture, equipment, vehicles, etc. all play a vital role in supporting the university's mission, providing the physical resources needed for teaching, research and community service. When evaluating the adequacy of physical infrastructure and its asset valuation, current replacement value (CRV) is more relevant than historical cost (CRV determined by CURIE - Canadian University Reciprocal Insurance Exchange).

Physical infrastructure	2010/11	2011/12
CRV of capital assets per CURIE valuation (millions)	\$348.3	\$362.0
Number of students (full time equivalents)	6,694	6,589
CRV of capital assets per student	\$52,032	\$54,940

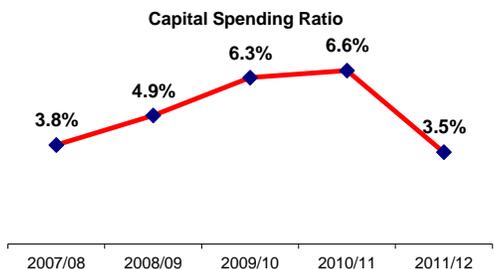
- growth in the value of capital assets; size of the student body decreased
- construction of Atrium & extensive renovation of McNally Building completed
- construction of Homburg Centre for Health and Wellness began Sept 2010


Critical Success Factor 7: Capital investment
Key Performance Indicator 7: Ratio of capital spending to the current replacement value of capital assets

An important aspect of asset management is the condition of the physical infrastructure. In order to provide an excellent level of service, and to properly steward physical assets for future generations, there is an ongoing need for capital investment. As with other NS universities, there is also a significant backlog of deferred maintenance at SMU.

Capital investment	2010/11	2011/12
Capital spending (millions)	\$22.9	\$12.6
CRV of capital assets (millions)	\$348.3	\$362.0
Ratio of capital spending to CRV of capital assets	6.6%	3.5%

- capital spending tends to be uneven over time and is dependent on available funds
- rule of thumb (2% of CRV) significantly exceeded in each of past 5 years
- Facilities Condition Index has significantly improved over the past 5 years (Facilities Condition Index - see page 4)

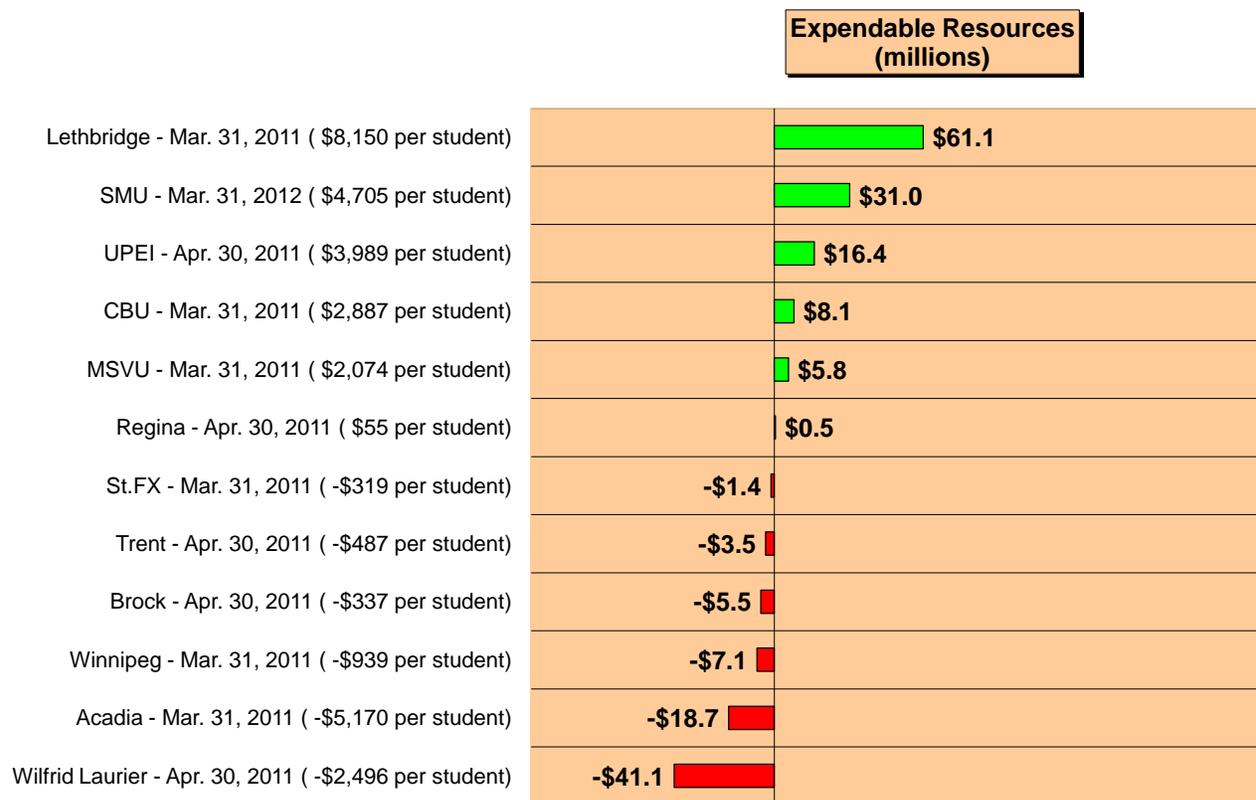


Financial Condition

Asset Management Analysis, March 31, 2012

Critical Success Factor 8: **Financial flexibility**
 Key Performance Indicator 8: **Expendable resources per student**

Expendable resources (unrestricted financial resources available for immediate expenditure + internally restricted resources) provide a meaningful measure of financial flexibility for the university. Expendable resources enable the university to manage budget operations over periods of enrolment declines, government grant cutbacks or other unfavorable variances. Expendable resources also allow the university to respond to opportunities for special initiatives. Growth in the extent of activities, programs or student enrolment point to an increased need for the cushion provided by expendable resources.



- SMU expendable resources = Unrestricted Fund Balance \$2.8 million + Internally Restricted Fund Balance \$28.2 million
- Saint Mary's current balance of expendable resources ranks second in the university peer group
- SMU ratio of expendable resources per student ranks 2nd of 12 of the university peer group
- History of SMU expendable resources: 2008 \$14.9 m, 2009 \$16.1 m, 2010 \$19.0 m, 2011 \$26.6 m, 2012 \$31.0 m

Source of asset information: University financial statements, most recent year published
 Source of student information: student is defined as full-time equivalent - calculation from AUCC 2011 Enrolment Survey

Financial Condition

Fundraising and Endowment Analysis, March 31, 2012

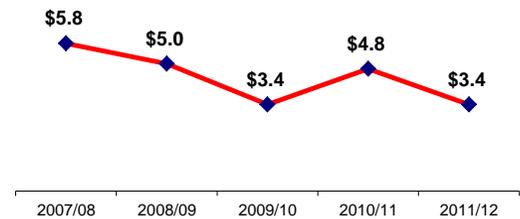
Critical Success Factor 9: Fundraising
Key Performance Indicator 9: Resources provided by fundraising efforts

Fundraising success is critical to Saint Mary's since it provides the university with additional financial flexibility and directly affects operations, endowment and capital. Fundraising supports the academic plan of the university in terms of physical infrastructure as well as providing funds for programs, scholarships, bursaries and other fundraising priorities as determined by the board. The need for campus and technology renewal at Saint Mary's places special importance on the university's efforts at fundraising from alumni, foundations, corporations and friends.

Fundraising	2010/11	2011/12
Fundraising revenue received during the year (million's)	\$4.8	\$3.4
Pledges due within ten years (million's)	\$4.3	\$3.1

- the Hearts & Minds capital campaign (2004-2011) has provided significant gifts from many donors
- pledges were also higher due to the campaign

Resources provided by fundraising efforts (millions)

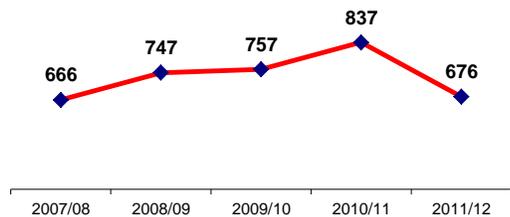

Critical Success Factor 10: Alumni financial participation
Key Performance Indicator 10: Number of alumni contributors

Philanthropy from Saint Mary's 28,120 active alumni, support the work of both our students and faculty. Engagement of alumni is a measure of the vitality of the university and the support SMU can expect in the future. Both large and small gifts from alumni are important. The Canadian Council for the Advancement of Education (CCAEE) has advised that it does not track alumni participation in Canada; However, CASE believes that rates in the mid-teens are reasonable, depending on resources allocated and whether or not the university is in campaign mode when giving tends to increase.

Alumni financial participation	2010/11	2011/12
New contributors	71	46
Repeat contributors (3+ consecutive years)	385	343
All other alumni contributors	381	287
Total alumni contributors	837	676

- 19.2% decrease in total alumni contributors; 0.9% decrease in active alumni
- 2011/12 alumni financial participation rate 2.4%, decreased 0.6% from 2010/11
- alumni financial participation rate well below our 10% - 15% target range

Number of Alumni Contributors

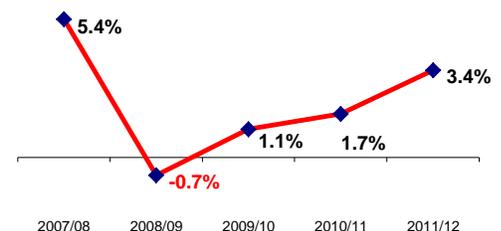

Critical Success Factor 11: Management of endowment investments
Key Performance Indicator 11: Endowment fund performance

The financial health of the endowment depends in part on investment performance. The majority of the university's endowments are pooled for investment purposes and managed by professional investment counsel. Governance for the investments is provided by an Investment Committee established by the Board of Governors. Success is measured over the long term and considers established investment benchmarks.

Management of the endowment investments	2010/11	2011/12
Endowed Funds Investment Pool		
Four-year average rate of return	1.7%	3.4%

- The 4-year results shown in the chart were heavily affected by the 18.5% loss in 2008/09
- Comments from Mercer (independent investment monitor):
 - The current active managers are well rated and expected to outperform benchmark.
 - The investment policy is likely to support the current SMU endowment spending policy.
- The university's long term goal is a rate of return of 6.5%. After expected inflation of 2.0% and estimated investment and custodial fees of 0.5% this will produce a net return of 4.0% for spending.

Investment Performance (Endowed Funds Investment Pool)



Financial Condition

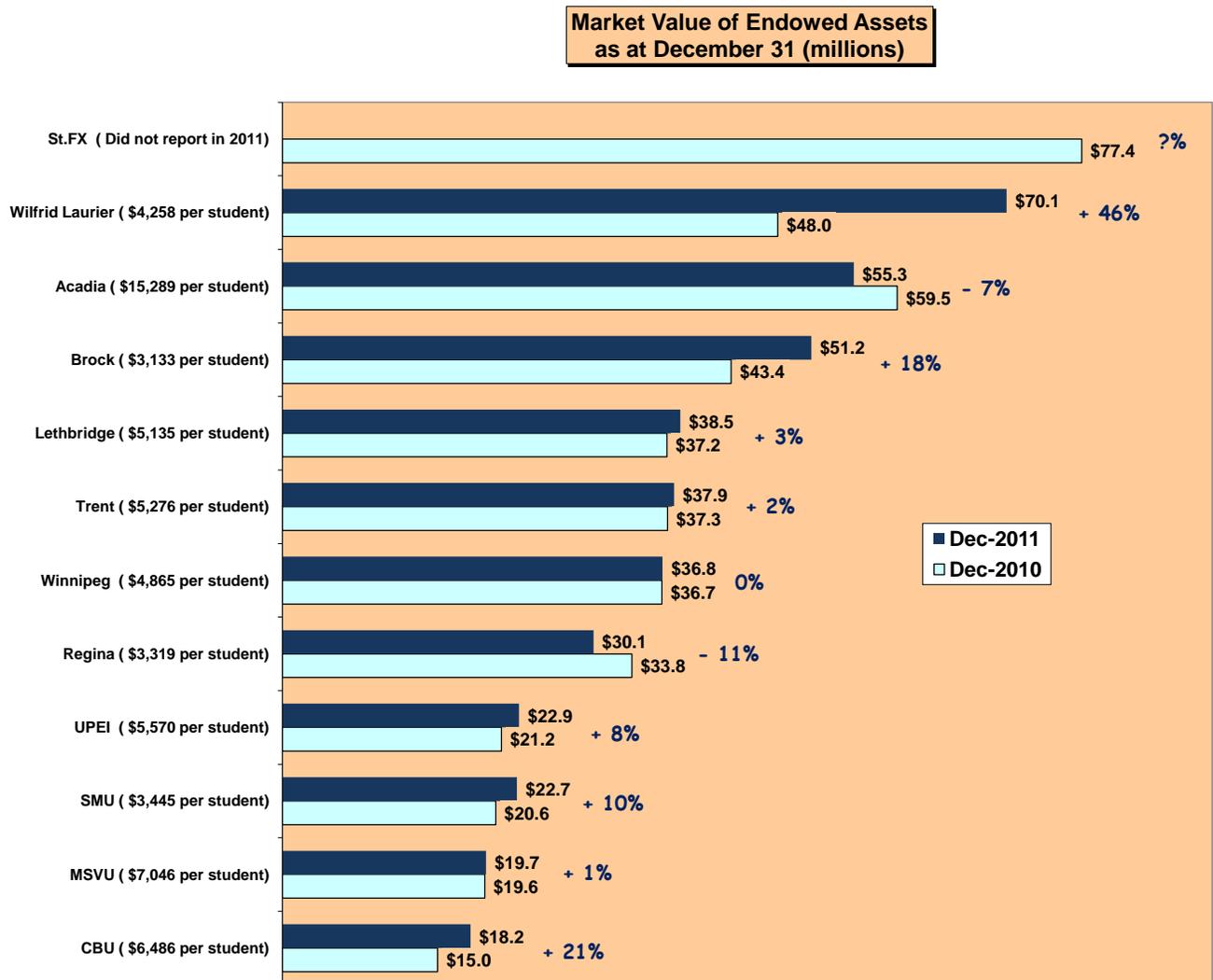
Fundraising and Endowment Analysis, March 31, 2012

Critical Success Factor 12: **Endowment**

Key Performance Indicator 12: **Market value of endowed assets**

A major goal of the university is proper financial stewardship and growth of the endowment. Endowment funds provide a base for student financial aid, and programs in support of the academic plan. The university's endowment is expected to provide present and future generations with financial support. The size of a university's endowment is often viewed as a proxy for its financial strength and success (NACUBO 2001).

