

Financial Statements and Other Financial Information of

HUNTINGTON UNIVERSITY

Year ended April 30, 2010

HUNTINGTON UNIVERSITY

Financial Statements and Other Financial Information

Year ended April 30, 2010

Page

AUDITED FINANCIAL STATEMENTS

Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 11

OTHER FINANCIAL INFORMATION

Schedules:

1 Academic Expenditures	12
2 Administrative Expenditures	13
3 Residence Income and Expenditures	14
4 Physical Plant Expenditures	15



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AUDITORS' REPORT

To the Board of Regents
Huntington University

We have audited the statement of financial position of **Huntington University** as at April 30, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Sudbury, Canada
June 25, 2010

HUNTINGTON UNIVERSITY

Statement of Financial Position

April 30, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Restricted Fund	2010 Total	2009 Total
Assets					
Current assets:					
Cash	\$ 4,672,451	-	-	4,672,451	4,125,209
Accounts receivable	80,291	-	-	80,291	259,726
Prepaid expenses	11,127	-	-	11,127	9,472
Due (to) from other funds	(689,262)	(487,040)	1,176,302	-	-
	4,074,607	(487,040)	1,176,302	4,763,869	4,394,407
Capital assets (note 2)	-	596,607	-	596,607	466,460
Investments	-	-	2,259,996	2,259,996	1,940,137
	\$ 4,074,607	109,567	3,436,298	7,620,472	6,801,004
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 500,634	-	-	500,634	500,390
Post-employment benefit obligations (note 3)	88,684	-	-	88,684	54,401
Fund balances:					
General	3,485,289	-	-	3,485,289	3,328,843
Capital	-	109,567	-	109,567	(20,580)
Restricted (note 4)	-	-	3,436,298	3,436,298	2,937,950
	3,485,289	109,567	3,436,298	7,031,154	6,246,213
	\$ 4,074,607	109,567	3,436,298	7,620,472	6,801,004

See accompanying notes to financial statements.

On behalf of the Board of Regents:

_____ Member

_____ Member

HUNTINGTON UNIVERSITY

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2010, with comparative figures for 2009

	General Fund		Capital Fund		Restricted Fund		2009		2010	
	2010	2009	2010	2009	2010	2009	Total	Total	Total	Total
Income and other additions:										
Academic fees	\$ 1,179,464	1,189,868	-	-	-	-	1,179,464	1,189,868		
Provincial grants	1,040,174	1,026,665	-	-	-	-	1,040,174	1,026,665		
Infrastructure Grant	-	76,278	-	-	-	-	-	76,278		
Facilities renewal grant	9,506	10,222	-	-	-	-	-	10,222		
Gifts	-	-	-	-	-	-	-	-		
Residence (Schedule 3)	527,312	516,940	-	-	147,128	45,280	147,128	45,280		
Investment income	11,708	76,477	-	-	-	-	527,312	516,940		
Miscellaneous	34,466	54,068	-	-	344,859	(330,143)	356,567	(253,666)		
	2,802,630	2,950,518	-	-	491,987	(284,863)	3,294,617	2,665,655		
Expenditures and other deductions:										
Academic (Schedule 1)	1,106,412	1,030,727	-	-	-	-	1,106,412	1,030,727		
Administrative (Schedule 2)	799,926	714,294	-	-	-	-	799,926	714,294		
Residence (Schedule 3)	273,045	267,152	-	-	-	-	273,045	267,152		
Physical plant (Schedule 4)	166,083	172,090	-	-	-	-	166,083	172,090		
Scholarships and bursaries	-	-	-	-	-	-	-	-		
Investment fees	-	-	-	-	21,850	23,250	21,850	23,250		
Other	-	-	-	-	16,139	15,498	16,139	15,498		
	2,345,466	2,184,263	-	-	43,639	38,748	2,389,105	2,223,011		
Excess (deficiency) of revenue before undernoted item	457,164	766,255	-	-	448,348	(323,611)	905,512	442,644		
Amortization of capital assets	-	-	120,571	118,149	-	-	120,571	118,149		
Excess (deficiency) of revenue over expenditure	457,164	766,255	(120,571)	(118,149)	448,348	(323,611)	784,941	324,495		
Fund balances, beginning of year	3,328,843	2,682,666	(20,580)	27,491	2,937,950	3,211,561	6,246,213	5,921,718		
Interfund transfer for major repairs and expenses	(50,000)	(50,000)	-	-	50,000	50,000	-	-		
Interfund transfers for capital assets acquisitions	(250,718)	(70,078)	250,718	70,078	-	-	-	-		
Fund balances, end of year	\$ 3,485,289	3,328,843	109,567	(20,580)	3,436,298	2,937,950	7,031,154	6,246,213		

See accompanying notes to financial statements.

