

**Saint Mary's  
University**

# Annual Financial Report

March 31, 2023



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## Introduction

As President and Vice-Chancellor of Saint Mary's University, I am pleased to introduce the university's Annual Financial Report for the 2023 fiscal year.

Saint Mary's has ambitious plans for our future. Despite a global pandemic, Saint Mary's University continues to strengthen our position as a place of opportunity and excellence. This report demonstrates that resilience in action and shows accountability to the community and a strong commitment to fiscal responsibility, in keeping with our values and the university's Strategic Plan.

The Board of Governors plays a key role as it oversees management of the university's financial, physical and human assets. Thus, the Board ensures that the annual financial statements are prepared in accordance with best practices and audited by the university's auditor, Grant Thornton LLP.

In this report, you will find commentary and key performance measures related to university debt, used by management and designed to inform all members of the university community. This discussion and analysis should be read in conjunction with the audited financial statements.

The financial statements (pages 15-30) 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. Our independent auditor has audited the financial statements and, in

their opinion, (see page 15) the statements fairly present, in all material respects, the University's financial position at March 31, 2023, and the results of its operations for the year then ended.

Saint Mary's, and the higher education sector, is facing unprecedented challenges with declining enrolments and inflation. This is reflected in erosion of working capital in our General Fund. As Saint Mary's adjusts to the changing environment, we anticipate further erosion in working capital. The Executive Management Group is working together with the Board of Governors to implement a multi-year plan to ensure financial sustainability.

The aim of this Annual Financial Report is to ensure our stakeholders have full and transparent information about the university's finances. Thank you for your interest and support for Saint Mary's.



Robert Summerby-Murray Ph.D.  
President and Vice Chancellor



**Saint Mary's  
University**

# **Management Discussion and Analysis**

**March 31, 2023**



## AGE QUOD AGIS

### 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 life-long learning programs; to engage in research and disseminate its results; and to serve the community from the local to the international level.

### VALUES

Our values articulate our distinctive contribution to civil society, locally and globally. These values are highlighted in the Santamarian Signature:

Pursuing academic growth, Demonstrating resilience, Developing intercultural competence, Engaging our alumni and community; and Exercising ethical wisdom



Discovery & Innovation in a Learning-centred Environment



Intercultural Learning



Institutional Sustainability

We recognize the importance of the contribution and growth of each individual in the university's success and promote a safe, respectful and inclusive learning environment.

The 2023-2028 Strategic Plan and updated framework is currently being finalized.

## Our Framework

Saint Mary's University, founded in 1802, is located in Halifax, Nova Scotia and is the second largest educational institution in the province. The campus is home to 7,000 students from over 118 countries who are enrolled during the academic year and summer sessions, attending classes on the 42-acre campus in south end of Halifax and more than 800 faculty and staff supporting programs and operations.

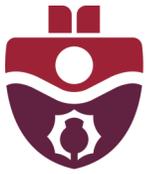
Saint Mary's vision is to be the University of Choice for aspiring citizens of the world. Culturally diverse and globally-connected, Saint Mary's is recognized as a national leader in international and intercultural education. Our global network of 55,000 alumni is strong and engaged; Saint Mary's boasts the 2<sup>nd</sup> highest level of alumni engagement in the country.

An urban, mid-sized university, Saint Mary's offers innovative and relevant programs in Arts, Science, Business, and Graduate Studies and Research. While Saint Mary's is primarily undergraduate, the university is increasingly recognized for research excellence and has a strong and growing suite of graduate programs including five PhD programs. It is also well known for athletic excellence and a strong arts program.

The renowned Sobey School of Business is a national leader in business education. It is the only comprehensive business school in the region offering academic and research programming at the undergraduate, Masters, and PhD levels. Saint Mary's mentors innovators and entrepreneurs in every discipline. We are the only Canadian university to offer BA in Entrepreneurship, and the Master of Technology Entrepreneurship & Innovation program attracts ambitious entrepreneurs from around the world. The Arthur L. Irving Entrepreneurship Centre is a hub for entrepreneurship for local businesses and award-winning student teams.

The introduction of the five-year Saint Mary's University Strategic Plan (2017-2022) signaled the intention to grow, elevate and expand Saint Mary's, building on the university's distinct strengths, values and culture. Our three key initiatives are: Promoting Discovery and Innovation in a Learning-Centred Environment, Fostering Intercultural Learning and Understanding, and Strengthening Institutional Sustainability. The strategic plan stems from our values which articulate our distinctive contribution to our students and to civil society, locally and globally.

Our Latin motto *Age Quod Agis* calls for us to 'do what we do', to act in the world, to shoulder responsibility, to champion social justice, and to uphold ethical values. It is at the heart of what it means to be a Santamarian.



## 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, 2023, 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 financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations per Part III of the CPA Canada Handbook and the standards for private enterprise as per Part II of the Handbook for items not addressed in Part III. 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 and Risk Committee. All of the members of the Audit and Risk Committee are independent, i.e., not officers or employees of the University. The Audit and Risk 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 and Risk 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 and Risk Committee.

A handwritten signature in blue ink that reads "Michelle Benoit".

Michelle Benoit  
Vice-President, Finance & Administration

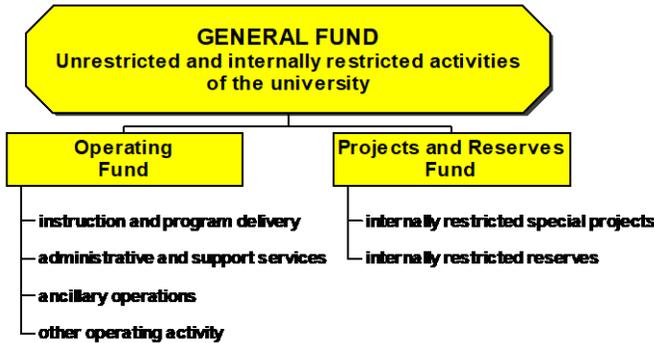
## Fund Accounting

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.

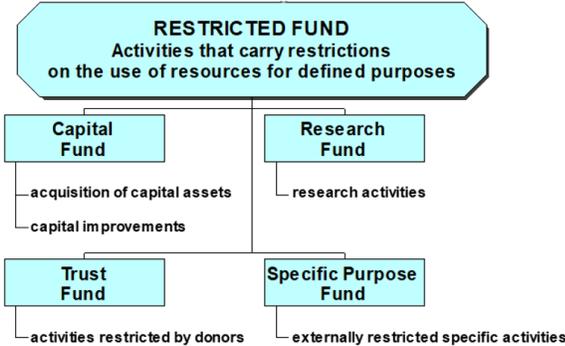
The university reports under the Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and the standards for private enterprises as per Part II of the *CPA Canada Handbook* for items not addressed in Part III.

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

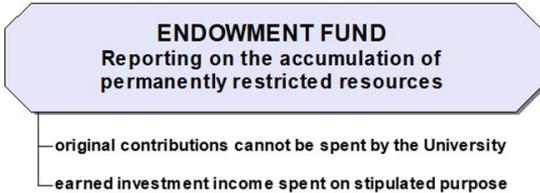
the General Fund



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, 2023, reporting date.

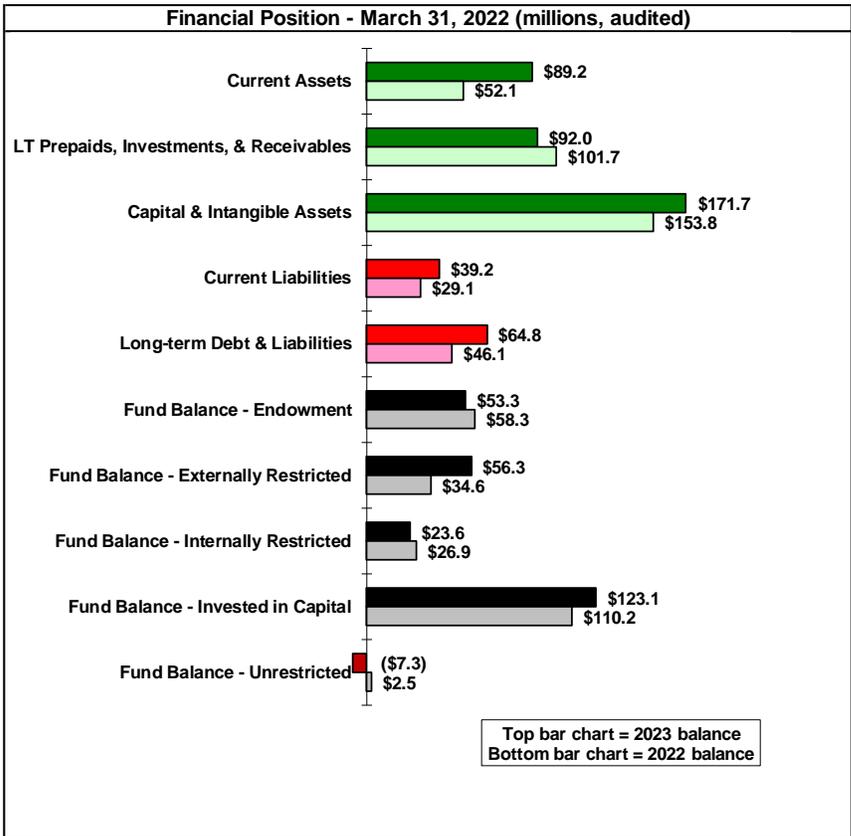
University current assets amount to \$89.2 and are comprised of cash, short-term investments, accounts receivable, inventories and prepaid expenses. The year-end balance of current assets was \$37.1 higher than the previous year. Cash and short-term investments increased by \$35.3. The increase in cash is due to several reasons, mainly receipt of \$25.0 million in funding from the Province of NS for development of a healthcare data analytics program.