The following chart shows the relative market value of endowment funds of selected Canadian universities (SMU peer group comparators) along with comparative information from the prior year.



- SMU endowment is low compared to university peer group, 10th of 12 (of the top 50 universities, SMU placed 47th)
- SMU endowment per student is low compared to the university peer group, 10th of 12
- SMU had a 10% increase in endowed assets over past year, greater than the peer group median (3%)

Source of peer group information: CAUBO University Endowment Survey
Source of student information: student is defined as full-time equivalent - calculation from AUCC 2011 Enrolment Survey

Financial Condition

Debt Capacity Analysis, March 31, 2012

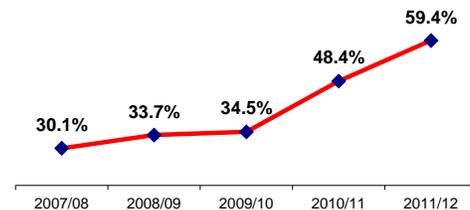
Critical Success Factor 13: **Ability to pay debt charges with medium term resources**
 Key Performance Indicator 13: **Ratio of expendable resources to debt**

Financially healthy institutions are able to draw on an appropriate mix of capital funding. This would include capital grants, fundraising, debt and internally generated cash from operations. When measuring debt capacity, two levels of liquidity are important: i) unrestricted fund balances which are immediately available to be expended and ii) resources which the university can access in the medium term. Together these two types of liquid assets are termed "expendable resources" and provide the capacity to service debt which, in turn, enables the university to fund its educational mission.

Ability to pay debt with medium term resources	2010/11	2011/12
Expendable resources (millions)	\$26.6	\$31.0
Debt, incl. current portion of long-term debt (millions)	\$55.0	\$52.2
Ratio of expendable resources to debt	48.4%	59.4%

- expendable resources increased, while the university debt decreased
- the ratio shown in the chart is improved substantially over the prior year
- SMU ratio is more favorable than the university peer group median (-0.4%)

Ratio of Expendable Resources to Debt



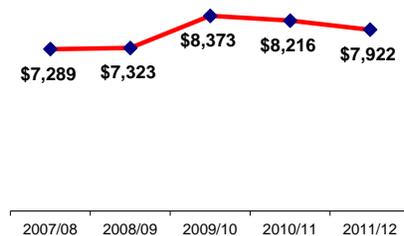
Critical Success Factor 14: **Manageable debt load**
 Key Performance Indicator 14: **University debt per student**

Moody's Credit Research (Special Comment, 2001) indicates that debt capacity in higher education institutions is not a static concept, but changes over time as fundamental credit factors evolve. As a result, the university's debt capacity would increase as enrolment grows, provincial funding strengthens, external donations increase or the endowment levels improve. Student demand is a key indicator that can be used as a proxy for a combination of these fundamental credit factors. Accordingly, the amount of outstanding debt owed by the university per student should be kept at a level that is consistent with the university's tolerance for debt risk.

Manageable debt load	2010/11	2011/12
Debt, incl. current portion of long-term debt (millions)	\$55.0	\$52.2
Number of students (full time equivalents)	6,694	6,589
University debt per student	\$8,216	\$7,922

- both SMU debt and student FTE's decreased from the previous year
- the ratio of debt owed by SMU per student is more favorable than the prior year
- SMU is carrying less debt per student compared to the peer group median (\$9,051)

University Debt per Student



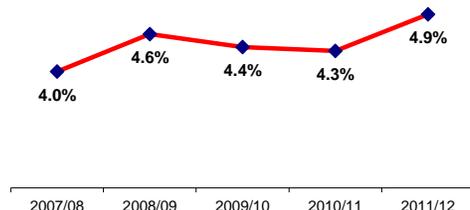
Critical Success Factor 15: **Debt funding strength arising from operations**
 Key Performance Indicator 15: **Ratio of debt service cost to operating revenue**

Revenue growth (tuition + other sources of revenue) provides "funding room" for new debt. Projects such as residence ancillaries are often expected to be self-supporting and use less debt capacity than projects that do not have an associated revenue stream. Overall, the university must be concerned about the potential for reduced long-term financial flexibility when adding fixed costs in the form of principal and interest payments on debt. Debt charges add cost pressure to the expenditure side of the operating budget, so it is important to monitor the ratio of debt service cost to total operations.

Debt funding strength arising from operations	2010/11	2011/12
Debt service cost: principal + interest (millions)	\$4.8	\$5.5
Total operating revenue (millions)	\$110.9	\$111.7
Ratio of debt service cost to operating revenue	4.3%	4.9%

- the ratio increased due to debt service cost of Atrium and Energy Mgmt projects
- debt service costs still a manageable proportion of the operating budget
- exceeding 10% would raise concerns about being highly leveraged (Moody's)

Ratio of Debt Service Cost to Operating Revenue



Financial Condition

Debt Capacity Analysis, March 31, 2012

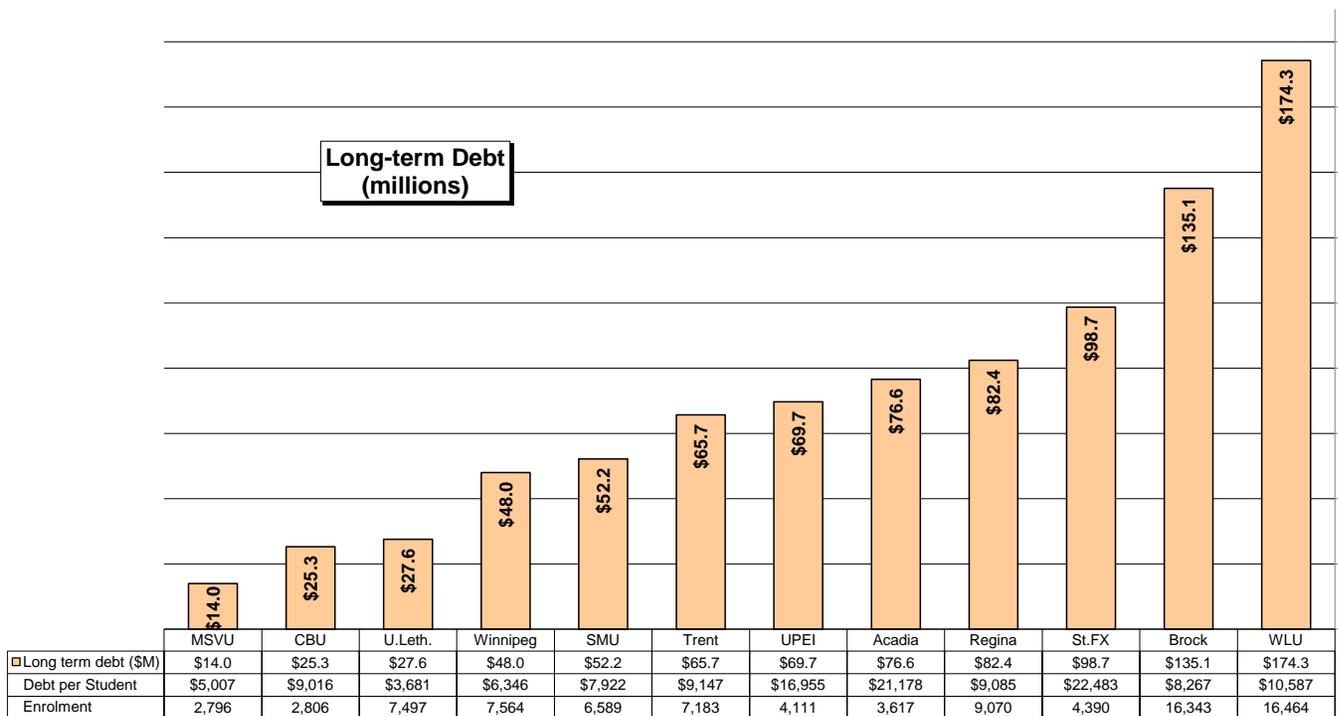
Critical Success Factor 16: **Positive credit profile**

Key Performance Indicator 16: **Outstanding debt**

Saint Mary's has traditionally taken a debt avoidance approach to financing the university, particularly in relation to capital other than residence buildings. This strategy works best in an environment of strong government support in the form of capital grants, a feature not evident in Nova Scotia. In recent years, SMU has had to address serious deferred maintenance issues, and has turned to debt to fund the capital improvements.

A low amount of outstanding debt may indicate a potential for financial leverage in the future, should the university believe that debt-financed capital investments are necessary to maintain or improve its competitive position. However, risk increases when a university issues debt with reliance on future growth in revenue or future fundraising.

The following chart shows total long-term debt of selected Canadian universities (SMU peer group comparators). Included as "long-term debt" are all obligations relating to long-term loans (including the current portion), mortgages, commitments under capital leases and employee future benefits obligations, and other indebtedness related to capital assets. Debt per student is also calculated below.



- Saint Mary's total debt, \$52.2 million, is less than the total debt median of the peer group (\$67.7 million)
- Most of the university peer group (i.e. 11 of 12 of the peer universities) increased debt over the past five years
The median debt of the peer group has more than doubled to \$67.7 million in 2011/12 from \$28.1 in 2005/06
- The majority of SMU debt relates to academic assets as opposed to self-financing residence operations;
39% of SMU debt relates to residence operations (2011/12 39%, 2010/11 39%, 2009/10 40%, 2008/09 46%, 2007/08 48%)
- \$7,922 debt per student at SMU is lower than the university peer group median (\$9,051)
and less than the bond rating agency caution point, which would be any amount greater than \$10,000 per student

Source of debt information: University financial statements, most recent year published
 Source of student information: student is defined as full-time equivalent - calculation from AUCC 2011 Enrolment Survey

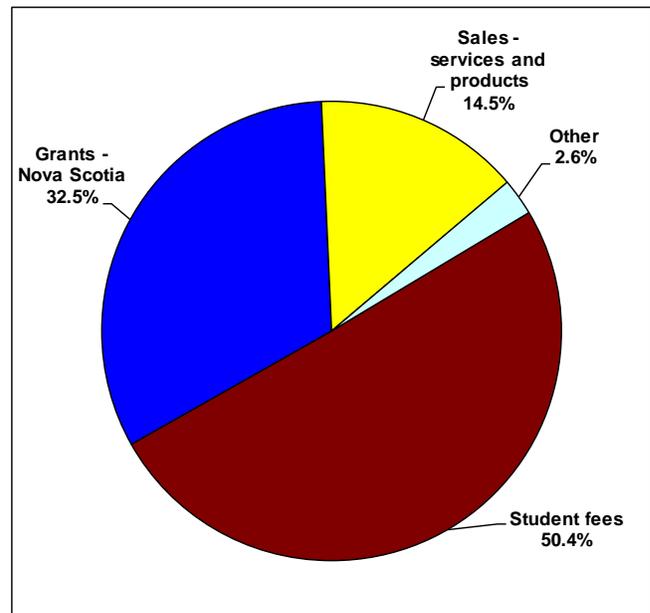
General Fund Analysis Operating Fund - Revenues

(Millions \$)

The 2011/12 operations of Saint Mary's University produced revenues of \$111.7 (2011 - \$110.9).

Most elements of university revenue are enrolment-driven. Student fees are the largest component of operating revenue. The majority of sales of services and products are also related to students and enrolment, i.e., residence fees, food service and bookstore sales. The chart on the right shows the breakdown of operating revenue including ancillaries.

Overall the student fee revenue was 4% higher than the prior year. This included a 3% increase in credit-course tuition fees. The 2011/12 budget assumed that domestic enrolment would be unchanged from 2010-11 levels however actual enrolment declined by 3.8%. International student enrolment was budgeted to increase 5% but the actual increase was 15.9%. Since international students pay higher tuition fees this resulted in an additional \$2.1 in student fees compared to budget. While the percentage of international students enrolled in credit programs has increased to almost a quarter of the student population, the proportion of student fees from international students is even higher, representing 41% of total student fees from credit programs.



For 2011/12 the Master of Finance Program saw a significant increase in enrolment resulting in a revenue increase of \$0.4. Enrolment in this program is predominantly international students and the increase in enrolment is part of the overall increase discussed above.

The EMBA Program continues to face challenges with declining enrolment for the second consecutive year resulting in a decline in revenue of \$0.2.

The Province of Nova Scotia, responding to fiscal challenges, reduced funding to the university system for 2011/12. The reduction for Saint Mary's was \$1.4 for the operating year ended in 2012. The grant reduction was known in advance and included in the budget approved by the Board of Governors. The provincial grant for the 2012/13 fiscal year will suffer a further reduction of 3.5%. This amounts to a \$2.6 million grant reduction over two years. The grant potential for 2013/14 is uncertain at this time, and will depend upon Funding Formula amendments (if any) and MOU negotiation.