HUNTINGTON UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Excess of revenue over expenditure	\$ 784,941	324,495
Adjustments for:		
Amortization of capital assets	120,571	118,149
Increase in post-employment benefit obligations	34,283	1,722
	939,795	444,366
Changes in non-cash working capital:		
Accounts receivable	179,435	(35,832)
Prepaid expenses	(1,655)	(1,384)
Accounts payable and accrued liabilities	244	7,462
	1,117,819	414,612
Cash flows from investing activities:		
Additions to capital assets	(250,718)	(70,078)
Decrease (increase) in investments	(319,859)	355,143
	(570,577)	285,065
Net increase in cash	547,242	699,677
Cash, beginning of year	4,125,209	3,425,532
Cash, end of year	\$ 4,672,451	4,125,209

See accompanying notes to financial statements.

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

The University is incorporated by special act under the laws of Ontario.

1. Significant accounting policies and reporting practices:

(a) Fund accounting:

Since Huntington University receives funding for operational and special purposes, the financial statements are presented in a manner which segregates the following funds:

- General fund, which presents the academic, residence and administrative operations of the University.
- Capital fund, which presents the assets, liabilities, revenues and expenses related to the University's capital assets.
- Restricted fund, which presents the assets, liabilities, revenues and expenses which are restricted as to purpose and expendability and set aside by either the Board of Regents, the Province of Ontario or other benefactors.

(b) Revenue recognition:

The University follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the funding source.
- Contributions, including pledges and donations, are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Operating grants and tuition revenue are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

(c) Prepaid expenses:

Expenditures incurred for materials and services to be consumed and received in the next fiscal year are carried forward as prepaid expenses.

(d) Investments:

Pooled investments are included on the statement of financial position at market value.

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

1. Significant accounting policies and reporting practices (continued):

(e) Capital assets:

Capital assets purchased are recorded at cost. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

Building	2%
Parking lots	5%
Books	10%
Furniture and equipment	20%

Amortization is taken at 50% of the above rates in the year of acquisition.

(f) Impairment of long-lived assets:

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(g) Employee future benefits:

The University is a participating member in a defined contribution pension plan operated by Laurentian University of Sudbury for its own employees and the employees of its federated universities, of which the University is one. The University contributes a set amount to the plan in respect of individual employees, with a guaranteed minimum defined benefit. All full-time employees of the University are eligible to join the plan upon entering the service of the employer. The benefits are based on years of service and final average salary. The University is also a co-sponsor of a defined benefit health care plan for substantially all its retirees and full-time employees which is also operated by Laurentian University of Sudbury for its own employees and the employees of its federated universities.

The University accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The most recent actuarial valuation of the pension and health care plans for funding purposes was as of July 1, 2007, and the next required valuation will be as of July 1, 2010.

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

1. Significant accounting policies and reporting practices (continued):

(g) Employee future benefits (continued):

Actuarial gains and losses on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Actuarial gains or losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains or losses over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees of 11.4 years.

(h) Restricted balances:

Restricted balances represent funds established for general and specific purposes and are charged or credited in the year for transactions within the fund.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for accounts receivable and assets and obligations related to post-employment benefit obligations. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(j) Financial instruments:

The financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of operations and changes in fund balances.

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

The University designated its cash and investments as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Investments are designated as held-for-trading, which are recorded at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The University also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation" for the presentation and disclosure of financial instruments and non-financial derivatives.

The University has selected to account for transactions at the trade date.

2. Capital assets:

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building	\$ 1,995,528	1,682,263	313,265	205,419
Parking lots	121,339	14,999	106,340	42,544
Books	508,455	425,805	82,650	88,433
Furniture and equipment	1,201,913	1,107,561	94,352	130,064
	\$ 3,827,235	3,230,628	596,607	466,460

The buildings are situated on land leased from Laurentian University of Sudbury at an annual rental of \$1. The lease expires in the year 2062.