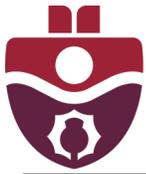
In total, long-term prepaid expenses, receivables, and investments decreased \$9.7 compared to the prior year, with the \$9.3 of the decrease related to long term investments. The long-term investments are recorded at fair value and the investment loss of \$1.9 included net unrealized loss of \$6.0 (2022, unrealized loss of \$2.0) from the change in the fair value. The university received \$12.5 in gifts and bequests, an increase of \$3.1 from the previous year. The gifts include funds for endowments and program support.

Capital and intangible assets, with a net book value of \$170.7, are a prominent component of the university's statement of financial position. The university's buildings comprise 81% of net capital assets.

Current liabilities of \$39.2 include payables, accruals, students' deposits, deferred revenue and the current portion of long-term debt. The year-end balance increased \$10.1 compared to the prior year, for several reasons including; the resumption of on campus activities for residence and dining services, liabilities related to future employee benefits and, payables related to the construction of the Sobeys Inspiration Hub. The increase in long-term debt & liabilities of \$18.7 was primarily due to two new loans, \$16.5 for the new Hub building and \$8.5 for the replacement of the original precast cladding on the Loyola Building. During the year the university repaid \$3.2 in debt and experienced a positive change in the fair value of interest rate swaps of \$1.4.

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. \$109.6 relates to resources that are constrained by endowments and other external restrictions; \$23.6 is internally restricted by the university for projects and reserves; \$123.1 is the net amount invested in buildings and other capital assets. The unrestricted General Fund balance represents the accumulated surplus or deficit. During the year this balance declined from an accumulated surplus of \$2.5 to an accumulated deficit of \$7.3.





## Debt Capacity

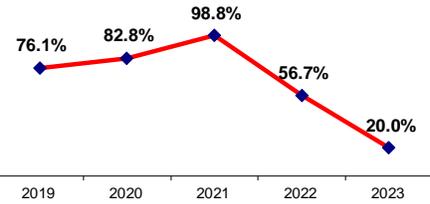
### Debt Capacity Analysis, March 31, 2023

Critical Success Factor: **Ability to pay debt charges with medium term resources**  
 Key Performance Indicator: **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.

Ratio of Expendable Resources to Debt

Ability to pay debt with medium term resources	2022	2023
Expendable resources (millions)	\$26.8	\$13.8
Debt, incl. current portion of long-term debt (millions)	\$47.3	\$69.0
Ratio of expendable resources to debt	56.7%	20.0%



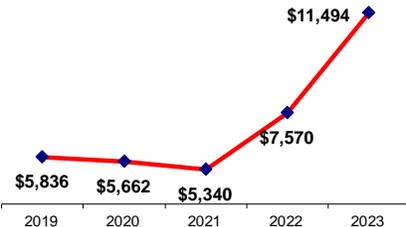
- Increasing debt in recent years to fund capital projects included \$18.5 million in FY22 for Dauphinee Arena and Inglis Street Land plus \$16.5M for Hub Building and \$8.5M for Loyola Building recladding in FY23. University debt increased 116% since 2021.
- expendable resources decreased 48.5% in 2023; primarily due to operating deficit of \$9.8M.
- Declining ratio of expendable resources will restrict ability to fund capital expenditures internally.

Critical Success Factor: **Manageable debt load**  
 Key Performance Indicator: **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.

University Debt per Student

Manageable debt load	2022	2023
Debt, incl. current portion of long-term debt (millions)	\$47.3	\$69.0
Number of students (full time equivalents)	6,248	6,003
University debt per student	\$7,570	\$11,494



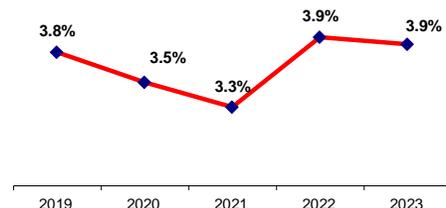
- University debt per student increased \$3,924 during the year as a result of the increase in long-term debt, new debt \$25M, and decline in enrolment of 4%.
- University debt per student has reached university's tolerable range for debt risk.
- This limits options to fund future capital projects through external borrowing.

Critical Success Factor: **Debt funding strength arising from operations**  
 Key Performance Indicator: **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.

Operating Revenue

Debt funding strength arising from operations	2022	2023
Debt service cost: principal + interest (millions)	\$5.3	\$5.4
Total operating revenue (millions)	\$135.1	\$140.0
Ratio of debt service cost to operating revenue	3.9%	3.9%



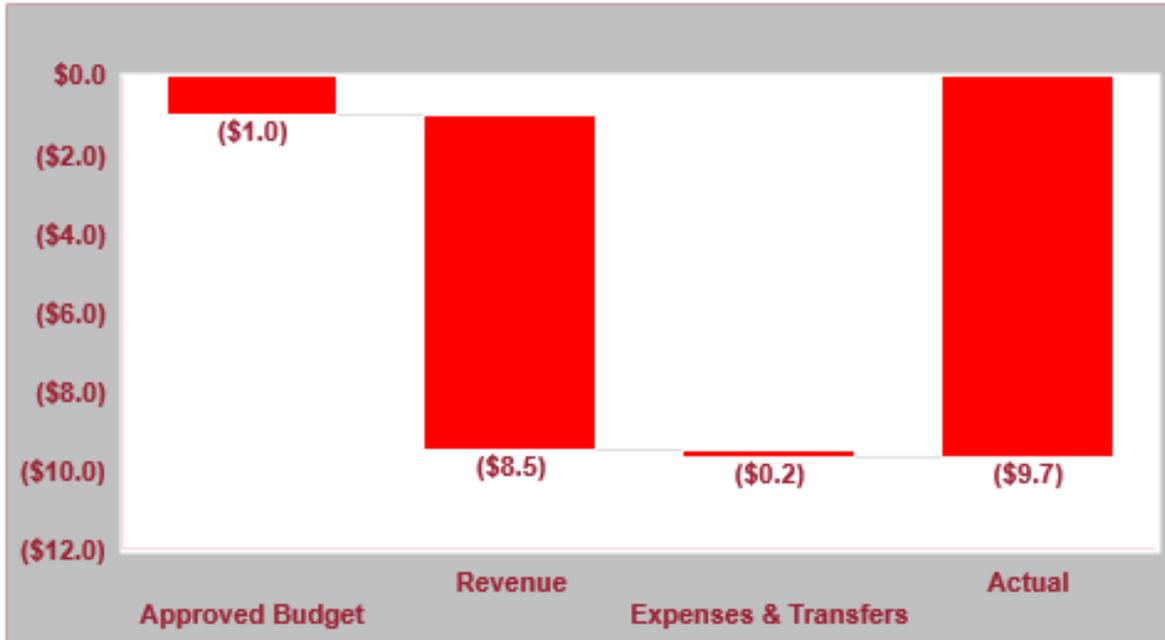
- debt funding strength from operations remains within tolerable range.
- exceeding 10% would raise concerns about being highly leveraged (Moody's)



## General Fund Analysis - Operating Fund Budget

(Millions \$)

The university faced many significant challenges during the year. The largest was uncertainty around enrolment levels due to changes in size of the international student body as well as a reduction in the courses taken per student.



The chart above portrays the overall variance of each major component of the Operating Fund's Approved Budget for 2023 (see Appendix 2 - Statement of Operations – Actual versus Budget)

The university had been budgeting for a deficit of \$1.0 factoring in an expectation that there would be a return to pre-pandemic enrolment levels.

The university's Student Fee revenue varied negatively \$10.1 from budget, a result of continued decline in international student enrolment (the process for obtaining international student Visas was challenging) as well as a reduction in the overall courses taken per student. Sales of services and products, which relies almost exclusively on revenue from students on campus, varied negatively \$1.0 from budget. Income from investments varied positively by \$1.8 due to global market fluctuations and miscellaneous income was higher due to an increase in the food sales rebate revenue. Provincial government grants varied positively to budget by \$0.6.

## General Fund Analysis - Operating Fund - Revenues

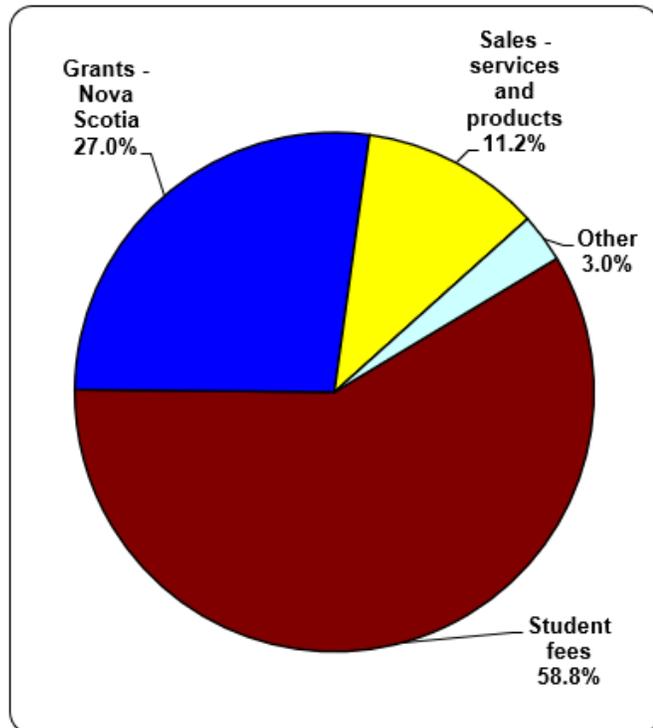
(Millions \$)

The 2023 operations of Saint Mary's University produced revenues of \$140.0 (2022 - \$135.1). (see Page 29 – Operating Fund)

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.

Student fee revenue decreased \$0.6 from the previous year. Undergraduate program revenue decreased by \$2.5 over last year due to a shift in enrolment between domestic and international students as well as a reduction in the courses taken per student. Auxiliary Fee revenue increased \$0.9 from prior year. The Language Center revenue grew positively \$0.5 compared to the prior year. Graduate revenue and professional masters program revenue each grew by \$0.2 respectively.