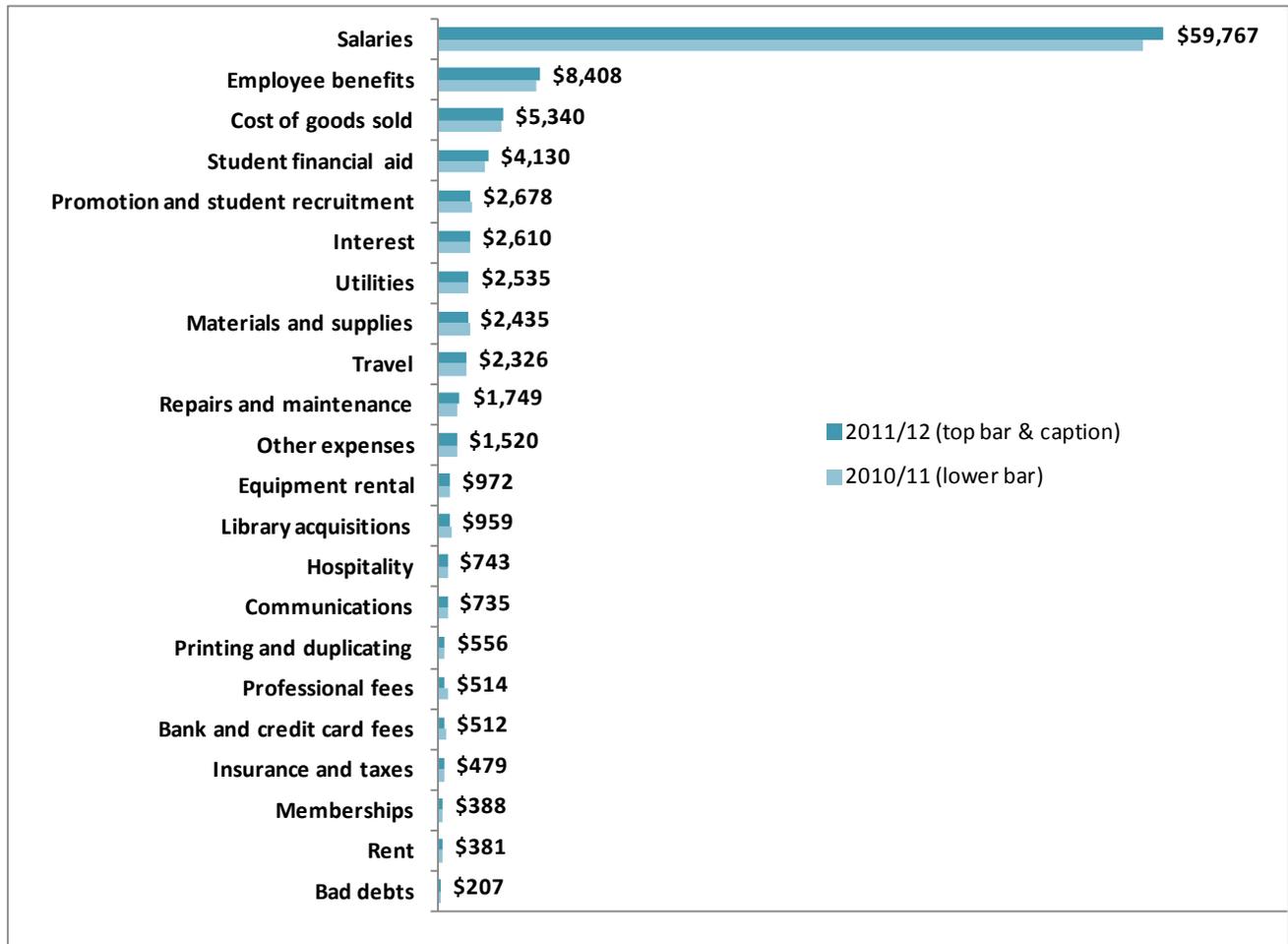
Overall operating revenue was \$1.4 over budget. Since the university had budgeted to breakeven, this additional revenue combined with a savings of \$1.9 in expenses created a potential surplus of \$3.3 that could be allocated to critical needs. Building upon the Campus Master Plan, the university approved a project to improve the north-east corner of the campus and transferred \$2.5 of the potential surplus to help fund this project. The project includes the construction of a new building to house the English as a Second Language Program and the Business Development Centre.

After allocations, the University ended the year with a \$0.8 surplus. This increased the Unrestricted Fund Balance at the end of the year to \$2.8, within the target range approved by policy of the Board of Governors.

General Fund Analysis Operating Fund - Expenses

The 2011/12 operations of Saint Mary's incurred expenses of \$99.9 million excluding interfund transfers. The following chart (in thousands) shows the breakdown of operating expenses, including ancillary operations and after reallocating a portion of "other" expenses.

The chart below shows significant expense groups with comparatives for the prior year. Obviously, the lion's share of operating expenses is salaries and benefits. The next biggest category is the cost of goods sold which is comprised of \$5.3 million spent in the food service and university bookstore.

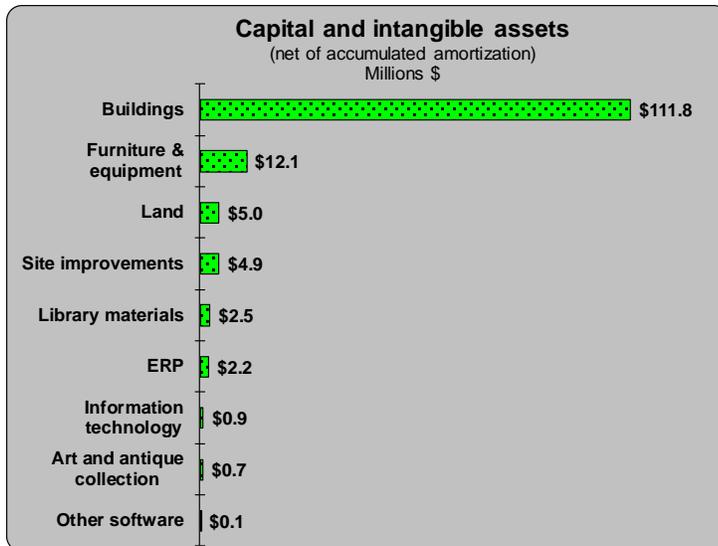


Operating departments of the university maintain strict control on expenses. In fact, many departments under spent their 2011/12 budget allotments. This was mainly due to a number of staff and faculty vacancies and postponed hiring for newly approved positions during the year. This resulted in a net savings of \$1.9 million compared to the budget for salaries and benefits.

There were other minor offsetting variances in expense lines resulting in overall operating expenses for 2011/12 being under budget by \$1.9 million which represents 2% of the total expense budget.

Restricted Fund Analysis Capital Fund

(Millions \$)



The Restricted Fund accounts for resources that are subject to restrictions on their use, either for capital assets or for specific purposes defined by external contributors to the university.

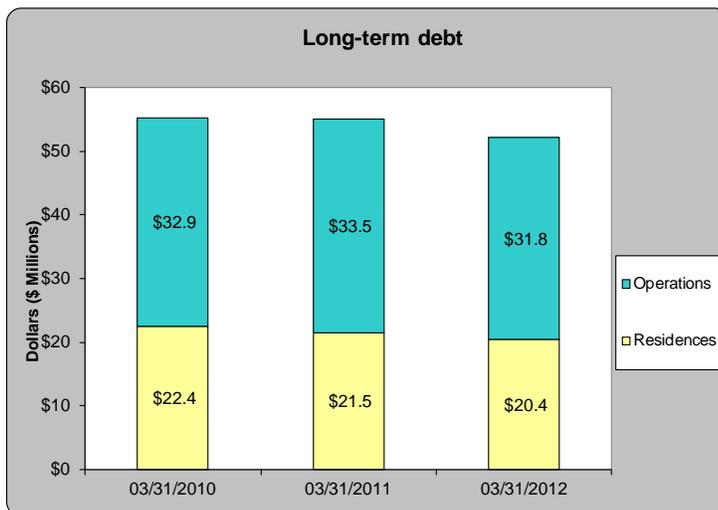
With a fund balance of \$88.1, the Capital Fund makes up the largest portion of the Restricted Fund. It accounts for all the capital and intangible assets of the university and the related debt. Capital and intangible assets are purchased by transfers from other funds, borrowing, or by contributions from external sources. Contributions restricted for capital and intangible assets related to projects in progress are shown as revenue of the Capital Fund in the year the assets are acquired.

The Capital Fund's balance is the net investment in capital and intangible assets, which consists of the net capital and intangible assets less the related debt. During 2011/12 the university purchased capital and intangible assets of \$12.7. Funding for these purchases included transfers from internally restricted funds of \$5.1, transfers from externally restricted donation reserves of \$4.0, internal borrowing of \$2.1, transfers from the Operating Fund of \$0.5, and transfers from the Research Fund of \$0.3. The internal borrowing will be replaced with external borrowing in 2012/13.

The Capital Fund's balance is the net

Included in the \$12.7 spent on capital assets was \$8.7 for buildings consisting of new construction and major renovations, \$2.8 for furniture, equipment and interior improvements, \$0.2 for campus improvements, \$0.3 for information technology, and \$0.5 for library books.

Beginning in the summer of 2009 the University began a major project to renovate the McNally Building, the oldest building on campus. The \$26 project was completed in fall 2011 and included renewal of parts of the Burke Building and the Patrick Power Library.



Construction of the Homburg Centre for Health and Wellness building began in September 2010. The building opened in April 2012.

By the end of 2011/12 the university's debt was \$52. The portion of long term debt related to academic and administration buildings is 61%. The remainder of the debt relates to the student residence buildings.

As part of the new accounting standards the university is no longer required to record the fair value of the interest rate swaps as part of the long-term debt in the financial statements. The comparative figures presented in the chart on the left have been restated to reflect this change.

Restricted Fund Analysis Trust Fund

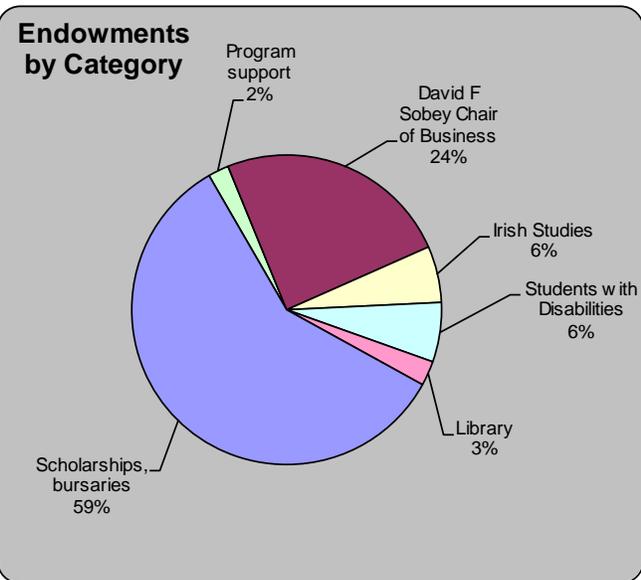
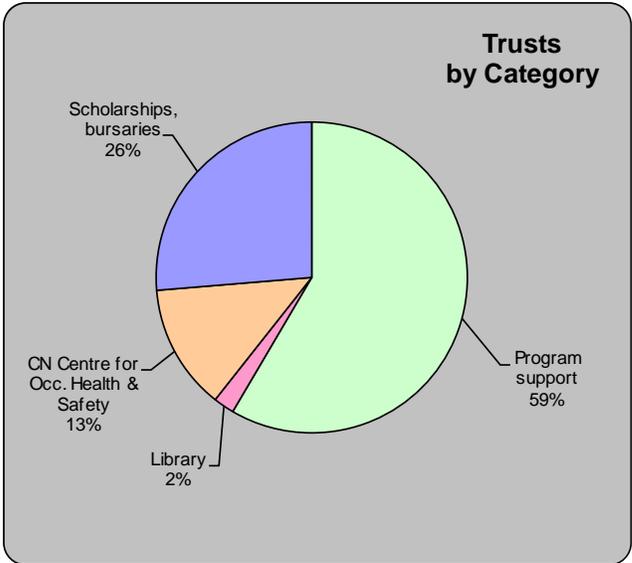
(Millions \$)

The Trust Fund accounts for activities that have been stipulated by donors and contributors. The chart on the right shows the breakdown of the Trust Fund by category. The Trust Fund balance of \$4.0 consists of expendable trusts and the expendable portion of the university's endowment funds.

The \$24.1 in the Endowment Fund must be maintained in perpetuity and is not available for spending. However, each year a portion of the investment income is available for spending in accordance with donors' restrictions and university policy. This portion of the investment income earned on the Endowment Fund is transferred to the Trust Fund for spending, increasing the expendable funds. The chart below shows the breakdown by category of the Endowment Fund balance on March 31, 2012.

The endowment spending policy provides an allocation of 4.0% of the market value of the endowment assets based on a three-year moving average. The spending limit is intended to preserve the purchasing power of the endowment principal over the long-term by adding investment returns greater than 4.0% to the endowment principal. Over the long-term these excess returns are expected to grow and offset the effect of inflation.

Investments are recorded at fair value and investment income, including unrealized gains and losses, is allocated to the related endowments and trusts. Consequently, the endowments and trusts are also recorded at fair value.



During 2011/12 the endowments continued to struggle due to the highly volatile investment markets and the challenging economic times. The endowments recognized net investment income for 2011/12 of \$1.0.

During 2011/12, Saint Mary's University received \$1.1 in endowed donations. This included a donation \$0.9 from the late Jane Shaw Law to support scholarships. Donations of \$0.5 were received during the year in the Trust Fund.

The Trust and Endowment Funds provided scholarships and bursaries totaling \$0.5 in 2011/12. The Trust Fund also provided \$0.3 to the other funds for program support, research and other specific purposes.

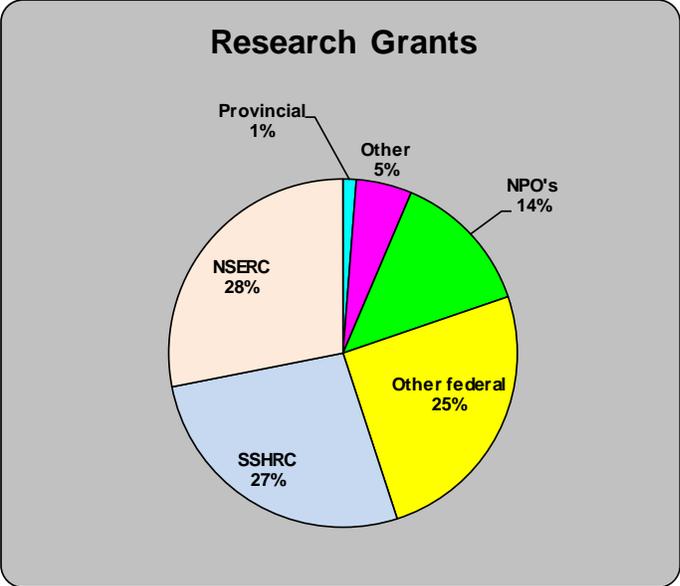
**Restricted Fund Analysis
Research and Specific Purpose Funds**

(Millions \$)

Research Fund

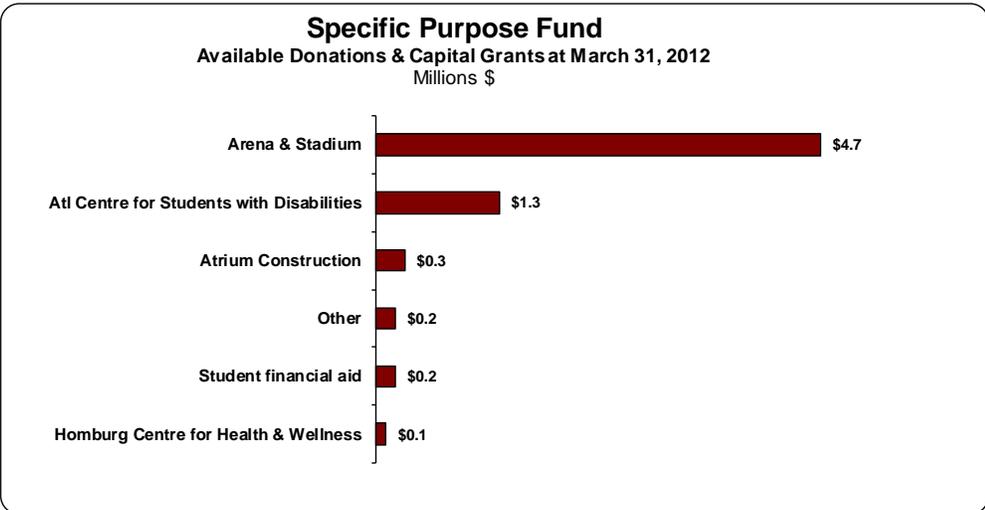
Research is an important part of the university's activities. Most monies for research are provided by external organizations, such as the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), and the Canadian Foundation for Innovation (CFI). Contributions from these organizations are restricted for research purposes and are shown as revenue of the Research Fund when received. The balance of the Research Fund, \$4.1, consists of contributions available to be carried forward to the following year.

During 2011/12 Saint Mary's University received \$6.2 in contributions for research, down from \$6.6 in 2010/11. The bulk of the expenses related to research were for salaries for research assistants, travel and accommodations for research and fieldwork.



Specific Purpose Fund

The Specific Purpose Fund accounts for resources contributed to Saint Mary's that are restricted for specific purposes other than research. During the year the university received donations of \$1.6 for specific purposes including \$0.8 for the Atrium Construction Project. At March 31, 2012, the fund balance was \$8.3 consisting of:



- \$6.8 in unspent donations and capital grants restricted for a variety of purposes (see chart to the left), and
- \$1.5 of unspent contributions for special projects, conferences, international development and other projects.



One University. One World. Yours.

Financial Statements

March 31, 2012

Independent auditor's report

**To the Board of Governors of
Saint Mary's University**

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We have audited the accompanying financial statements of Saint Mary's University (the "University"), which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of operations and changes in fund balances, and cash flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Canada
September 25, 2012



Chartered Accountants

Statement of Financial Position

As at March 31
(\$ thousands)

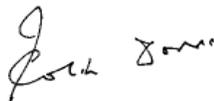
	2012				2011			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
Current Assets								
Cash and short-term investments (Note 3)	22,607	18,032	28	40,667	23,617	2,376	47	26,040
Accounts receivable (Note 4)	4,027	282	-	4,309	5,296	3,537	-	8,833
Inventories	746	-	-	746	789	-	-	789
Prepaid expenses	1,703	-	-	1,703	1,504	7	-	1,511
	<u>29,083</u>	<u>18,314</u>	<u>28</u>	<u>47,425</u>	<u>31,206</u>	<u>5,920</u>	<u>47</u>	<u>37,173</u>
Long-term Assets								
Long-term investments (Note 5)	-	16,370	24,265	40,635	-	27,845	22,067	49,912
Long-term receivable	261	639	-	900	370	629	-	999
Capital assets (Note 7)	-	137,915	-	137,915	-	140,652	-	140,652
Intangible assets (Note 8)	-	2,318	-	2,318	-	2,476	-	2,476
	<u>261</u>	<u>157,242</u>	<u>24,265</u>	<u>181,768</u>	<u>370</u>	<u>171,602</u>	<u>22,067</u>	<u>194,039</u>
	<u>29,344</u>	<u>175,556</u>	<u>24,293</u>	<u>229,193</u>	<u>31,576</u>	<u>177,522</u>	<u>22,114</u>	<u>231,212</u>
Current Liabilities								
Amounts due to governments	616	-	-	616	574	-	-	574
Accounts payable and accrued liabilities	7,139	1,600	11	8,750	7,428	2,693	11	10,132
Unearned fees and other deferred revenue	7,947	10	-	7,957	7,174	220	-	7,394
Current portion of long-term debt (Note 9)	-	2,105	-	2,105	-	2,881	-	2,881
	<u>15,702</u>	<u>3,715</u>	<u>11</u>	<u>19,428</u>	<u>15,176</u>	<u>5,794</u>	<u>11</u>	<u>20,981</u>
Long-term Liabilities								
Long-term debt (Note 9)	-	50,140	-	50,140	-	52,114	-	52,114
Due to (from) other funds (Note 13)	(17,371)	17,196	175	-	(10,203)	10,403	(200)	-
	<u>(17,371)</u>	<u>67,336</u>	<u>175</u>	<u>50,140</u>	<u>(10,203)</u>	<u>62,517</u>	<u>(200)</u>	<u>52,114</u>
	<u>(1,669)</u>	<u>71,051</u>	<u>186</u>	<u>69,568</u>	<u>4,973</u>	<u>68,311</u>	<u>(189)</u>	<u>73,095</u>
Fund Balances								
Endowment	-	-	24,107	24,107	-	-	22,303	22,303
Externally restricted	-	16,408	-	16,408	-	18,971	-	18,971
Internally restricted	28,224	-	-	28,224	24,603	-	-	24,603
Invested in capital assets	-	88,097	-	88,097	-	90,240	-	90,240
Unrestricted	2,789	-	-	2,789	2,000	-	-	2,000
	<u>31,013</u>	<u>104,505</u>	<u>24,107</u>	<u>159,625</u>	<u>26,603</u>	<u>109,211</u>	<u>22,303</u>	<u>158,117</u>
	<u>29,344</u>	<u>175,556</u>	<u>24,293</u>	<u>229,193</u>	<u>31,576</u>	<u>177,522</u>	<u>22,114</u>	<u>231,212</u>

Commitments (Note 14) Contingencies (Note 15)

Approved by the Board of Governors



Chair, Board of Governors



President and Vice Chancellor

See accompanying notes to the financial statements.

Statement of Operations and Changes in Fund Balances

 For the year ended March 31
 (\$ thousands)

	2012				2011			
	General (See Schedule 1)	Restricted (See Schedule 2)	Endowment	Total	General (See Schedule 1)	Restricted (See Schedule 2)	Endowment	Total
Revenues								
Government grants and contributions								
Government of Canada	1,599	6,659	-	8,258	1,591	14,799	-	16,390
Government of Nova Scotia	36,298	535	-	36,833	37,768	1,603	-	39,371
Other	-	-	-	-	-	10	-	10
Other grants	81	1,291	-	1,372	24	998	-	1,022
Student fees	56,319	-	-	56,319	54,025	-	-	54,025
Gifts and bequests	102	2,103	1,104	3,309	115	3,002	1,590	4,707
Sales of services and products	16,231	390	-	16,621	16,151	377	-	16,528
Income from investments	1,954	927	1,012	3,893	1,317	884	1,833	4,034
Miscellaneous income	1,139	384	-	1,523	1,129	595	-	1,724
	<u>113,723</u>	<u>12,289</u>	<u>2,116</u>	<u>128,128</u>	<u>112,120</u>	<u>22,268</u>	<u>3,423</u>	<u>137,811</u>
Expenses								
Salaries	59,879	3,765	-	63,644	58,238	3,984	-	62,222
Employee benefits	8,414	293	-	8,707	8,033	314	-	8,347
Equipment rental	972	3	-	975	978	-	-	978
Materials and supplies	2,507	1,259	-	3,766	2,692	1,132	-	3,824
Communications	736	15	-	751	772	24	-	796
Travel	2,498	1,277	-	3,775	2,490	1,317	-	3,807
Utilities	2,535	-	-	2,535	2,464	-	-	2,464
Printing and duplicating	557	26	-	583	540	17	-	557
Library acquisitions	959	-	-	959	1,034	-	-	1,034
Hospitality	747	127	-	874	878	194	-	1,072
Repairs and maintenance	1,765	655	-	2,420	1,624	371	-	1,995
Promotion and student recruitment	2,686	33	-	2,719	2,721	49	-	2,770
Professional fees	548	677	66	1,291	802	883	62	1,747
Rent	381	12	-	393	392	21	-	413
Other operational expenses	3,811	682	6	4,499	3,584	446	8	4,038
Cost of goods sold	5,340	-	-	5,340	5,245	-	-	5,245
Student financial aid	4,151	1,012	-	5,163	3,836	1,022	-	4,858
Amortization of capital and intangible assets	-	15,598	-	15,598	-	7,381	-	7,381
Interest	2,628	-	-	2,628	2,697	-	-	2,697
Internal cost recoveries	(509)	509	-	-	(334)	334	-	-
	<u>100,605</u>	<u>25,943</u>	<u>72</u>	<u>126,620</u>	<u>98,686</u>	<u>17,489</u>	<u>70</u>	<u>116,245</u>
Revenues less expenses before transfers	13,118	(13,654)	2,044	1,508	13,434	4,779	3,353	21,566
Interfund transfers (Note 13)	(8,708)	8,948	(240)	-	(5,824)	6,331	(507)	-
Net increase (decrease) in fund balances	<u>4,410</u>	<u>(4,706)</u>	<u>1,804</u>	<u>1,508</u>	<u>7,610</u>	<u>11,110</u>	<u>2,846</u>	<u>21,566</u>
Fund balances, beginning of year								
Endowment	-	-	22,303	22,303	-	-	19,457	19,457
Externally restricted	-	18,971	-	18,971	-	18,641	-	18,641
Internally restricted	24,603	-	-	24,603	16,993	-	-	16,993
Invested in capital assets	-	90,240	-	90,240	-	79,460	-	79,460
Unrestricted	2,000	-	-	2,000	2,000	-	-	2,000
Fund balances, beginning of year, total	<u>26,603</u>	<u>109,211</u>	<u>22,303</u>	<u>158,117</u>	<u>18,993</u>	<u>98,101</u>	<u>19,457</u>	<u>136,551</u>
Fund balances, end of year								
Endowment	-	-	24,107	24,107	-	-	22,303	22,303
Externally restricted	-	16,408	-	16,408	-	18,971	-	18,971
Internally restricted	28,224	-	-	28,224	24,603	-	-	24,603
Invested in capital assets	-	88,097	-	88,097	-	90,240	-	90,240
Unrestricted	2,789	-	-	2,789	2,000	-	-	2,000
Fund balances, end of year, total	<u>31,013</u>	<u>104,505</u>	<u>24,107</u>	<u>159,625</u>	<u>26,603</u>	<u>109,211</u>	<u>22,303</u>	<u>158,117</u>

See accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended March 31
(\$ thousands)

	2012				2011			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
Operating Activities								
Increase (decrease) in fund balances from operations	4,410	(4,706)	1,804	1,508	7,610	11,110	2,846	21,566
Amortization of capital and intangible assets	-	15,598	-	15,598	-	7,381	-	7,381
Realized and unrealized investment gains	-	(1,137)	(329)	(1,466)	-	(672)	(1,317)	(1,989)
Gifts-in-kind	-	(154)	(20)	(174)	(2)	(416)	(1,066)	(1,484)
Change in non-cash working capital	(5,420)	8,870	395	3,845	(47,163)	6,775	(229)	(40,617)
Cash generated from (used for) operating activities	(1,010)	18,471	1,850	19,311	(39,555)	24,178	234	(15,143)
Investing Activities								
Purchase of investments	-	(10,383)	(3,047)	(13,430)	-	(4,599)	(5,446)	(10,045)
Disposal of investments	-	23,097	1,178	24,275	-	5,951	5,218	11,169
Purchase of capital assets	-	(12,487)	-	(12,487)	-	(22,617)	-	(22,617)
Purchase of intangible assets	-	(148)	-	(148)	-	(239)	-	(239)
Cash used for investing activities	-	79	(1,869)	(1,790)	-	(21,504)	(228)	(21,732)
Financing Activities								
Debt financing proceeds	-	-	-	-	-	1,756	-	1,756
Debt repayments	-	(2,894)	-	(2,894)	-	(2,080)	-	(2,080)
Cash used for financing activities	-	(2,894)	-	(2,894)	-	(324)	-	(324)
Increase (decrease) in cash and short-term investments	(1,010)	15,656	(19)	14,627	(39,555)	2,350	6	(37,199)
Cash and short-term investments, beginning of year	23,617	2,376	47	26,040	63,172	26	41	63,239
Cash and short-term investments, end of year	22,607	18,032	28	40,667	23,617	2,376	47	26,040

See accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

1. Authority and purpose

Saint Mary's University (the University) is a provincially incorporated body operating under the authority of the Saint Mary's University Act, 1970 (amended 2007). The University is a not-for-profit entity and grants degrees, diplomas, and certificates in the Faculties of Arts, Commerce, Science, Graduate Studies and Education. The University also performs research activities. The Board of Governors has overall governance responsibility for the University and, subject to the powers of the Board of Governors, the Senate is responsible for the educational policy. The University is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. Summary of significant accounting policies and reporting practices

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook*. These statements are the first full set of financial statements presented by the University under these accounting standards. Details regarding the adoption these standards and the impact on the financial statements is contained in notes 16 and 17.

b) Use of estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Significant estimates and assumptions are involved in the calculation of the collectible portion of accounts receivables, amortization of capital assets, accrued liabilities for payroll and employee future benefits, unearned portion of tuition and fees, and the fair value of financial instruments. Actual results could differ from those estimates. Estimates are regularly reviewed by management and adjusted as required.

c) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

- i) The General Fund is unrestricted and accounts for the University's program delivery, service and administrative activities. This fund is further divided into the Operating Fund and the Projects and Reserves Fund.