Sales of services and products increased \$2.9 from the prior year. Residence, food service, campus store and parking revenue represented \$2.5 of that number. Increases in membership and rental revenue for Athletic and Recreation facilities accounted for an additional \$0.4.



Overall operating revenue was up \$4.9 over the previous year. The Unrestricted Fund Balance at the end of the year is at an accumulated deficit position of \$7.2M, which is \$8.7M below the target range approved by policy of the Board of Governors.

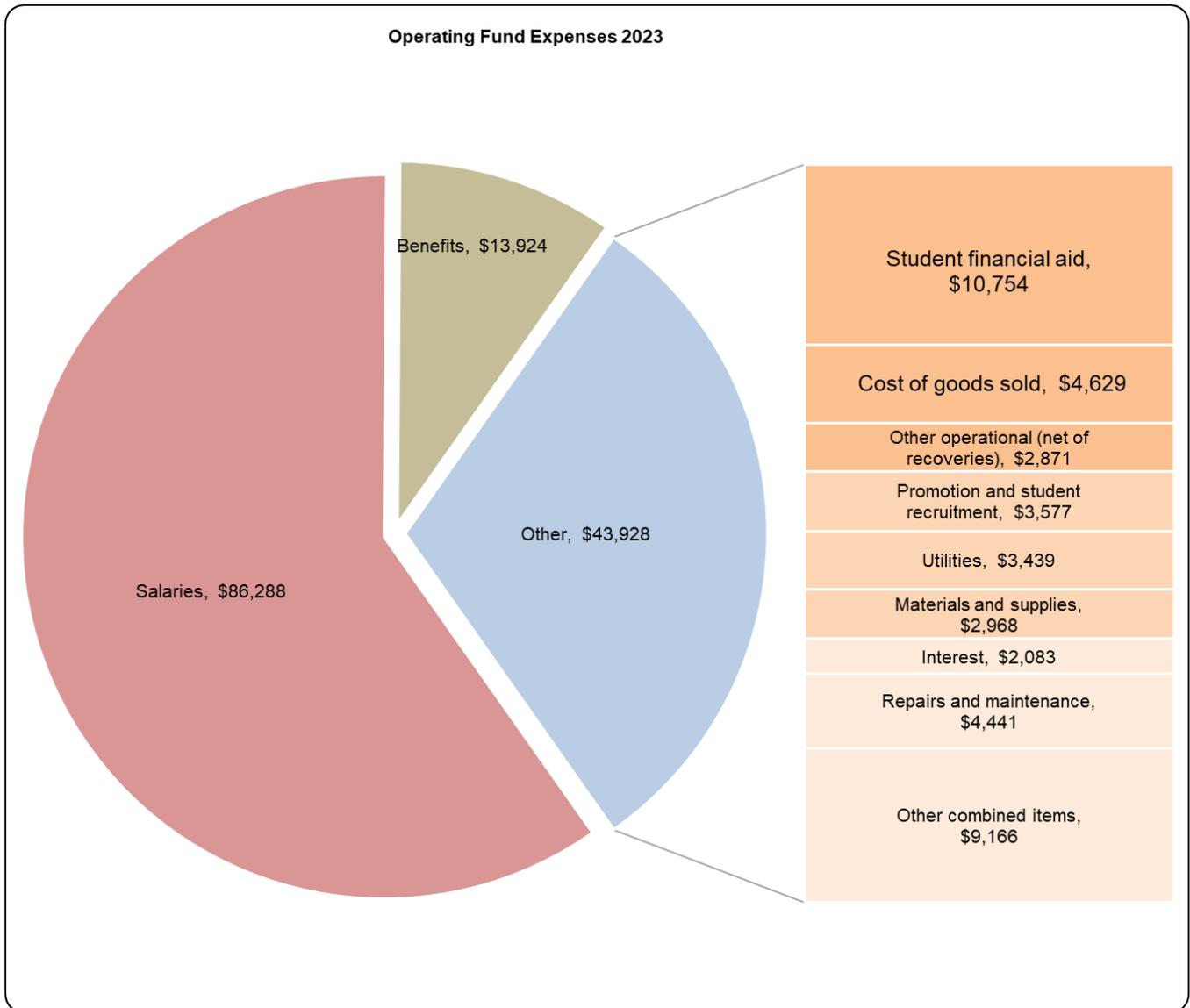


## General Fund Analysis - Operating Fund – Expenses

(Millions \$)

The 2023 operations of Saint Mary's incurred expenses of \$144.1 (2022 - \$132.6) excluding interfund transfers. The following chart (in thousands) shows the breakdown of operating expenses for the year by category, including ancillary operations and after grouping together a portion of "other" expenses. (see Page 29 – Operating Fund)

The largest component of the university's investment in its educational mission is salaries and benefits (69.5%). Salaries and benefits increased \$7.7 of which \$1.5M pertained to a pension issue related to long-term disability spanning a period of approximately 15 years. The next largest component of operating expenses is the investment in student financial aid. Student financial aid has grown from \$5.8 in 2016 to \$10.8 in 2023. It is down \$0.2 from \$11.0 in 2022. Cost of goods sold increased \$0.7 and the remaining expenses increased by \$3.4 with "Other Combined Items" increasing by \$1.4.



## Restricted Fund Analysis - Capital Fund

(Millions \$)

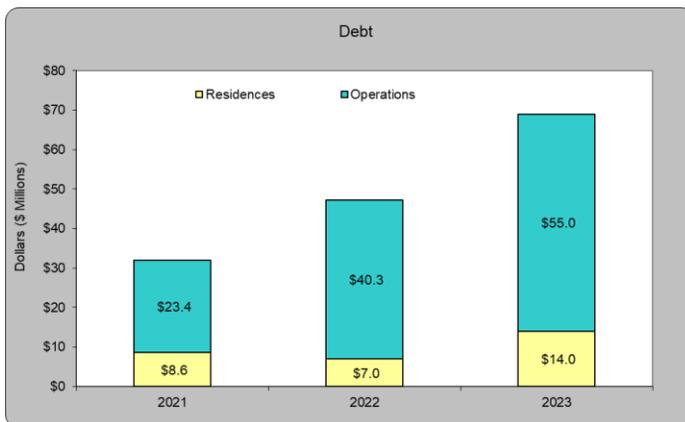
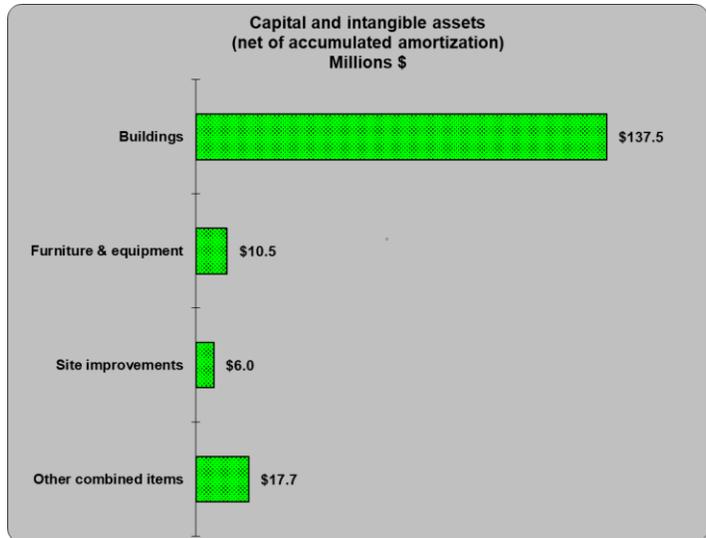
The Restricted Fund accounts for resources that are subject to restrictions on their use, either for capital assets or for specific purposes defined by external contributors to the university.

With a fund balance of \$123.1, 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 2023 the university acquired capital and intangible assets of \$27.5. Funding for these acquisitions included transfers from externally restricted funds of \$15.8, external financing of \$9.2, transfers from internally restricted funds of \$1.8, transfers from the Research Fund of \$0.5, transfers from the Operating Fund of \$0.2.

Included in the \$27.5 acquisitions of capital and intangible assets was \$24.8 for buildings, \$1.6 for furniture, equipment & campus improvements, \$0.9 for artificial turf, \$0.1 for computer and intangibles and \$0.1 for library books.



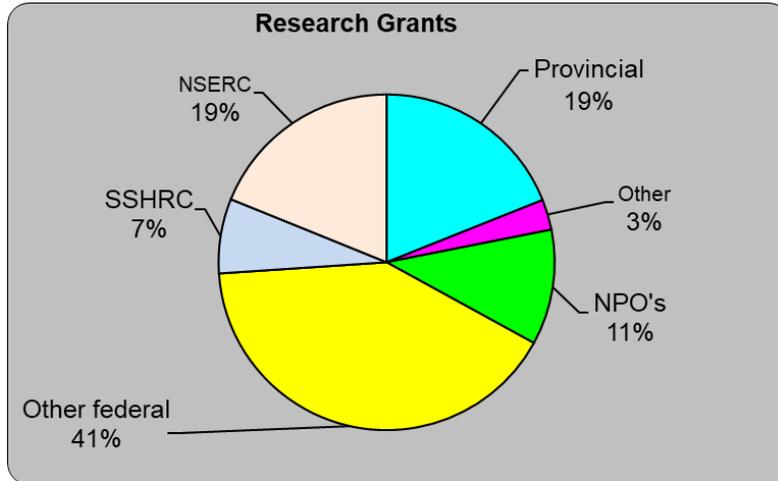
In March 2021, the university secured funding in the amount of \$35.0 to fund working capital replenishment, and future capital projects. The first tranche of this debt, \$18.5, was drawn in April 2021. The second tranche, \$16.5, was drawn in January 2023. It is to fund the construction of the Sobey's Inspiration Hub building. Construction is expected to be completed in fall 2024. In March 2022 the University secured funding of \$8.5 to fund the Loyola Residence Recladding project, which began April 2022. This debt was drawn in March 2023.