The Operating Fund accounts for the University's primary function of instruction, including academic, support services, administrative services, facilities management and other operating activities. It also accounts for ancillary operations that provide goods and services to the University community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

The Projects and Reserves Fund accounts for money internally designated for specific projects or purposes.

- ii) The Restricted Fund carries restrictions on the use of the resources for particular defined purposes. The fund is further divided into the Capital, Research, Trust and Specific Purpose Funds.

The Capital Fund accounts for the acquisition of and major renovation or improvement to capital assets.

The Research Fund accounts for activities in support of research.

The Trust Fund accounts for activities that have been stipulated by donors and contributors.

The Specific Purpose Funds are externally restricted for specific projects and purposes.

- iii) The Endowment Fund accounts for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

d) Inventories

Bookstore inventory and inventory on hand for repairs and maintenance are valued at the lower of cost and net realizable value.

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

e) Capital assets

Purchased and constructed capital assets are recorded at cost and subsequently measured at cost less accumulated amortization. Interest on financing during construction is added to the capitalized costs. The University reports donated capital assets at fair value upon receipt when the fair value can be reliably determined. Amortization expense is reported in the Capital Fund. Capital assets, other than land, art, and antiques, are amortized over their estimated useful lives. Land, art and antiques are not amortized. One-half year's amortization is recorded in the year of acquisition. Amortization of new construction and buildings begins in the year occupancy commences. Management reviews estimates of the useful lives of capital assets and adjusts the estimates as required. Management regularly reviews assets for impairment and adjusts as necessary.

During the year the University revised certain estimates relating to the useful lives and method of amortization to better reflect the nature of the assets and the expected period of service during which the assets will contribute to the operations of the University. The change in estimate was recorded in the current period without restatement of the prior comparative periods.

Capital assets are amortized over the estimated useful life of the asset using the straight-line method. The range of the estimated useful lives of each category of capital asset is shown below expressed in years.

Buildings	3 - 40
Site improvements	8 - 25
Library materials	10
Equipment, furnishings and interior improvements	8
Information technology	5
Motor vehicles	5

f) Intangible assets

Purchased and developed intangible assets are recorded at cost and subsequently measured at cost less accumulated amortization. The University reports donated intangible assets at fair value upon receipt when the fair value can be reliably determined. Interest on financing during development is added to the capitalized costs. Amortization expense is reported in the Capital Fund. All intangible assets have limited lives and are amortized over their estimated useful lives. One-half year's amortization is recorded in the year of acquisition. Amortization of purchased and developed intangible assets begins in the year usage commences. Management regularly reviews estimates of the useful lives of intangible assets and adjusts the estimates as required. Management also reviews the assets for impairment and adjusts as necessary.

During the year the University revised certain estimates relating to the useful lives and method of amortization to better reflect the nature of the assets and the expected period of service during which the assets will contribute to the operations of the University. The change in estimate was recorded in the current period without restatement of the prior comparative periods.

Intangible assets are amortized over the estimated useful life of the asset using the straight-line method. The estimated useful lives of each category of intangible asset is shown below expressed in years.

Enterprise Resource Planning System	15
Other software	5

g) Financial instruments

The University considers any contract creating a financial asset or liability as a financial instrument, except in certain limited circumstances. Financial instruments consist of cash, cash equivalents, short and long-term investments, accounts receivables, other receivables, accounts payable, accruals, and short and long-term debt.

The University initially measures its financial assets and liabilities at fair value. Cash and short-term investments are measured and reported at fair value. The University has chosen to subsequently measure and report long-term investments at fair value calculated using quoted market values based on actively traded markets. The University records the change in the fair value as part of income from investments. In addition the University has chosen to subsequently measure a restricted long-term receivable at fair value. The receivable is related to donations from an individual which are held in an irrevocable charitable trust with the income payable to the University. The University will receive the funds in the trust in March 2020. Changes in fair value of financial assets are recognized in the Statement of Operations. All other financial assets including accounts receivable and other long term receivables, are recorded at amortized cost. Transaction costs related to financial assets are expensed as incurred. Financial liabilities, including accounts payable, accruals, and long-term debt are recorded at amortized cost. Financing fees related to financial liabilities are deferred and amortized over the period of the related liability. Management reviews financial instruments for impairment and adjusts as required.

Notes to the Financial Statements

For the year ended March 31, 2012
(\$ thousands)

h) Interest rate swap agreements

The University has entered into several interest rate swap agreements with chartered banks to reduce interest rate exposure associated with certain long-term debt obligations. The agreements have the effect of converting the floating rate of interest on certain debt to a fixed rate. It is the University's policy not to use derivative financial instruments for trading or speculative purposes.

The University designates each interest rate swap agreement as a cash flow hedge of a specifically identified debt instrument. The swap agreements are effective hedges, both at maturity and over the term of the agreement, since the term to maturity, the notional principal amount, and the interest rate of the swap agreements all match the terms of the debt instruments being hedged. The swap agreements involve periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based. The payments are recorded as an adjustment of the interest expense on the hedged debt instrument.

In the event that the interest rate swap agreements are terminated or cease to be effective in part or in whole prior to maturity any associated realized or unrealized gains or losses are recognized in income. In the event a designated hedged debt instrument is extinguished or matures prior to the termination of the related interest rate swap agreement, any realized or unrealized gain or loss is recognized in income.

i) Revenue recognition

Revenue from tuition fees, residence fees, contracts, and sales are recognized when the services are provided or goods are sold. Unearned revenue from these sources is deferred. For academic year credit course tuition, residence fees and dining services the amount deferred is calculated on the basis of one-twelfth of the fees charged.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions related to the acquisition of capital assets are recognized as revenue when the related assets are acquired. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Contributions for endowment are recognized as revenue in the Endowment Fund in the year received. Investment income earned on Endowment Fund resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund. Investment income earned on restricted funds is recorded as revenue of the appropriate restricted fund. Other investment income is recognized as revenue of the General Fund when earned.

j) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

Pledges of donations to be received in future years are not recorded in the financial statements.

k) Early retirement and sabbaticals

The University accrues the full cost of early-retirement obligations in the year in which the event that creates the obligation occurs and accrues, on a yearly basis, the accumulated sabbatical and retiring allowance obligations which are vested.

l) Fundraising costs

The University expenses fundraising costs in the year in which they are incurred.

m) Foreign currency translation

Foreign currency transactions are recorded at the exchange rate in effect at the time of the transaction except when the transaction is hedged in which case the terms of the hedge are used. Monetary assets and liabilities denominated in foreign currency reported on the Statement of Financial Position are recorded at the exchange rate in effect on the financial statement date. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate in effect on the transaction date. The market value of long-term investments denominated in foreign currency is disclosed in the notes to the financial statements at the exchange rate in effect on the financial statement date.

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

3. Cash and short-term investments

Cash and short-term investments include cash on hand, balances with banks net of overdrafts, and highly liquid temporary money market instruments.

4. Accounts receivable

The University is exposed to credit risk through payment default on its accounts receivable. Exposure to credit risk on accounts receivable is managed through active monitoring and collection practices. A provision for uncollectible accounts has been determined in the amount of \$770 (2011 \$765) based on respective aging of accounts, risk profile of certain accounts and collections subsequent to year end. Receivables written off during the year and adjustments to the allowance for doubtful receivables amounted to \$207 (2011 \$185).

5. Long-term Investments

Long-term investments are recorded at fair value. The change in fair value created an unrealized loss of \$103 (2011 gain of \$1,970).

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Canadian equities	5,610	8,139	5,470	7,764
Pooled investment funds	33,029	32,496	42,343	42,148
Total investments	38,639	40,635	47,813	49,912

6. Pension plans

The University maintains a defined contribution pension plan for the benefit of its employees. Employer contributions for the year ended March 31, 2012 totalled \$3,812 (2011 \$3,651).

7. Capital assets

	2012			2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	4,959	-	4,959	4,959	-	4,959
Buildings	159,002	47,165	111,837	150,511	38,664	111,847
Site improvements	8,751	3,815	4,936	8,547	2,954	5,593
Library materials	4,283	1,747	2,536	8,357	4,904	3,453
Equipment, furnishings and interior improvements	18,796	6,702	12,094	18,180	5,306	12,874
Information technology	1,701	840	861	2,903	1,573	1,330
Art and antique collection	692	-	692	596	-	596
Motor vehicles	61	61	-	61	61	-
	198,245	60,330	137,915	194,114	53,462	140,652

Amortization expense for capital assets was \$15,293 (2011 \$7,180). The increase of approximately \$8,400 is due to the change in estimate as described in Note 2(e).

The University has undertaken several major construction and renovation projects.

Homburg Centre for Health & Wellness - Construction began in October 2010. In 2012 \$5,352 (2011 \$1,256) was capitalized as part of buildings. Construction was completed and occupancy of the building began April 2012.

McNally Building - In 2010 the University began a major renovation of the McNally Building. The project was completed in the fall of 2011. In 2012 \$2,827 (2011 \$12,496) was capitalized as part of buildings and \$281 (2011 \$1,581) as equipment, furnishings and interior improvements.

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

8. Intangible assets

	2012			2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Enterprise Resource Planning System	3,471	1,292	2,179	3,415	1,034	2,381
Other software	233	94	139	171	76	95
	<u>3,704</u>	<u>1,386</u>	<u>2,318</u>	<u>3,586</u>	<u>1,110</u>	<u>2,476</u>

Amortization expense for intangible assets was \$305 (2011 \$201).

9. Long-term debt

Debt	Principal and Interest Payments	Maturity Date	Debt Interest Rate	Hedged Interest Rate	2012	2011
					Total	Total
Long-term loans (unsecured)						
Energy Management Project	Monthly	Jun 2011	1.54%	-	-	553
Sobey Building	Monthly	May 2011	6.12%	-	-	40
Atrium Building Project	Monthly	Jan 2013	1.92%	-	501	1,061
Synthetic Turf Athletic Field	Monthly	Mar 2013	4.57%	-	93	182
McNally - North Campus Renovations*	At maturity	Jan 2015	1.50%	-	9,745	9,600
Gorsebrook Lounge Renovations	Monthly	May 2015	CDOR +0.20%	5.01%	348	362
Enterprise Resource Planning System	Monthly	Jun 2021	CDOR +0.25%	5.16%	1,821	1,972
Rice and Vanier Residences	Semi-annual	Jun 2019	5.02%	-	1,281	1,419
Loyola Residence and Academic Complex	Semi-annual	May 2022	5.34%	-	2,524	2,699
Residences Renovations	Monthly	Aug 2026	6.95%	-	9,434	9,798
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.97%	4,887	5,101
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.40%	2,339	2,447
Science Building Renewal Project	Monthly	Mar 2033	CDOR +0.20%	5.30%	19,272	19,761
Subtotal					52,245	54,995
Less: current portion					(2,105)	(2,881)
Total long-term debt					<u>50,140</u>	<u>52,114</u>

* Related to the McNally North Campus Infrastructure Project and the Knowledge Infrastructure Program the University received a loan from the Nova Scotia Strategic Opportunities Fund Inc. The loan is for five years with interest of 1.5% per annum with principal and interest due in full at maturity. Included in the balance of the loan is accrued interest of \$313 (2011 \$169). The University has created a reserve in which to accumulate funds to be used to repay the loan when it matures. The balance of the reserve was \$5,681 at March 31, 2012 (2011 \$4,917).

Principal instalments payable in each of the next five years:

2013	2,105
2014	2,079
2015	11,933
2016	2,119
2017	2,170

Interest expense on long-term debt during the year totalled \$2,628 (2011 \$2,718).

The University is exposed to interest rate risk on long-term debt, which it manages through the use of fixed interest rates and selective use of interest rate swap agreements. It is also exposed to credit rate risk.