By the end of 2023 the university's debt has increased to \$69.0 from \$47.3 in 2022. The portion of debt related to academic and administration buildings at the end of 2023 was 80%. The remainder of the debt relates to the student residence buildings.

## Restricted Fund Analysis - Research and Other Restricted Funds

(Millions \$)

### Research Fund

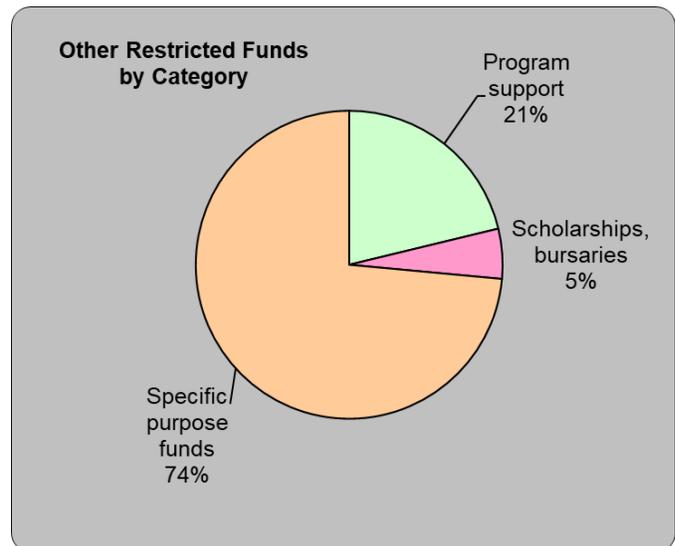


Research is an integral part of the university's mission. Most research funding is provided by external organizations, such as the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), Canadian Foundation for Innovation (CFI) and various not-for-profit organizations (NPO's). 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, \$11.2, consists of contributions available to be carried forward to the following year.

During 2023 Saint Mary's University received \$15.0 in contributions and funding for research, representing a 38% increase from 2022. The majority of the research expenses were for salaries for research assistants, financial aid for students and consulting relating to research and fieldwork.

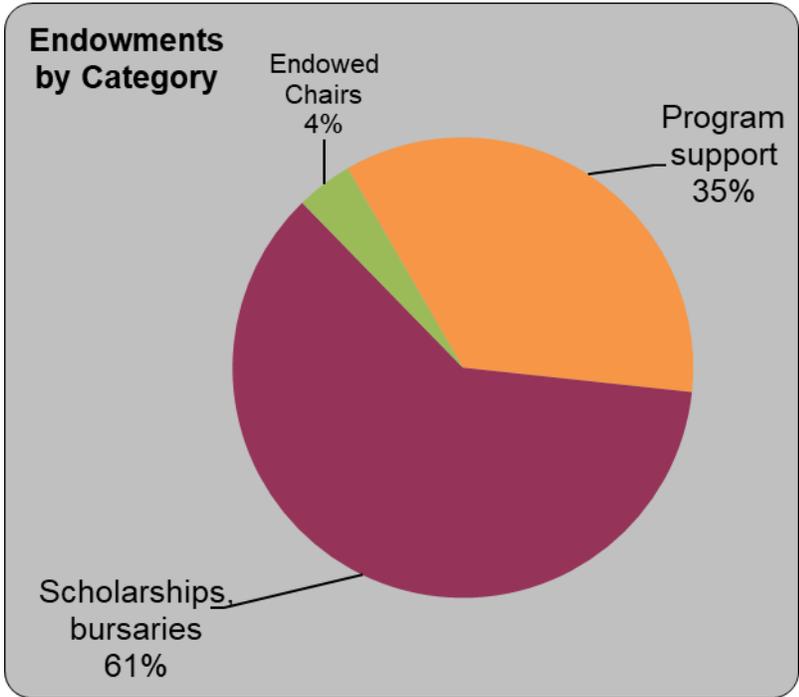
### Other Restricted Funds

Other Restricted Funds include Trust Funds for program support and scholarships and bursaries and other Specific Purpose Funds for activities that have been stipulated by donors and contributors. The chart on the left shows the breakdown of these other restricted funds by category. During the year the university received donations of \$11.6 into the Trust Fund. The Trust Fund balance of \$14.4 consists of expendable trusts and the expendable portion of the university's endowment funds. 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 grants of \$27.2 and donations of \$0.3 for specific purposes. The grants included \$25 from the Province of Nova Scotia for development and delivery of a healthcare data analytics program and related activities. As of March 31, 2023, the Specific Purpose Fund balance was \$30.7 compared to 5.1 at the end of the prior year. During the year, the Other Restricted Funds provided scholarships and bursaries totaling \$2.1.



**Endowment Funds Analysis**

(Millions \$)



The \$53.3 in the Endowment Fund (2022 - \$58.3) 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 shows the breakdown by category of the Endowment Fund balance on March 31, 2023.

Endowment investments are recorded at fair value and investment income, including unrealized gains and losses, is allocated to the related endowments. Investment performance recognized net investment losses of \$3.0. This included net unrealized losses of \$5.2.

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.

During 2023, Saint Mary's University received \$0.5 in endowed donations.



**Saint Mary's  
University**

# **Financial Statements**

**March 31, 2023**



## Independent auditor's report

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Halifax, NS  
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To the Board of Governors of  
**Saint Mary's University**

### Opinion

We have audited the financial statements of Saint Mary's University (the "University") which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Saint Mary's University as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.



## Auditor's Report (cont'd)

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Canada  
September 28, 2023

*Grant Thornton LLP*

Chartered Professional Accountants



## Statement of Financial Position

As at March 31  
(\$ thousands)

	2023				2022			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
<b>Current Assets</b>								
Cash and short-term investments (Note 3)	74,083	2,074	229	76,386	38,326	2,472	228	41,026
Accounts receivable (Note 4)	9,411	218	-	9,629	8,080	130	-	8,210
Inventories	685	-	-	685	659	-	-	659
Prepaid expenses	2,493	12	-	2,505	2,185	9	-	2,194
	86,672	2,304	229	89,205	49,250	2,611	228	52,089
<b>Long-term Assets</b>								
Long-term prepaid expenses	-	-	-	-	5	-	-	5
Long-term investments (Note 5)	-	37,088	53,890	90,978	-	42,395	57,950	100,345
Long-term receivable	921	99	-	1,020	1,249	94	-	1,343
Capital assets (Note 7)	-	170,695	-	170,695	-	152,485	-	152,485
Intangible assets (Note 8)	-	997	-	997	-	1,316	-	1,316
	921	208,879	53,890	263,690	1,254	196,290	57,950	255,494
	87,593	211,183	54,119	352,895	50,504	198,901	58,178	307,583
<b>Current Liabilities</b>								
Amounts due to governments	2,292	-	-	2,292	2,179	-	-	2,179
Accounts payable and accrued liabilities	12,685	5,861	10	18,556	8,315	1,614	10	9,939
Unearned fees and other deferred revenue	14,450	-	-	14,450	13,349	367	-	13,716
Current portion of long-term debt (Note 9)	-	3,933	-	3,933	-	3,216	-	3,216
	29,427	9,794	10	39,231	23,843	5,197	10	29,050
<b>Long-term Liabilities</b>								
Long-term deferred revenue	-	-	-	-	30	-	-	30
Long-term accrued liabilities	2,764	-	-	2,764	2,762	-	-	2,762
Long-term debt (Notes 9 and 17)	-	65,066	-	65,066	-	44,100	-	44,100
Interest Rate Swaps (Note 10)	-	(3,072)	-	(3,072)	-	(829)	-	(829)
Due to (from) other funds (Note 13)	39,100	(39,942)	843	1	(5,575)	5,707	(132)	-
	41,864	22,052	843	64,759	(2,783)	48,978	(132)	46,063
	71,291	31,846	853	103,990	21,060	54,175	(122)	75,113
<b>Fund Balances</b>								
Endowment	-	-	53,266	53,266	-	-	58,300	58,300
Externally restricted	-	56,285	-	56,285	-	34,568	-	34,568
Internally restricted	23,576	-	-	23,576	26,944	-	-	26,944
Invested in capital assets	-	123,052	-	123,052	-	110,158	-	110,158
Unrestricted	(7,274)	-	-	(7,274)	2,500	-	-	2,500
	16,302	179,337	53,266	248,905	29,444	144,726	58,300	232,470
	87,593	211,183	54,119	352,895	50,504	198,901	58,178	307,583

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)

	2023				2022			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
	(See Schedule 1)	(See Schedule 2)			(See Schedule 1)	(See Schedule 2)		
<b>Revenues</b>								
Government grants and contributions								
Government of Canada	1,656	11,051	-	12,707	1,619	8,638	-	10,257
Government of Nova Scotia	37,824	28,642	-	66,466	36,930	2,682	-	39,612
Other	-	-	-	-	-	-	-	-
Other grants	5	2,486	-	2,491	114	2,213	-	2,327
Student fees	82,278	175	-	82,453	82,891	55	-	82,946
Gifts and bequests	105	11,856	489	12,450	284	7,120	1,934	9,338
Sales of services and products	15,736	275	-	16,011	12,731	218	-	12,949
Income from investments	1,363	(287)	(3,019)	(1,943)	(246)	(330)	4,295	3,719
Miscellaneous income	1,241	967	-	2,208	849	1,427	-	2,276
	<u>140,208</u>	<u>55,165</u>	<u>(2,530)</u>	<u>192,843</u>	<u>135,172</u>	<u>22,023</u>	<u>6,229</u>	<u>163,424</u>
<b>Expenses</b>								
Salaries	87,431	5,266	-	92,697	82,285	5,022	-	87,307
Employee benefits	14,143	506	-	14,649	12,089	449	-	12,538
Equipment rental	1,086	2	-	1,088	1,142	-	-	1,142
Materials and supplies	3,186	1,221	-	4,407	3,063	851	-	3,914
Communications	471	9	-	480	469	26	-	495
Travel	3,143	1,298	-	4,441	1,380	216	-	1,596
Utilities	3,439	-	-	3,439	3,025	-	-	3,025
Printing and duplicating	557	19	-	576	593	14	-	607
Library acquisitions	1,841	-	-	1,841	1,986	-	-	1,986
Hospitality	558	248	-	806	454	53	-	507
Repairs and maintenance	4,605	477	-	5,082	3,861	1,059	-	4,920
Promotion and student recruitment	3,627	86	-	3,713	3,674	76	-	3,750
Professional fees	2,321	4,533	215	7,069	2,371	3,103	233	5,707
Rent	37	32	-	69	45	48	-	93
Other operational expenses	4,307	1,361	12	5,680	3,576	1,227	13	4,816
Cost of goods sold	4,629	-	-	4,629	3,938	-	-	3,938
Student financial aid	10,994	5,263	-	16,257	11,483	4,212	-	15,695
Amortization of capital and intangible assets	-	9,647	-	9,647	-	9,920	-	9,920
Interest	2,083	-	-	2,083	2,060	40	-	2,100
Internal cost recoveries	(1,338)	1,128	209	(1)	(1,316)	1,112	204	-
	<u>147,120</u>	<u>31,096</u>	<u>436</u>	<u>178,652</u>	<u>136,178</u>	<u>27,428</u>	<u>450</u>	<u>164,056</u>
Revenues less expenses before transfers	(6,912)	24,069	(2,966)	14,191	(1,006)	(5,405)	5,779	(632)
Interest rate swap unrealized gains (losses)	-	2,244	-	2,244	-	1,412	-	1,412
Interfund transfers (Note 13)	(6,230)	8,298	(2,068)	-	(5,350)	6,566	(1,216)	-
Net increase in fund balances	<u>(13,142)</u>	<u>34,611</u>	<u>(5,034)</u>	<u>16,435</u>	<u>(6,356)</u>	<u>2,573</u>	<u>4,563</u>	<u>780</u>
Fund balances, beginning of year								
Endowment	-	-	58,300	58,300	-	-	53,737	53,737
Externally restricted	-	34,568	-	34,568	-	36,058	-	36,058
Internally restricted	26,944	-	-	26,944	32,300	-	-	32,300
Invested in capital assets	-	110,158	-	110,158	-	106,095	-	106,095
Unrestricted	2,500	-	-	2,500	3,500	-	-	3,500
Fund balances, beginning of year, total	<u>29,444</u>	<u>144,726</u>	<u>58,300</u>	<u>232,470</u>	<u>35,800</u>	<u>142,153</u>	<u>53,737</u>	<u>231,690</u>
Fund balances, end of year								
Endowment	-	-	53,266	53,266	-	-	58,300	58,300
Externally restricted	-	56,285	-	56,285	-	34,568	-	34,568
Internally restricted	23,576	-	-	23,576	26,944	-	-	26,944
Invested in capital assets	-	123,052	-	123,052	-	110,158	-	110,158
Unrestricted	(7,274)	-	-	(7,274)	2,500	-	-	2,500
Fund balances, end of year, total	<u>16,302</u>	<u>179,337</u>	<u>53,266</u>	<u>248,905</u>	<u>29,444</u>	<u>144,726</u>	<u>58,300</u>	<u>232,470</u>

See accompanying notes to the financial statements.

**Statement of Cash Flows**

For the year ended March 31  
(\$ thousands)

	2023				2022			
	General	Restricted	Endowment	Total	General	Restricted	Endowment	Total
<b>Operating Activities</b>								
Increase in fund balances from operations	(13,142)	34,611	(5,034)	16,435	(6,356)	2,573	4,563	780
Amortization of capital and intangible assets	-	9,647	-	9,647	-	9,920	-	9,920
Gain on Disposal of Capital Assets	-	-	-	-	-	(656)	-	(656)
Realized and unrealized investment losses (gains)	-	1,774	5,058	6,832	-	2,539	(1,347)	1,192
Interest rate swap unrealized (gains) losses	-	(2,244)	-	(2,244)	-	(1,412)	-	(1,412)
Gifts-in-kind	-	(65)	(74)	(139)	-	(1,750)	(1,307)	(3,057)
Change in non-cash working capital	48,899	(41,865)	974	8,008	22,260	(17,969)	(692)	3,599
Cash generated from operating activities	35,757	1,858	924	38,539	15,904	(6,755)	1,217	10,366
<b>Investing Activities</b>								
Purchase of investments	-	(10,035)	(11,871)	(21,906)	-	(7,308)	(8,029)	(15,337)
Disposal of investments	-	13,631	10,948	24,579	-	8,117	6,811	14,928
Acquisition of long-term receivable	-	-	-	-	-	-	-	-
Purchase of capital assets	-	(27,507)	-	(27,507)	-	(11,733)	-	(11,733)
Disposal of capital assets	-	-	-	-	-	2,496	-	2,496
Purchase of intangible assets	-	(28)	-	(28)	-	(83)	-	(83)
Cash used for investing activities	-	(23,939)	(923)	(24,862)	-	(8,511)	(1,218)	(9,729)
<b>Financing Activities</b>								
Debt financing proceeds	-	25,000	-	25,000	-	18,500	-	18,500
Debt repayments	-	(3,317)	-	(3,317)	-	(3,221)	-	(3,221)
Cash used for financing activities	-	21,683	-	21,683	-	15,279	-	15,279
Increase (decrease) in cash and short-term investments	35,757	(398)	1	35,360	15,904	13	(1)	15,916
Cash and short-term investments, beginning of year	38,326	2,472	228	41,026	22,422	2,459	229	25,110
Cash and short-term investments, end of year	74,083	2,074	229	76,386	38,326	2,472	228	41,026

See accompanying notes to the financial statements.

## Notes to Financial Statements

For the year ended March 31, 2023

(\$ 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 Sobey School of Business, and the Faculties of Arts, Science, Graduate Studies and Research, 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 *CPA Canada Handbook*.

#### 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.

<b>Notes to Financial Statements</b>
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For the year ended March 31, 2023

(\$ thousands)

**d) Inventories**

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

**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 premises is available for use. Management reviews estimates of the useful lives of capital assets and adjusts the estimates as required.

Whenever events or changes in circumstances indicate a capital asset no longer has any long-term service potential to the University, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

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
Leasehold improvements	3
Information technology and 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.

Whenever events or changes in circumstances indicate an intangible asset no longer has any long-term service potential to the University, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

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, short and long-term investments, accounts receivables, accounts payable, and short and long-term debt.

The University initially measures its financial assets and liabilities at fair value. Cash denominated in Canadian dollars is measured and reported at face value. Cash balances denominated in foreign currency are translated using the exchange rate on the Statement of Financial Position date. Short-term investments are measured and reported at fair value.

## Notes to Financial Statements

For the year ended March 31, 2023

(\$ thousands)

### g) Financial instruments (continued)

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.

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.

If there is an indicator of impairment, the University determines whether there is a significant adverse change in the expected amount or timing of the future cash flows from the financial asset. If there is a significant adverse change in expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows (the amount that could be realized from selling the financial asset or the amount the University expects to realize by exercising its right to any collateral). If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The University is exposed to various risks through its financial instruments. Included are the following significant risks:

#### Credit risk

The University is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as highly rated financial institutions. The University provides credit to its students in the normal course of operations. To reduce this risk, the University places restrictions on registering for courses and the issuance of grades and degrees until payment on account is made. The University also uses third party agencies to collect outstanding receivables. The University assesses accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

#### Interest rate risk

The University minimizes interest rate risk by using fixed interest rate loans and interest rate swaps on floating rate loans to fix interest rates on its long-term debt.

#### Foreign currency risk

The University undertakes revenue and purchase transactions in foreign currencies, and therefore is subject to gains and losses due to the fluctuations in foreign currency exchange rates. All foreign currency is reflected in Canadian dollars for financial statement purposes.

The University is also exposed to foreign currency risk on a portion of its long-term investments. The University believes that, over the long term, fluctuations in currency tend to offset. The University believes there is a role for currency management within the funds however the benefits must be measured against the cost of management.

#### Market risk

The University's investments are affected by market conditions. The University has established an Investment Committee and a Treasury department to mitigate market risk.

#### Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The University maintains a \$5,500,000 line of credit with a major financial institution that is designed to ensure sufficient funds are available to meet current and forecasted financial requirements in the most cost effective manner. There are no amounts outstanding on the line of credit.

### 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 formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various interest rate hedge transactions. This process includes linking the derivatives to specific assets and liabilities on the statement of financial position or to specific firm commitments or anticipated transactions. The University also formally assesses, both at the hedges' inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

## Notes to Financial Statements

For the year ended March 31, 2023

(\$ thousands)

### **h) Interest rate swap agreements (continued)**

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.

The University applies hedge accounting to qualifying interest rate swaps. When an interest rate swap does not qualify for hedge accounting because the date of the swap contract is earlier than the start date of the specified debt instrument, the University recognizes the fair market value of the interest rate swap on the Statement of Financial Position and recognizes changes in the fair market value as an unrealized gain or loss in the Statement of Operations. The fair value of interest rate swaps qualifying for hedge accounting are not recognized in the Statement of Financial Position.

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 amounts deferred are calculated on the basis of the portion of the service estimated to be provided after the fiscal year-end.

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) Administrative leave, retirement incentives and allowances**

The University accrues the liability for the full cost of retirement incentives in the year in which the event that creates the obligation occurs. It accrues, on a yearly basis, accumulated administrative leave and retiring allowance obligations. The estimated amounts are recorded at their net present values and are reviewed annually and adjusted as circumstances or assumptions change.