10. Interest rate swap agreements

The University has entered into interest rate swap agreements with two chartered banks to manage interest rate exposure associated with certain long-term debt obligations. The notional underlying principal value of the interest rate swaps related to debt outstanding at March 31, 2012 was \$28,668 (2011 \$29,643). The University has no plans to sell or terminate the interest rate swap agreements prior to maturity. If the University had terminated these swaps on March 31, 2012, it would have been obligated to pay the banks \$6,572 (2011 \$3,566), which is the fair value of the swaps as calculated by the banks.

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

11. Interest Income

Interest income earned on bank accounts, investments and long-term receivables, \$267 (2011 \$305), is reported as investment income and interest earned on student accounts, \$163 (2011 \$171), is reported as student fees in the Statement of Operations.

12. Gifts-in-kind and donation pledges

Gifts-in-kind received and recorded consist of the following:	2012	2011
Investments	101	1,155
Long term receivable	-	24
Library holdings	2	1
Art and antiques	68	259
Furniture	-	41
Other	3	4
	<u>174</u>	<u>1,484</u>

Donation pledges

Donations pledged but not received as at March 31, 2012, totalled \$3,108 (2011 \$4,303). These pledges are expected to be honoured during the subsequent ten-year period and will be recorded as revenue when received.

13. Interfund transfers and amounts due to and from funds

Amounts due to and from funds are non-interest bearing and have no set terms of repayment. The interfund transfers received or paid among the General, Restricted and Endowment Funds are described below.

	2012			2011		
	General	Restricted	Endowment	General	Restricted	Endowment
Transfers received (paid)						
Contributions to reserves	100	(100)	-	15	(15)	-
Purchase capital assets	(5,628)	5,628	-	(3,211)	3,211	-
Maintenance and replacements	(933)	933	-	(498)	498	-
Debt reduction	(2,320)	2,320	-	(2,068)	2,068	-
Research and specific purposes	(358)	64	294	(457)	410	47
Program support	431	103	(534)	395	159	(554)
Total	<u>(8,708)</u>	<u>8,948</u>	<u>(240)</u>	<u>(5,824)</u>	<u>6,331</u>	<u>(507)</u>

14. Commitments

Encumbrances at March 31, 2012 were \$1,130. The University has entered into various agreements for capital expenditures in the upcoming fiscal year. The total capital budget for the 2013 fiscal year is \$3,780. In addition, the University has also begun a major construction project. Construction of a new \$15 million building to house the English as a Second Language Program and Business Development Centre began April 2012 and is expected to be completed by September 2013. This project is not included in the encumbrances at March 31, 2012.

The University also has operating leases with minimum lease payments for the next five years as follows:

2013	860
2014	533
2015	118
2016	32
2017	-

15. Contingencies

The University participates in a reciprocal exchange of insurance risks in association with 58 Canadian universities through the Canadian Universities Reciprocal Insurance Exchange (CURIE). This self-insurance co-operative involves a contractual agreement to share the insured property and liability risks of member institutions for a term of not less than five years.

The projected costs of claims will be funded through members' premiums based on actuarial projections. As at December 31, 2011, CURIE had an accumulated excess of income over expenses of \$47,887, of which the University's pro-rata share is approximately 0.84% on an ongoing basis. CURIE wrote property policies with a limit of \$5,000 per occurrence and placed on behalf of subscribers an excess policy of \$995,000 above CURIE's \$5,000 limit. In respect of General Liability policies, CURIE's limit of liability per occurrence was \$5,000 and it purchased excess policies above these limits on behalf of subscribers in the amount of \$25,000. In respect of Errors and Omissions Liability policies, CURIE's limit of liability

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

15. Contingencies (continued)

per occurrence was \$5,000 and it purchased excess policies on behalf of subscribers through a combined excess program with General Liability in the amount of \$25,000. As the originating insurer CURIE has a contingent liability in the event the reinsurer is unable to meet its obligations.

In the event premiums are not sufficient to cover claim settlements, the member universities would be subject to an assessment in proportion to their participation.

The University is also exposed to a contingent liability related to a lawsuit filed in 2012. The possible outcome and any potential damages or settlements are not determinable at year-end. No provision has been made in the financial statements for this claim.

16. Impact of the change in the basis of accounting

The University has elected to apply the Canadian accounting standards for not-for-profit organizations under Part III of the *CICA Handbook* and standards for private enterprise under Part II of the *CICA Handbook* for items not addressed in Part III of the *CICA Handbook*. The financial statements for the year ended March 31, 2012, and the comparative period were prepared in accordance with the accounting principles and provisions set out in Section 1501: *First Time Adoption by Not-for-Profit Organizations*. These statements are the first full set of financial statements presented by the University under the new accounting standards. The University has chosen to early adopt the standards. Implementation is required for the fiscal year beginning on or after January 1, 2012. The policies adopted are in effect for the year ended March 31, 2012, and for the comparative period information presented.

Elections related to first-time adoption:

The University has made the following elections related to first-time adoption of the standards:

- i) The University has elected to measure and report a long term receivable related to an irrevocable charitable trust at fair value.
- ii) The University has elected to use an exemption to not restate assets or liabilities related to transactions with related parties when transactions occurred prior to the date of transition.

Adjustments to the opening financial position

The comparative figures have been restated to reflect the adoption of the new accounting standards. Schedule 3 presents the comparative Statement of Financial Position as at March 31, 2011, as originally reported along with the transition adjustments and restated amounts.

As required the Opening Statement of Financial Position on the date of transition, April 1, 2010, is presented as originally reported, along with the transition adjustments and revised amounts. This information is presented in Schedule 4. Supporting information related to certain balances presented on the opening Statement of Financial Position are shown in Note 17.

The fund balances have been affected by the application of the above elections and by other changes in accounting policies upon transition.

	Adjustment reference (see next page)	Impact on	
		comparative period March 31, 2011	Impact on transition date April 1, 2010
Total fund balance, under previous accounting		154,522	133,009
Long-term receivable, at fair value	b	42	23
Unspent restricted capital contributions	d	(13)	(56)
Interest rate swaps	e	3,566	3,574
		3,595	3,541
Total fund balance, as adjusted		158,117	136,550

Notes to the Financial Statements

For the year ended March 31, 2012

(\$ thousands)

16. Impact of the change in the basis of accounting (continued)

The following adjustments have been made:

	Impact on comparative period March 31, 2011	Impact on transition date April 1, 2010
a) Amounts due to government - previously reported as part of accounts payable and other liabilities, have been reclassified and reported separately.	574	473
b) Long-term receivable - elected to record receivable related to an irrevocable charitable trust at fair value in the Restricted Fund. Previously reported at amortized cost of \$563. The fair value at the transition date was \$586 (March 31, 2011 \$605). Increase applied to long-term receivables and to the externally restricted fund balance.	42	23
c) Intangible assets - previously reported as part of capital assets, have been reclassified and reported separately in the Restricted Fund.	2,476	2,437
d) Unearned fees and other deferred revenue - unspent restricted capital contributions previously reported as part of the externally restricted fund balance. These amounts have been reclassified deferred revenue in the Restricted Fund.	13	56
e) Long-term debt - fair value of interest rate swaps designated as hedges were previously reported as part of long-term debt. Changes in the fair value were recorded as part of the Net Investment in Capital Assets in the Restricted Fund. In accordance with the standards for Hedge Accounting in Section 3856, the amount of the interest rate swaps is no longer recorded as a liability while it qualifies as an effective hedge.	3,566	3,574

Adjustments to the comparative Statement of Operations

As required the comparative Statement of Operations and Changes in Fund Balances has been adjusted to reflect the transition to the new basis of accounting.

	Adjustment reference	Year Ended March 31, 2011
Total increase in fund balances from operations, under previous accounting		21,504
Investment income	I	19
Government of Canada Grant Revenue	II	43
		62
Total increase in fund balances from operations, as adjusted		21,566

	Year ended March 31, 2011		
	As originally reported	Impact of transition	Restated
The following adjustments have been made:			
I) Investment Income - elected to measure and report long term receivable at fair value in the Restricted Fund and include change in fair value in investment income.	865	19	884
II) Government of Canada Grant Revenue - unspent restricted capital contributions previously reported as part of the externally restricted fund balance have been reclassified as deferred revenue in the Restricted Fund. Portion spent during fiscal 2011 was added to grant revenue.	14,756	43	14,799

Adjustments to the comparative Statement of Cash Flows

No material adjustments to the comparative Statement of Cash Flows were required as a result of the transition.

Notes to the Financial Statements

For the year ended March 31, 2012
(\$ thousands)

17. Additional disclosure related to accounting transition

As required the Opening Statement of Financial Position on the date of transition, April 1, 2010, is presented as originally reported, along with the transition adjustments and revised amounts. This information is presented in Schedule 4. Supporting information related to certain balances presented on the Opening Statement of Financial Position are shown below.

Long-term Investments

	April 1, 2010	
	Cost	Fair Value
Canadian equities	5,387	7,431
Pooled investment funds	42,393	40,477
Total investments	47,780	47,908

Capital assets

	April 1, 2010		
	Cost	Accumulated Amortization	Net Book Value
Land	4,959	-	4,959
Buildings	134,358	36,030	98,328
Site improvements	6,880	2,673	4,207
Library materials	7,877	4,546	3,331
Equipment, furnishings and interior improvements	16,089	4,566	11,523
Information technology	4,923	2,690	2,233
Art and antique collection	338	-	338
Motor vehicles	61	61	-
	175,485	50,566	124,919

Intangible assets

	April 1, 2010		
	Cost	Accumulated Amortization	Net Book Value
Enterprise Resource Planning System	3,227	875	2,352
Other software	148	63	85
	3,375	938	2,437

Long-term debt

Debt	Principal and Interest Payments	Maturity Date	Debt Interest Rate	Hedged Interest Rate	April 1, 2010
					Total
Long-term loans (unsecured)					
Sobey Building	Monthly	May 2011	6.12%	-	436
Synthetic Turf Athletic Field	Monthly	Mar 2013	4.57%	-	267
McNally - North Campus Renovations*	At maturity	Jan 2015	1.50%	-	9,458
Gorsebrook Lounge Renovations	Monthly	May 2015	CDOR +0.20%	5.01%	374
Enterprise Resource Planning System	Monthly	Jun 2021	CDOR +0.25%	5.16%	2,118
Rice and Vanier Residences	Semi-annual	Jun 2019	5.02%	-	1,549
Loyola Residence and Academic Complex	Semi-annual	May 2022	5.34%	-	2,865
Residences Renovations	Monthly	Aug 2026	6.95%	-	10,139
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.97%	5,319
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.40%	2,557
Science Building Renewal Project	Monthly	Mar 2033	CDOR +0.20%	5.30%	20,237
Subtotal					55,319
Less: current portion					(2,081)
Total long-term debt					53,238

18. Comparative figures

Certain of the comparative figures presented have been reclassified to conform with the financial presentation adopted for the current year.

Schedules to the Financial Statements

Schedule 1

General Fund - Statement of Operations and Changes in Fund Balances
 For the year ended March 31
 (\$ thousands)

	General Fund					
	2012			2011		
	Operating	Projects and Reserves	Total	Operating	Projects and Reserves	Total
Revenues						
Government grants and contributions						
Government of Canada	1,459	140	1,599	1,583	8	1,591
Government of Nova Scotia	36,298	-	36,298	37,728	40	37,768
Other grants	66	15	81	-	24	24
Student fees	56,319	-	56,319	54,025	-	54,025
Gifts and bequests	101	1	102	114	1	115
Sales of services and products	16,230	1	16,231	16,111	40	16,151
Income from investments	195	1,759	1,954	280	1,037	1,317
Miscellaneous income	1,057	82	1,139	1,061	68	1,129
	<u>111,725</u>	<u>1,998</u>	<u>113,723</u>	<u>110,902</u>	<u>1,218</u>	<u>112,120</u>
Expenses						
Salaries	59,767	112	59,879	58,100	138	58,238
Employee benefits	8,408	6	8,414	8,024	9	8,033
Equipment rental	972	-	972	978	-	978
Materials and supplies	2,435	72	2,507	2,581	111	2,692
Communications	735	1	736	771	1	772
Travel	2,326	172	2,498	2,333	157	2,490
Utilities	2,535	-	2,535	2,464	-	2,464
Printing and duplicating	556	1	557	538	2	540
Library acquisitions	959	-	959	1,034	-	1,034
Hospitality	743	4	747	860	18	878
Repairs and maintenance	1,749	16	1,765	1,618	6	1,624
Promotion and student recruitment	2,678	8	2,686	2,721	-	2,721
Professional fees	514	34	548	777	25	802
Rent	381	-	381	392	-	392
Other operational expenses	3,645	166	3,811	3,509	75	3,584
Cost of goods sold	5,340	-	5,340	5,245	-	5,245
Student financial aid	4,130	21	4,151	3,810	26	3,836
Interest	2,610	18	2,628	2,678	19	2,697
Internal cost recoveries	(539)	30	(509)	(225)	(109)	(334)
	<u>99,944</u>	<u>661</u>	<u>100,605</u>	<u>98,208</u>	<u>478</u>	<u>98,686</u>
Revenues less expenses before transfers	11,781	1,337	13,118	12,694	740	13,434
Interfund transfers	(10,992)	2,284	(8,708)	(12,694)	6,870	(5,824)
Net increase in fund balances	<u>789</u>	<u>3,621</u>	<u>4,410</u>	<u>-</u>	<u>7,610</u>	<u>7,610</u>
Fund balances, beginning of year						
Internally restricted	-	24,603	24,603	-	16,993	16,993
Unrestricted	2,000	-	2,000	2,000	-	2,000
Fund balances, beginning of year, total	<u>2,000</u>	<u>24,603</u>	<u>26,603</u>	<u>2,000</u>	<u>16,993</u>	<u>18,993</u>
Fund balances, end of year						
Internally restricted	-	28,224	28,224	-	24,603	24,603
Unrestricted	2,789	-	2,789	2,000	-	2,000
Fund balances, end of year, total	<u>2,789</u>	<u>28,224</u>	<u>31,013</u>	<u>2,000</u>	<u>24,603</u>	<u>26,603</u>

See accompanying notes to the financial statements.