### **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.

**Notes to Financial Statements**

For the year ended March 31, 2023

(\$ 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 \$2,734 (2022 \$2,397) 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 \$827 (2022 \$519).

**5. Long-term investments**

Long-term investments are recorded at fair value. The change in fair value created an unrealized loss of \$6,036 (2022 loss \$2,003).

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Canadian equities	6,348	13,042	6,309	16,439
U.S. Equities	29	21	14	7
Pooled investment funds	77,796	77,915	81,179	83,899
<b>Total investments</b>	<b>84,173</b>	<b>90,978</b>	<b>87,502</b>	<b>100,345</b>

**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, 2023 totalled \$5,333 (2022 \$5,243).

**7. Capital assets**

	2023			2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	13,809	-	13,809	13,809	-	13,809
Buildings	230,050	92,535	137,515	205,290	87,898	117,392
Site improvements	10,542	4,579	5,963	9,853	4,255	5,598
Library materials	2,591	1,359	1,232	2,852	1,460	1,392
Equipment, furnishings and interior improvements	23,947	13,461	10,486	24,524	12,274	12,250
Information technology	1,476	847	629	1,775	815	960
Art and antique collection	992	-	992	992	-	992
Motor vehicles	234	165	69	216	124	92
	<b>283,641</b>	<b>112,946</b>	<b>170,695</b>	<b>259,311</b>	<b>106,826</b>	<b>152,485</b>

Amortization expense for capital assets was \$9,296 (2022 \$9,426). Disposals of capital assets totalled \$432 (2022 \$451)

**8. Intangible assets**

	2023			2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Enterprise Resource Planning System	4,391	3,567	824	4,391	3,471	920
Other software	1,058	885	173	1,104	708	396
	<b>5,449</b>	<b>4,452</b>	<b>997</b>	<b>5,495</b>	<b>4,179</b>	<b>1,316</b>

Amortization expense for intangible assets was \$347 (2022 \$490). Disposals of intangible assets totalled \$17 (2022 \$156).

**Notes to Financial Statements**

For the year ended March 31, 2023

(\$ thousands)

**9. Long-term debt**

Debt	Principal and Interest Payments	Maturity Date	Debt Interest Rate	Hedged Interest Rate	2023	2022
					Total	Total
<b>Long-term loans (unsecured)</b>						
Loyola Residence and Academic Complex	Semi-annual	May 2022	5.34%	-	-	157
Residences Renovations	Monthly	Aug 2026	6.95%	-	3,205	3,987
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.97%	1,575	1,970
Residences Renovations	Monthly	Sep 2026	CDOR +0.30%	5.40%	734	921
Science Building Renewal Project	Monthly	Mar 2033	CDOR +0.20%	5.30%	11,811	12,685
Homburg Centre for Health & Wellness	Monthly	Jul 2037	CDOR +0.31	3.09%	1,502	1,582
960 Tower Road Building and Renewal of Athletic Facilities	Monthly	Jan 2039	4.64%	-	7,577	7,894
Loyola Precast Cladding Replacement	Monthly	Mar 2043	CDOR +0.29%	3.62%	8,500	-
Sobeys Inspiration Hub Building	Monthly	Dec 2050	CDOR +0.24%	3.07%	16,399	-
Dauphinee Arena and Inglis Street Land	Monthly	Apr 2051	CDOR +0.24%	2.76%	17,696	18,120
Subtotal					68,999	47,316
Less: current portion					(3,933)	(3,216)
Total long-term debt					65,066	44,100

Principal instalments payable in each of the next five years:

2024	3,933
2025	4,130
2026	4,334
2027	3,664
2028	2,911

Interest expense on long-term debt during the year totalled \$2,083 (2022 \$2,100).

**10. Interest rate swap agreements**

The University has entered into five interest rate swap agreements with two chartered banks to manage interest rate exposure with five specific long-term debt obligations. The University uses hedge accounting for these swaps. The notional underlying principal value of these five interest rate swaps related to debt outstanding at March 31, 2023 was \$15,622 (2022 \$17,158). 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, 2023, it would have been obligated to pay the banks \$1,024 (2022 \$1,808), the fair value of the swaps as calculated by the banks.

On March 15, 2021, the University entered into two interest rate swaps to hedge the interest rates on two new long-term loans. The first swap hedges the interest rate at 2.52% on a 30 year floating rate loan for \$18,500 was received April 15, 2021. The second swap hedges the interest rate at 2.83% on a 28 year floating rate loan for \$16,500 received January 3, 2023. On March 24, 2022, the University entered into an interest rate swaps to hedge the interest rates on a new long-term loan. The swap hedges the interest rate at 3.33% on a 20 year floating rate loan for \$8,500 received March 15, 2023. These three swaps do not qualify for hedge accounting. The fair value of the three swaps is shown on the Statement of Financial Position.

**11. Interest Income**

Interest income earned on bank accounts, investments and long-term receivables, \$1,205 (2022 \$324), is reported as investment income and interest earned on student accounts, \$356 (2022 \$434), is reported as student fees in the Statement of Operations.

**12. Gifts-in-kind and donation pledges**

	2023	2022
<b>Gifts-in-kind received and recorded consist of the following:</b>		
Investments	1,063	1,599
Land, building & equipment	2	1,663
	1,065	3,262

<b>Notes to Financial Statements</b>
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For the year ended March 31, 2023

(\$ thousands)

**12. Gifts-in-kind and donation pledges (continued)**

**Donation pledges**

Donations pledged but not received as at March 31, 2023, totalled \$12,092 (2022 \$13,721). 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**

The University occasionally establishes internal loans from the Operating Fund to the Capital Fund related to various properties or systems. The loans are typically interest bearing with annual payments. There were no balances outstanding at March 31, 2023.

All other 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.

	<b>2023</b>			<b>2022</b>		
	General	Restricted	Endowment	General	Restricted	Endowment
Transfers received (paid)						
Purchase capital and intangible assets	(1,966)	1,966	-	(3,498)	3,498	-
Maintenance and replacements	(1,164)	1,164	-	(3,144)	3,144	-
Debt reduction	(3,965)	3,965	-	(3,226)	3,226	-
Research and specific purposes	(393)	393	-	2,265	(2,772)	507
Program support	1,255	813	(2,068)	2,253	(530)	(1,723)
Total	(6,233)	8,301	(2,068)	(5,350)	6,566	(1,216)

**14. Commitments**

Encumbrances at March 31, 2023 were \$11,261. The University has entered into various agreements for capital expenditures in the upcoming fiscal year. The capital budget for the 2023 fiscal year is \$2.

A \$42,000 project to construct the Sobeys Inspiration Hub & The Exchange began in April 2021. This project will result in additional space for teaching and collaboration for entrepreneurship and business innovation. The project is expected to be completed by October 2024. On March 15, 2021, the University entered into a long term debt agreement for this project as detailed in Note 17 and an interest rate swap agreement as detailed in Note 10.

A five-year \$17.8 technology evolution project to address IT infrastructure modernization began in March 2021. This project, which includes migration of the University's Enterprise Resource Planning system to cloud-based, will create pathways to a more digitally connected presence. The scope of the project was revised in 2023 reducing the budget by \$11.2.

The University has approved an \$8,500 project to replace the original precast panels on the Loyola Residence. In addition to replacing the aging panels and connectors, the full elevation of the exterior south wall will be replaced with aluminum composite panel complete with Photovoltaic solar panels. This solar panel addition to the residence increases the university's commitment to sustainability and provides renewable energy for the campus.

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

2024	768
2025	378
2026	135
2027	32

**Notes to Financial Statements**

For the year ended March 31, 2023

(\$ thousands)

**15. Contingencies**

The University participates in a reciprocal exchange of insurance risks in association with over 60 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, 2022, CURIE had an accumulated excess of income over expenses of \$97,444 of which the University's pro-rata share is approximately 0.84% on an ongoing basis. CURIE wrote property policies with a limit of \$10,000 per occurrence and placed on behalf of subscribers an excess policy of \$1,140,000 above CURIE's \$20,000 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 \$45,000. In respect of Errors and Omissions Liability policies, CURIE's limit of liability 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 \$45,000. 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.

**Schedules to the Financial Statements – General Fund – Statements of Operations and Changes in Fund Balances**

Schedule 1

**General Fund - Statement of Operations and Changes in Fund Balances**

For the year ended March 31

(\$ thousands)