Schedules to the Financial Statements

Schedule 2

Restricted Fund - Statement of Operations and Changes in Fund Balances
 For the year ended March 31
 (\$ thousands)

	Restricted Fund									
	2012					2011				
	Capital	Research	Trust	Specific Purpose	Total	Capital	Research	Trust	Specific Purpose	Total
Revenues										
Government grants and contributions										
Government of Canada	505	4,922	-	1,232	6,659	8,196	5,390	-	1,213	14,799
Government of Nova Scotia	77	75	-	383	535	1,250	168	-	185	1,603
Other	-	-	-	-	-	-	10	-	-	10
Other grants	-	1,136	-	155	1,291	5	956	-	37	998
Gifts and bequests	68	5	479	1,551	2,103	299	-	302	2,401	3,002
Sales of services and products	-	19	11	360	390	-	12	25	340	377
Income from investments	-	-	318	609	927	-	-	313	571	884
Miscellaneous income	32	7	133	212	384	81	55	118	341	595
	682	6,164	941	4,502	12,289	9,831	6,591	758	5,088	22,268
Expenses										
Salaries	-	3,139	-	626	3,765	-	3,347	5	632	3,984
Employee benefits	-	231	-	62	293	-	254	-	60	314
Equipment rental	-	-	-	3	3	-	-	-	-	-
Materials and supplies	351	818	10	80	1,259	188	896	5	43	1,132
Communications	-	8	-	7	15	-	11	-	13	24
Travel	-	933	2	342	1,277	-	856	12	449	1,317
Printing and duplicating	-	5	-	21	26	-	4	1	12	17
Hospitality	-	17	2	108	127	-	23	6	165	194
Repairs and maintenance	655	-	-	-	655	371	-	-	-	371
Promotion and student recruitment	-	1	16	16	33	-	3	1	45	49
Professional fees	-	282	73	322	677	-	322	62	499	883
Rent	-	2	-	10	12	-	4	-	17	21
Other operational expenses	-	236	68	378	682	-	84	65	297	446
Student financial aid	-	470	506	36	1,012	-	435	542	45	1,022
Amortization of capital and intangible assets	15,598	-	-	-	15,598	7,381	-	-	-	7,381
Internal cost recoveries	-	121	-	388	509	-	118	-	216	334
	16,604	6,263	677	2,399	25,943	7,940	6,357	699	2,493	17,489
Revenues less expenses before transfers	(15,922)	(99)	264	2,103	(13,654)	1,891	234	59	2,595	4,779
Interfund transfers	13,779	(232)	11	(4,610)	8,948	8,889	(527)	(323)	(1,708)	6,331
Net increase (decrease) in fund balances	(2,143)	(331)	275	(2,507)	(4,706)	10,780	(293)	(264)	887	11,110
Fund balances, beginning of year										
Externally restricted	-	4,405	3,710	10,856	18,971	-	4,698	3,974	9,969	18,641
Invested in capital assets	90,240	-	-	-	90,240	79,460	-	-	-	79,460
Fund balances, beginning of year, total	90,240	4,405	3,710	10,856	109,211	79,460	4,698	3,974	9,969	98,101
Fund balances, end of year										
Externally restricted	-	4,074	3,985	8,349	16,408	-	4,405	3,710	10,856	18,971
Invested in capital assets	88,097	-	-	-	88,097	90,240	-	-	-	90,240
Fund balances, end of year, total	88,097	4,074	3,985	8,349	104,505	90,240	4,405	3,710	10,856	109,211

See accompanying notes to the financial statements.

Schedules to the Financial Statements

Restated Comparative Statement of Financial Position

Schedule 3

As at March 31, 2011
(\$ thousands)

	Original				Adjustments (see Note 16)				Restated			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
Current Assets												
Cash and short-term investments (Note 3)	23,617	2,376	47	26,040	-	-	-	-	23,617	2,376	47	26,040
Accounts receivable	5,296	3,537	-	8,833	-	-	-	-	5,296	3,537	-	8,833
Inventories	789	-	-	789	-	-	-	-	789	-	-	789
Prepaid expenses	1,504	7	-	1,511	-	-	-	-	1,504	7	-	1,511
	<u>31,206</u>	<u>5,920</u>	<u>47</u>	<u>37,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,206</u>	<u>5,920</u>	<u>47</u>	<u>37,173</u>
Long-term Assets												
Long-term investments (Note 4)	-	27,845	22,067	49,912	-	-	-	-	-	27,845	22,067	49,912
Long-term receivable	370	587	-	957	-	42 b	-	42	370	629	-	999
Capital assets (Note 6)	-	143,128	-	143,128	-	(2,476) c	-	(2,476)	-	140,652	-	140,652
Intangible assets (Note 7)	-	-	-	-	-	2,476 c	-	2,476	-	2,476	-	2,476
	<u>370</u>	<u>171,560</u>	<u>22,067</u>	<u>193,997</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>	<u>370</u>	<u>171,602</u>	<u>22,067</u>	<u>194,039</u>
	<u>31,576</u>	<u>177,480</u>	<u>22,114</u>	<u>231,170</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>	<u>31,576</u>	<u>177,522</u>	<u>22,114</u>	<u>231,212</u>
Current Liabilities												
Amounts due to governments	-	-	-	-	574 a	-	-	574	574	-	-	574
Other accounts payable and accrued liabilities	8,002	2,693	11	10,706	(574) a	-	-	(574)	7,428	2,693	11	10,132
Unearned fees and other deferred revenue	7,174	207	-	7,381	-	13 d	-	13	7,174	220	-	7,394
Current portion of long-term debt (Note 8)	-	2,881	-	2,881	-	-	-	-	-	2,881	-	2,881
	<u>15,176</u>	<u>5,781</u>	<u>11</u>	<u>20,968</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>	<u>15,176</u>	<u>5,794</u>	<u>11</u>	<u>20,981</u>
Long-term Liabilities												
Long-term debt (Note 8)	-	55,680	-	55,680	-	(3,566) e	-	(3,566)	-	52,114	-	52,114
Due to (from) other funds	(10,203)	10,403	(200)	-	-	-	-	-	(10,203)	10,403	(200)	-
	<u>(10,203)</u>	<u>66,083</u>	<u>(200)</u>	<u>55,680</u>	<u>-</u>	<u>(3,566)</u>	<u>-</u>	<u>(3,566)</u>	<u>(10,203)</u>	<u>62,517</u>	<u>(200)</u>	<u>52,114</u>
	<u>4,973</u>	<u>71,864</u>	<u>(189)</u>	<u>76,648</u>	<u>-</u>	<u>(3,553)</u>	<u>-</u>	<u>(3,553)</u>	<u>4,973</u>	<u>68,311</u>	<u>(189)</u>	<u>73,095</u>
Fund Balances												
Endowment	-	-	22,303	22,303	-	-	-	-	-	-	22,303	22,303
Externally restricted	-	18,942	-	18,942	-	29 b d	-	29	-	18,971	-	18,971
Internally restricted	24,603	-	-	24,603	-	-	-	-	24,603	-	-	24,603
Invested in capital assets	-	86,674	-	86,674	-	3,566 e	-	3,566	-	90,240	-	90,240
Unrestricted	2,000	-	-	2,000	-	-	-	-	2,000	-	-	2,000
	<u>26,603</u>	<u>105,616</u>	<u>22,303</u>	<u>154,522</u>	<u>-</u>	<u>3,595</u>	<u>-</u>	<u>3,595</u>	<u>26,603</u>	<u>109,211</u>	<u>22,303</u>	<u>158,117</u>
	<u>31,576</u>	<u>177,480</u>	<u>22,114</u>	<u>231,170</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>	<u>31,576</u>	<u>177,522</u>	<u>22,114</u>	<u>231,212</u>

Schedules to the Financial Statements

Restated Opening Statement of Financial Position

Schedule 4

As at April 1, 2010
(\$ thousands)

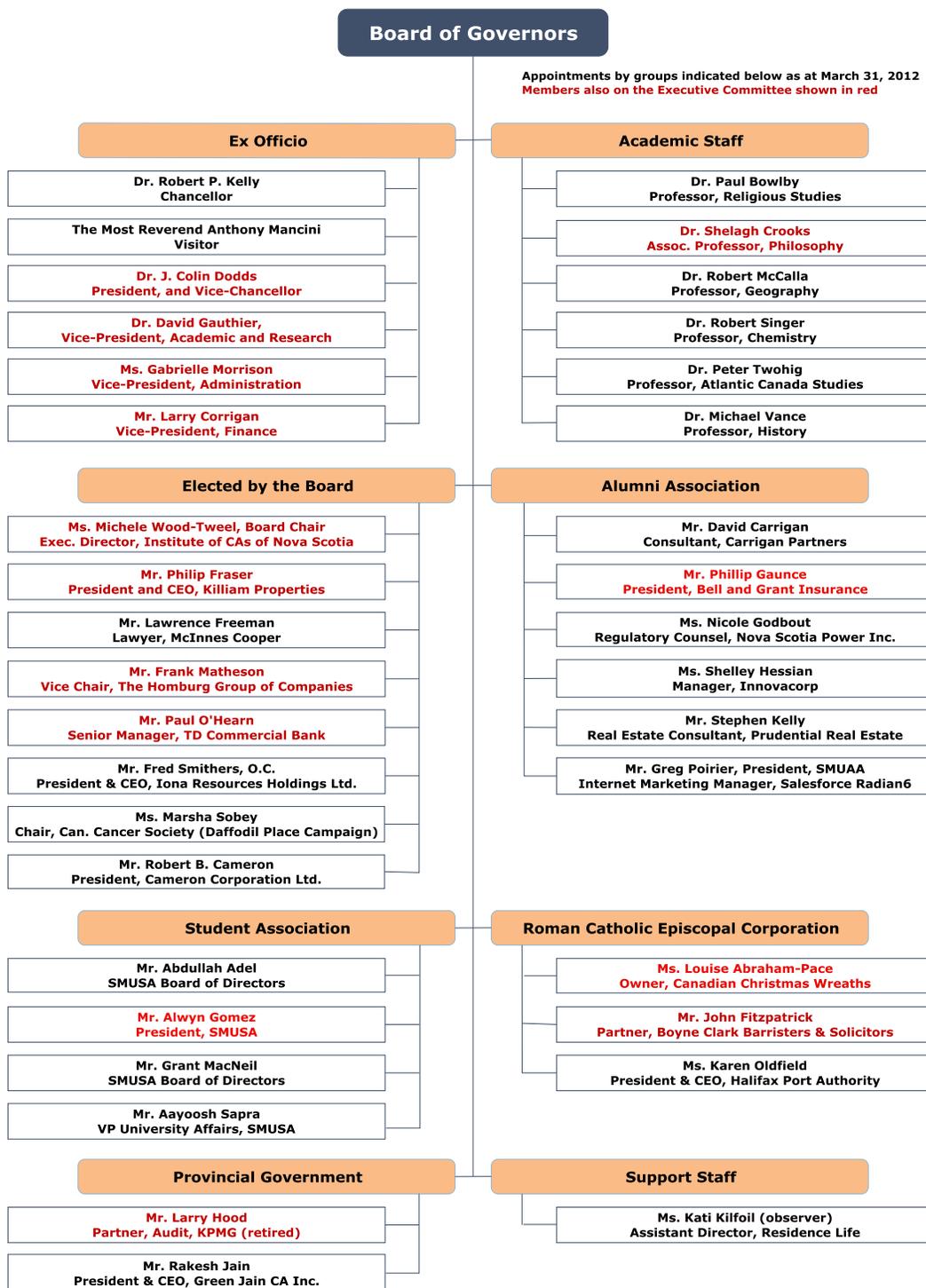
	Original				Adjustments (see Note 16)				Restated			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
Current Assets												
Cash and short-term investments	63,172	26	41	63,239	-	-	-	-	63,172	26	41	63,239
Accounts receivable	4,701	2,819	-	7,520	-	-	-	-	4,701	2,819	-	7,520
Inventories	676	-	-	676	-	-	-	-	676	-	-	676
Prepaid expenses	1,465	-	-	1,465	-	-	-	-	1,465	-	-	1,465
	<u>70,014</u>	<u>2,845</u>	<u>41</u>	<u>72,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,014</u>	<u>2,845</u>	<u>41</u>	<u>72,900</u>
Long-term Assets												
Long-term investments (Note 17)	-	28,453	19,455	47,908	-	-	-	-	-	28,453	19,455	47,908
Long-term receivable	399	563	-	962	-	23 b	-	23	399	586	-	985
Capital assets (Note 17)	-	127,356	-	127,356	-	(2,437) c	-	(2,437)	-	124,919	-	124,919
Intangible assets (Note 17)	-	-	-	-	-	2,437 c	-	2,437	-	2,437	-	2,437
	<u>399</u>	<u>156,372</u>	<u>19,455</u>	<u>176,226</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>	<u>399</u>	<u>156,395</u>	<u>19,455</u>	<u>176,249</u>
	<u>70,413</u>	<u>159,217</u>	<u>19,496</u>	<u>249,126</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>	<u>70,413</u>	<u>159,240</u>	<u>19,496</u>	<u>249,149</u>
Current Liabilities												
Amounts due to governments	-	-	-	-	473 a	-	-	473	473	-	-	473
Other accounts payable and accrued liabilities	9,103	2,139	10	11,252	(473) a	-	-	(473)	8,630	2,139	10	10,779
Unearned fees and other deferred revenue	44,590	1,382	-	45,972	-	56 d	-	56	44,590	1,438	-	46,028
Current portion of long-term debt (Note 17)	-	2,081	-	2,081	-	-	-	-	-	2,081	-	2,081
	<u>53,693</u>	<u>5,602</u>	<u>10</u>	<u>59,305</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>56</u>	<u>53,693</u>	<u>5,658</u>	<u>10</u>	<u>59,361</u>
Long-term Liabilities												
Long-term debt (Note 17)	-	56,812	-	56,812	-	(3,574) e	-	(3,574)	-	53,238	-	53,238
Due to (from) other funds	(2,273)	2,244	29	-	-	-	-	-	(2,273)	2,244	29	-
	<u>(2,273)</u>	<u>59,056</u>	<u>29</u>	<u>56,812</u>	<u>-</u>	<u>(3,574)</u>	<u>-</u>	<u>(3,574)</u>	<u>(2,273)</u>	<u>55,482</u>	<u>29</u>	<u>53,238</u>
	<u>51,420</u>	<u>64,658</u>	<u>39</u>	<u>116,117</u>	<u>-</u>	<u>(3,518)</u>	<u>-</u>	<u>(3,518)</u>	<u>51,420</u>	<u>61,140</u>	<u>39</u>	<u>112,599</u>
Fund Balances												
Endowment	-	-	19,457	19,457	-	-	-	-	-	-	19,457	19,457
Externally restricted	-	18,674	-	18,674	-	(33) b d	-	(33)	-	18,641	-	18,641
Internally restricted	16,993	-	-	16,993	-	-	-	-	16,993	-	-	16,993
Invested in capital assets	-	75,885	-	75,885	-	3,574 e	-	3,574	-	79,459	-	79,459
Unrestricted	2,000	-	-	2,000	-	-	-	-	2,000	-	-	2,000
	<u>18,993</u>	<u>94,559</u>	<u>19,457</u>	<u>133,009</u>	<u>-</u>	<u>3,541</u>	<u>-</u>	<u>3,541</u>	<u>18,993</u>	<u>98,100</u>	<u>19,457</u>	<u>136,550</u>
	<u>70,413</u>	<u>159,217</u>	<u>19,496</u>	<u>249,126</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>	<u>70,413</u>	<u>159,240</u>	<u>19,496</u>	<u>249,149</u>



University and Financial Governance

March 31, 2012

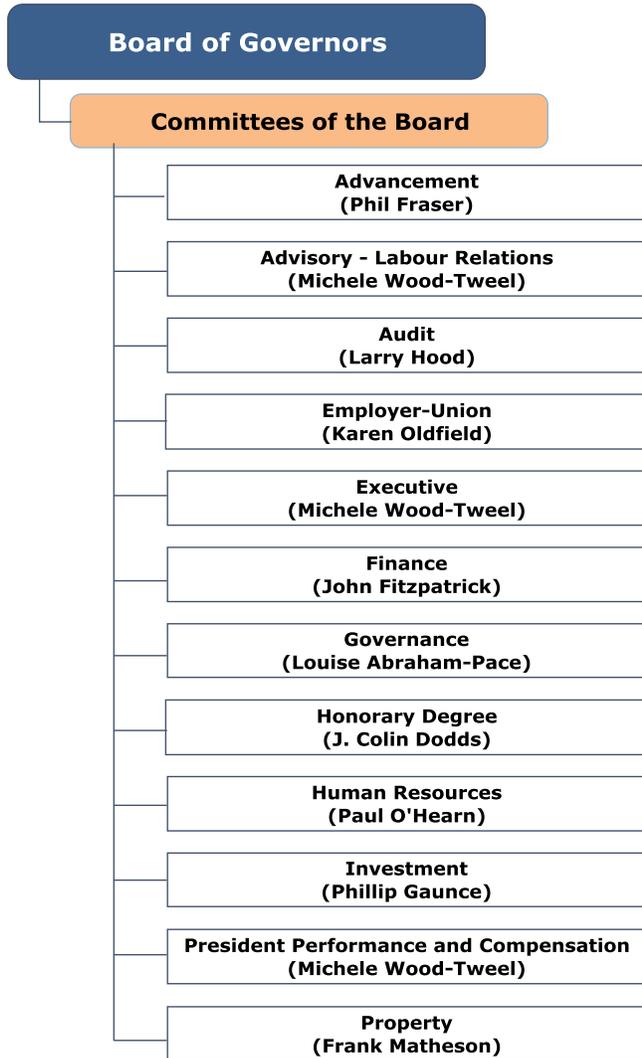
University Governance



Saint Mary's University Act – The Board has the government, conduct, management and control of the University and of its property, revenues, expenditures, business and affairs, and has all powers necessary or convenient to perform its duties and achieve the objects of the University.

Board Committee Structure

The Board of Governors obtains advice and reports from a number of elected committees. The following is a list of Board Committees (with Chairs shown in brackets) for the 2011/12 year.



The financially oriented committees (Finance, Investment, and Audit) are further discussed on page iii.

Each committee is governed by its Terms of Reference approved by the board. The by-laws of the university require that a majority of each standing committee shall be Governors and that the Chair of each standing committee shall be a Governor. Each committee is advisory to the board unless, and to the extent that, the board specifically grants it decision-making authority.

Financial Leadership – Financial Committees of the Board of Governors

Finance Committee

John Fitzpatrick, Chair

- **Larry Corrigan**
- **J. Colin Dodds**
- **Larry Freeman**
- **David Gauthier**
- **Rakesh Jain**
- **Stephen Kelly**
- **Frank Matheson**
- **Robert McCalla**
- **Gabe Morrison**
- **Aayoosh Sapra**

The Finance Committee provides financial advice to the Board of Governors. The functions of the committee include review, reporting and recommendations on the annual operating and capital budget, including tuition and fee schedules, funding requirements and sources of financing. The committee reviews ongoing financial operations with the President and the VP Finance, and also deals with other financial matters referred to it by the board or administration.

Audit Committee

Larry Hood, Chair

- **Robert B. Cameron**
- **Paul O'Hearn**
- **Karen Oldfield**
- **Greg Poirier**

The primary purpose of the Audit Committee is to assist the Board of Governors in fulfilling its oversight responsibilities by overseeing the internal control environment and reviewing the audited financial statements and annual financial report that will be provided to university stakeholders. The Audit Committee contributes to the overall governance of Saint Mary's University by promoting a culture of transparency, honesty and ethical behaviour.

The Committee also assists the Board of Governors in its responsibility for risk management. The primary purpose in this regard is to ensure, on behalf of the Board, that effective risk management policies, procedures and practices are in place and to provide oversight for the effectiveness of the risk mitigation strategies.

The external auditor, Grant Thornton LLP reports to the Audit Committee independent of management.

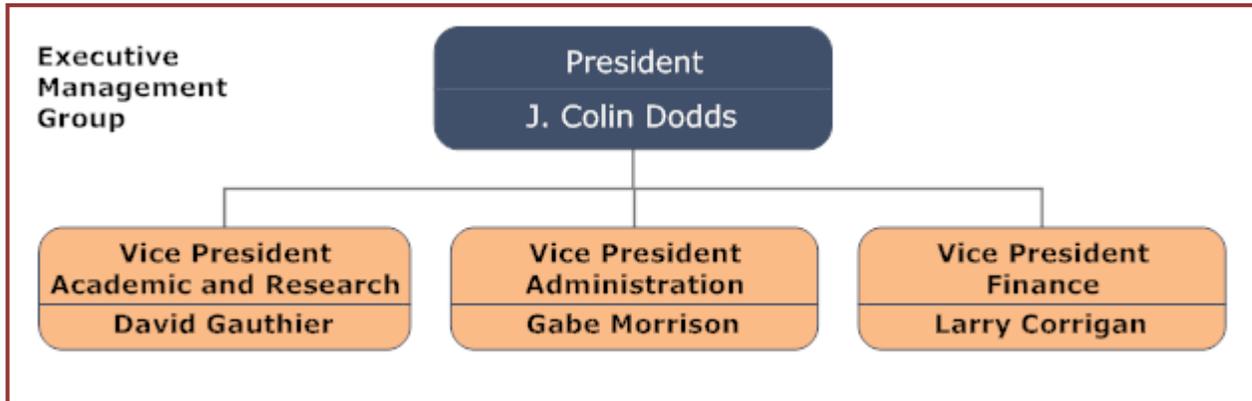
Investment Committee

Phillip Gaunce, Chair

- **Larry Corrigan**
- **Alwyn Gomez**
- **Doug Hartt***
- **Calvin Jordan***
- **Jack Keith***
- **Michael Vance**

The Investment Committee is a decision-making body empowered by the Board of Governors to invest the endowment and development funds, select firms to manage the investment portfolio, and to review the performance of university investments. The committee is fortunate to have the volunteer services of members, external to the board, with extensive investment experience (noted with *).

Financial Leadership – Executive Management Group



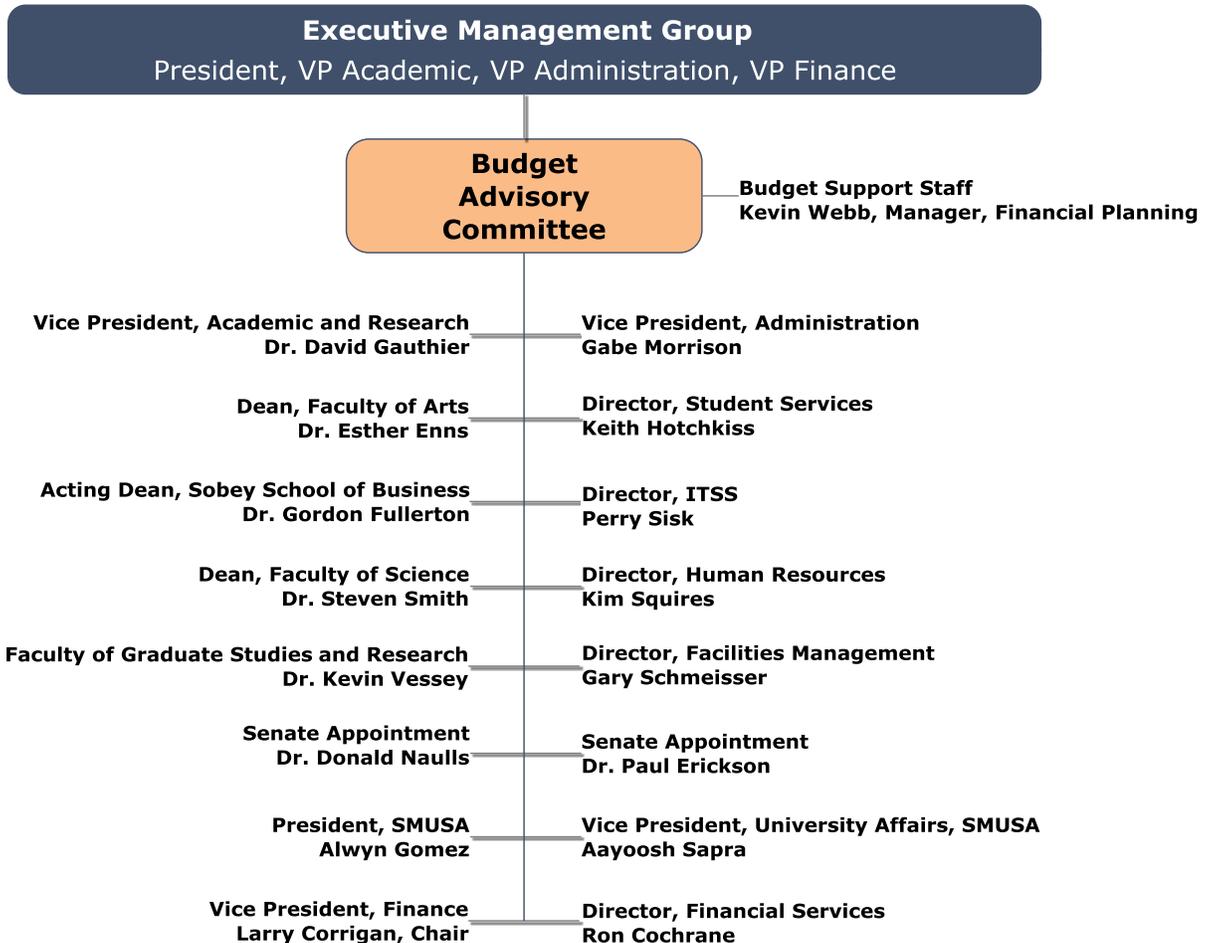
Saint Mary's University Act

“The President of the University shall have general supervision of and direction over the academic and administrative work of the University and the teaching staff thereof and all officers and employees.”

Executive Management Group (EMG)

The President and Vice Presidents comprise the EMG, the senior management policy group at Saint Mary's. The EMG considers the corporate environment and advises the President on a wide range of University policy issues, including such financial items as operating and capital budgets, tuition and student fees, financial reporting, funding, pension administration, business planning and risk management. The EMG's financial planning link to the Board of Governors is through the Finance Committee and Executive Committee of the Board.

Financial Leadership
Budget Advisory Committee, March 31, 2012



The Budget Advisory Committee is a cross-functional team, designed to represent the interests of the Saint Mary's University community. The budget process begins with the EMG setting broad parameters and operational goals. The process is highly consultative, involving all departments in the development of budget papers. The Budget Committee is responsible for reviewing the budget proposals and preparing the draft operating and capital budgets.

The draft budget is routed through an extensive review process, including the following:

- Property & Development Committee (capital items)
- Senior Administration Committee
- Academic Senate
- Executive Management Group
- Finance Committee and Board Executive Committee