	<b>General Fund</b>					
	<b>2023</b>			<b>2022</b>		
	<b>Operating</b>	<b>Projects and Reserves</b>	<b>Total</b>	<b>Operating</b>	<b>Projects and Reserves</b>	<b>Total</b>
<b>Revenues</b>						
Government grants and contributions						
Government of Canada	1,654	2	1,656	1,539	80	1,619
Government of Nova Scotia	37,824	-	37,824	36,930	-	36,930
Other grants	5	-	5	24	90	114
Student fees	82,278	-	82,278	82,891	-	82,891
Gifts and bequests	41	64	105	79	205	284
Sales of services and products	15,681	55	15,736	12,731	-	12,731
Income from investments	1,711	(348)	1,363	319	(565)	(246)
Miscellaneous income	822	419	1,241	590	259	849
	<u>140,016</u>	<u>192</u>	<u>140,208</u>	<u>135,103</u>	<u>69</u>	<u>135,172</u>
<b>Expenses</b>						
Salaries	86,288	1,143	87,431	80,601	1,684	82,285
Employee benefits	13,924	219	14,143	11,917	172	12,089
Equipment rental	1,086	-	1,086	1,142	-	1,142
Materials and supplies	2,968	218	3,186	2,660	403	3,063
Communications	471	-	471	466	3	469
Travel	2,755	388	3,143	1,304	76	1,380
Utilities	3,439	-	3,439	3,025	-	3,025
Printing and duplicating	555	2	557	590	3	593
Library acquisitions	1,841	-	1,841	1,986	-	1,986
Hospitality	510	48	558	425	29	454
Repairs and maintenance	4,443	162	4,605	3,779	82	3,861
Promotion and student recruitment	3,577	50	3,627	3,592	82	3,674
Professional fees	1,895	426	2,321	1,832	539	2,371
Rent	54	(17)	37	45	-	45
Other operational expenses	3,996	311	4,307	3,411	165	3,576
Cost of goods sold	4,629	-	4,629	3,938	-	3,938
Student financial aid	10,754	240	10,994	11,040	443	11,483
Interest	2,083	-	2,083	2,060	-	2,060
Internal cost recoveries	(1,125)	(213)	(1,338)	(1,141)	(175)	(1,316)
	<u>144,143</u>	<u>2,977</u>	<u>147,120</u>	<u>132,672</u>	<u>3,506</u>	<u>136,178</u>
Revenues less expenses before transfers	(4,127)	(2,785)	(6,912)	2,431	(3,437)	(1,006)
Interfund transfers	(5,647)	(583)	(6,230)	(3,431)	(1,919)	(5,350)
Net increase in fund balances	<u>(9,774)</u>	<u>(3,368)</u>	<u>(13,142)</u>	<u>(1,000)</u>	<u>(5,356)</u>	<u>(6,356)</u>
Fund balances, beginning of year						
Internally restricted	-	26,944	26,944	-	32,300	32,300
Unrestricted	2,500	-	2,500	3,500	-	3,500
Fund balances, beginning of year, total	<u>2,500</u>	<u>26,944</u>	<u>29,444</u>	<u>3,500</u>	<u>32,300</u>	<u>35,800</u>
Fund balances, end of year						
Internally restricted	-	23,576	23,576	-	26,944	26,944
Unrestricted	(7,274)	-	(7,274)	2,500	-	2,500
Fund balances, end of year, total	<u>(7,274)</u>	<u>23,576</u>	<u>16,302</u>	<u>2,500</u>	<u>26,944</u>	<u>29,444</u>

See accompanying notes to the financial statements.

**Schedules to the Financial Statements – Restricted Fund – Statement of Operations and Changes in Fund Balances**

Schedule 2

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

	<b>Restricted Fund</b>									
	<b>2023</b>					<b>2022</b>				
	Capital	Research	Trust	Specific Purpose	Total	Capital	Research	Trust	Specific Purpose	Total
<b>Revenues</b>										
Government grants and contributions										
Government of Canada	-	10,085	-	966	11,051	-	7,732	-	906	8,638
Government of Nova Scotia	-	2,850	-	25,792	28,642	-	917	-	1,765	2,682
Other grants	-	2,111	-	375	2,486	-	2,187	-	26	2,213
Student fees	-	-	-	175	175	-	-	-	55	55
Gifts and bequests	2	-	11,547	307	11,856	1,663	-	5,153	304	7,120
Sales of services and products	-	-	-	275	275	-	92	-	126	218
Income from investments	-	-	(265)	(22)	(287)	-	-	(297)	(33)	(330)
Miscellaneous income	6	44	579	338	967	656	10	392	369	1,427
	<b>8</b>	<b>15,090</b>	<b>11,861</b>	<b>28,206</b>	<b>55,165</b>	<b>2,319</b>	<b>10,938</b>	<b>5,248</b>	<b>3,518</b>	<b>22,023</b>
<b>Expenses</b>										
Salaries	675	3,459	310	822	5,266	612	3,065	244	1,101	5,022
Employee benefits	101	316	22	67	506	90	261	13	85	449
Equipment rental	-	1	1	-	2	-	-	-	-	-
Materials and supplies	375	662	66	118	1,221	303	446	13	89	851
Communications	-	5	-	4	9	19	1	-	6	26
Travel	-	918	82	298	1,298	-	169	6	41	216
Printing and duplicating	-	12	-	7	19	-	13	-	1	14
Hospitality	-	19	38	191	248	-	1	32	20	53
Repairs and maintenance	476	1	-	-	477	1,059	-	-	-	1,059
Promotion and student recruitment	10	10	8	58	86	19	16	6	35	76
Professional fees	1,549	2,488	110	386	4,533	1,329	1,274	169	331	3,103
Rent	-	1	2	29	32	-	20	-	28	48
Other operational expenses	(23)	546	99	739	1,361	104	303	64	756	1,227
Student financial aid	-	3,102	1,752	409	5,263	-	2,404	1,609	199	4,212
Amortization of capital and intangible assets	9,647	-	-	-	9,647	9,920	-	-	-	9,920
Interest	-	-	-	-	-	40	-	-	-	40
Internal cost recoveries	43	363	88	634	1,128	-	330	110	672	1,112
	<b>12,853</b>	<b>11,903</b>	<b>2,578</b>	<b>3,762</b>	<b>31,096</b>	<b>13,495</b>	<b>8,303</b>	<b>2,266</b>	<b>3,364</b>	<b>27,428</b>
Revenues less expenses before transfers	(12,845)	3,187	9,283	24,444	24,069	(11,176)	2,635	2,982	154	(5,405)
Interest rate swap unrealized gains (losses)	2,244	-	-	-	2,244	1,412	-	-	-	1,412
Interfund transfers	23,495	(1,255)	(15,118)	1,176	8,298	13,827	(1,066)	(5,883)	(312)	6,566
Net increase (decrease) in fund balances	<b>12,894</b>	<b>1,932</b>	<b>(5,835)</b>	<b>25,620</b>	<b>34,611</b>	<b>4,063</b>	<b>1,569</b>	<b>(2,901)</b>	<b>(158)</b>	<b>2,573</b>
Fund balances, beginning of year										
Externally restricted	5	9,222	20,229	5,112	34,568	5	7,653	23,130	5,270	36,058
Invested in capital assets	110,158	-	-	-	110,158	106,095	-	-	-	106,095
Fund balances, beginning of year, total	<b>110,163</b>	<b>9,222</b>	<b>20,229</b>	<b>5,112</b>	<b>144,726</b>	<b>106,100</b>	<b>7,653</b>	<b>23,130</b>	<b>5,270</b>	<b>142,153</b>
Fund balances, end of year										
Externally restricted	5	11,154	14,394	30,732	56,285	5	9,222	20,229	5,112	34,568
Invested in capital assets	123,052	-	-	-	123,052	110,158	-	-	-	110,158
Fund balances, end of year, total	<b>123,057</b>	<b>11,154</b>	<b>14,394</b>	<b>30,732</b>	<b>179,337</b>	<b>110,163</b>	<b>9,222</b>	<b>20,229</b>	<b>5,112</b>	<b>144,726</b>

See accompanying notes to the financial statements.



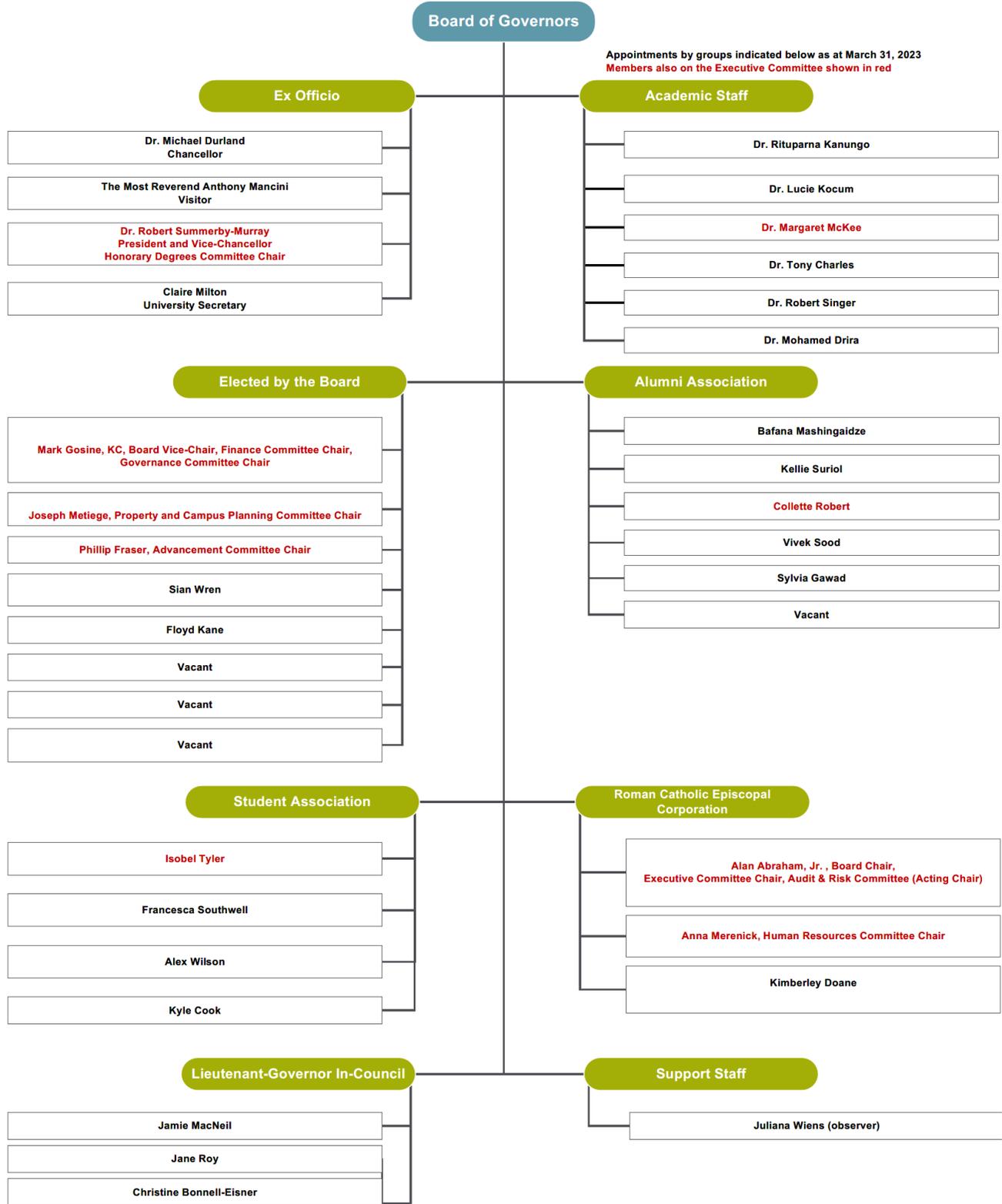
**Saint Mary's  
University**

# **Appendix 1: University and Financial Governance**

**March 31, 2023**



## Board Committee Structure



## University Governance

Saint Mary's University operates under a shared governance structure. The Board of Governors has the overall conduct, management, and control of the University, and oversees all administration of the University, including property, revenues, expenditures, and business. The Senate oversees the academic and research activities of the university, subject to the powers of the Board of Governors.

Through its stewardship role, the Board oversees the conduct of the university's affairs, ensuring through the President that a qualified and diligent team carries out the day-to-day activities with respect to the university's financial and other resources, and together with the Senate, fulfills the mission of the university. The Board consists of members of the university community, including alumni, faculty, students, and committed volunteers from the community at large.

For greater clarity, the Board does not duplicate the role of the university's administration, which is responsible for the day-to-day business of the university and for the implementation of policies adopted by the Board. The governance structure is established in the Saint Mary's University Act, 1970.



### Board Committee Structure

The Board of Governors has delegated responsibility to several committees, comprised of Governors, to carry out work on behalf of the Board. The following is a list of Board Committees (with Chairs shown in brackets) as at March 31, 2023. The financially oriented committees (Finance and Audit & Risk) are further discussed on page iv.

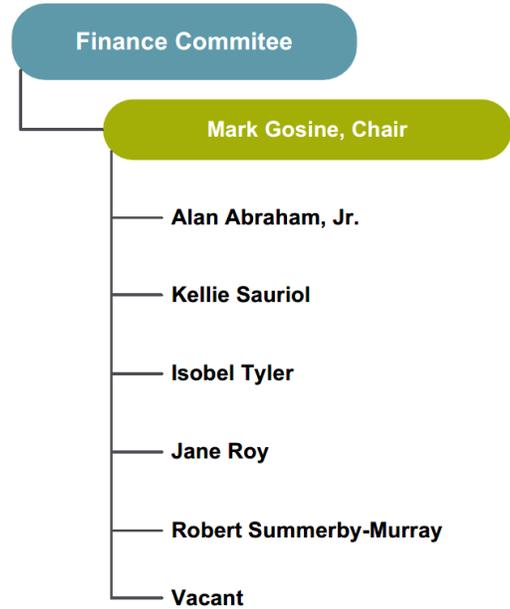
Each committee is governed by Terms of Reference approved by the Board. The by-laws of the University require that a majority of each standing committee be Governors and that the Chair of each standing committee is a Governor. Unless the Board specifically grants decision-making authority to a committee, the committees are advisory to the Board and make recommendations for the consideration of the Board.

## Financial Governance – Financial Committees of the Board of Governors

*Appointments as at March 31, 2022*

The Finance Committee assists the Board of Governors in its oversight of university finances. The functions of the committee include:

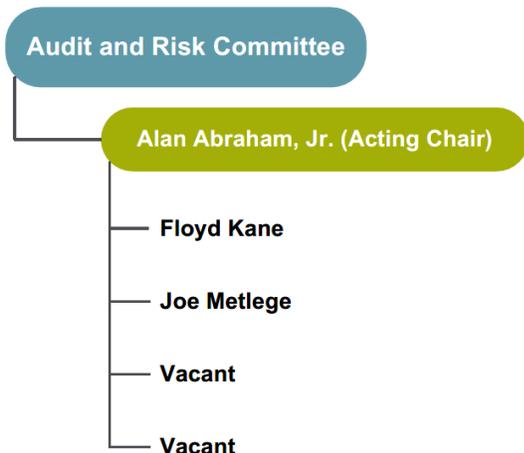
- Establishment, review and oversight of a Board of Governors policy framework concerning financial matters including those associated with the acquisition and disposition of capital assets (in collaboration with the Property Committee).
- Oversight and advice on the university's long-term financial planning, including its activities directed to financial risk assessment and risk management.
- Oversight and advice on operating and capital budget planning and expenditures, including attention to both the university's immediate and long-term financial health.
- Oversight and advice on operating and capital financing, including debt management.
- Oversight and advice on the establishment, operations and management of university investments, including oversight of the Investment Advisory Committee.



The Finance Committee met four times during the year.

The primary purpose of the Audit and Risk Committee is to assist the Board of Governors in its oversight of:

- The financial reporting process to ensure the transparency and integrity of financial reports;
- The effectiveness of the university's internal control and risk management environment;
- The independent audit process, including recommending the appointment and assessing the performance of the external auditor; and
- The university's risk management framework



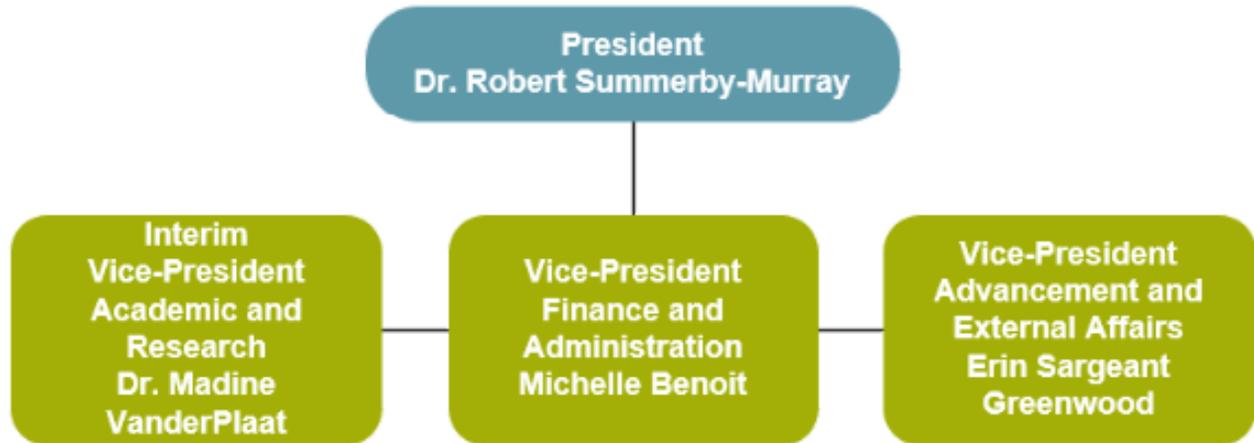
The external auditor, Grant Thornton LLP reports to the Audit Committee independent of management. All members of the Audit and Risk Committee must be external Board members. A majority of the Committee members are required to be financially literate and ideally, at least one member will have a professional accounting designation.

The Audit and Risk Committee met three times during the year.



## Financial Leadership – Executive Management Group

*Appointments as at March 31, 2023*



### **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 academic and administrative environments 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.



**Saint Mary's  
University**

## **Appendix 2: Statement of Operations – Operating Fund- Actual vs. Budget**

**March 31, 2023**

## Operating Fund - Statement of Operations – Actual vs Budget

For the year ended March 31 (\$ thousands)

	Operating Fund					
	2023			2022		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenues</b>						
Government grants and contributions						
Government of Canada	1,654	1,572	82	1,539	1,426	113
Government of Nova Scotia	37,824	37,147	677	36,930	36,824	106
Other	-	-	-	-	16	(16)
Other grants	5	37	(32)	24	74	(50)
Student fees	82,278	92,424	(10,146)	82,891	83,690	(799)
Gifts and bequests	41	57	(16)	79	43	36
Sales of services and products	15,681	16,438	(757)	12,731	9,844	2,887
Income from investments	1,711	240	1,471	319	616	(297)
Miscellaneous income	822	613	209	590	903	(313)
	140,016	148,528	(8,512)	135,103	133,436	1,667
<b>Expenses</b>						
Salaries	86,288	84,139	2,149	80,601	81,057	(456)
Employee benefits	13,924	12,780	1,144	11,917	11,537	380
Equipment rental	1,086	1,256	(170)	1,142	990	152
Materials and supplies	2,968	3,486	(518)	2,660	2,985	(325)
Communications	471	492	(21)	466	534	(68)
Travel	2,755	2,145	610	1,304	1,896	(592)
Utilities	3,439	3,537	(98)	3,025	3,186	(161)
Printing and duplicating	555	886	(331)	590	692	(102)
Library acquisitions	1,841	1,785	56	1,986	1,879	107
Hospitality	510	466	44	425	334	91
Repairs and maintenance	4,443	4,869	(426)	3,780	4,501	(721)
Promotion and student recruitment	3,577	4,055	(478)	3,592	3,376	216
Professional fees	1,895	1,392	503	1,832	1,852	(20)
Rent	54	56	(2)	45	13	32
Other operational expenses	3,997	2,854	1,143	3,412	3,006	406
Cost of goods sold	4,629	4,622	7	3,938	2,442	1,496
Student financial aid	10,754	10,403	351	11,040	9,106	1,934
Interest	2,083	2,220	(137)	2,060	2,061	(1)
Internal cost recoveries	(1,125)	(619)	(506)	(1,141)	(628)	(513)
	144,144	140,824	3,320	132,674	130,819	1,855
Revenues less expenses before transfers	(4,128)	7,704	(11,832)	2,429	2,617	(188)
Interfund transfers	(5,647)	(8,699)	3,052	(3,431)	(3,120)	(311)
Net operations	(9,775)	(995)	(8,780)	(1,002)	(503)	(499)