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

3. Post-employee benefit obligations:

The University provides for the reimbursement of a fixed annual amount of medical expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these financial statements.

The University participates in a defined contribution pension plan, operated by Laurentian University with a guaranteed minimum defined benefit. The actuarial report effective July 1, 2007 indicates that the guaranteed defined benefit portion of the pension plan has a surplus of approximately \$4.7 million.

The reconciliation of the funded status of the University's portion of the defined benefit plan to the amounts recorded in the financial statements is as follows:

	Pension Benefit Plan		Post-Employment Benefit Obligations		Total	
	2010	2009	2010	2009	2010	2009
Accrued benefit obligation	\$ (2,581,335)	(2,019,014)	(118,243)	(119,884)	(2,699,578)	(2,138,898)
Fair value of plan assets	2,212,158	1,794,621	27,077	26,400	2,239,235	1,821,021
Funded status - surplus (deficit)	(369,177)	(224,393)	(91,166)	(93,484)	(460,343)	(317,877)
Balance of unamortized amounts	373,704	254,748	(2,045)	8,728	371,659	263,476
Accrued benefit asset (liability)	\$ 4,527	30,355	(93,211)	(84,756)	(88,684)	(54,401)

The accrued benefit obligation is recorded in the financial statements as follows:

	Pension Benefit Plan		Post-Employment Benefit Obligations		Total	
	2010	2009	2010	2009	2010	2009
Balance, beginning of year	\$ 30,355	22,073	(84,756)	(74,752)	(54,401)	(52,679)
Add: Benefit costs	(64,091)	(12,986)	(10,176)	(11,521)	(74,267)	(24,507)
	(33,736)	9,087	(94,932)	(86,273)	(128,668)	(77,186)
Benefit contributions	38,263	21,268	1,721	1,517	39,984	22,785
Balance, end of year	\$ 4,527	30,355	(93,211)	(84,756)	(88,684)	(54,401)

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

3. Post-employee benefit obligations (continued):

The significant assumptions used are as follows (weighted-average):

	Pension benefit plan		Post-employment benefit obligations	
	2010	2009	2010	2009
Rate of inflation	2.0%	2.0%	3.0%	3.0%
Discount rate	5.5%	7.75%	5.5%	7.75%
Rate of compensation increase	3.5%	3.5%	3.5%	3.5%
Expected long-term rate of return on plan assets	7.0%	7.0%	5.0%	5.0%
Health care cost trend rate	—	—	3.0%	3.0%

4. Restricted funds:

The balances of the various classes of restricted funds at April 30, 2010 are as follows:

	2010	2009
Internal reserves	\$ 464,154	384,184
Externally restricted for capital purposes	1,580,138	1,357,133
Trust funds for various purposes	383,558	302,754
Endowment funds	1,008,448	893,879
	\$ 3,436,298	2,937,950

HUNTINGTON UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2010

5. Ontario Student Opportunity Trust Fund (OSOTF):

All eligible donations made to Huntington University's OSOTF were matched by the Government of Ontario on a dollar for dollar basis. The following schedules show the changes in the endowment and expendable funds.

Schedule of Changes in Endowment Fund Balance

For the year ended April 30	2010	2009
Fund balance, beginning of year	\$ 588,674	563,466
Cash donations received	46,735	25,208
Fund balance, end of year	\$ 635,409	588,674

Schedule of Changes in Expendable Fund Available

For Awards for the year ended April 30	2010	2009
Balance, beginning of year	\$ 82,173	129,073
Investment income, net of direct investment-related expenses	58,288	(35,400)
	140,461	93,673
Bursaries awarded (2010 - 52; 2009 - 54)	(13,200)	(11,500)
Balance, end of year	\$ 127,261	82,173

The market value of the endowment as at April 30, 2010 was \$635,407 (2009 - \$588,674).

6. Fair value of financial assets and financial liabilities:

The carrying value of the University's cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items.

The carrying value of investments approximates its fair value as investments are carried at their market value.

The exposure to credit and market risks does not have a significant impact on the University's financial statements.

HUNTINGTON UNIVERSITY

Schedule of Academic Expenditures

Schedule 1

Year ended April 30, 2010, with comparative figures for 2009

	2010 Actual	2009 Actual
General Fund		
Religious Studies:		
Salaries - full-time	\$ 230,220	160,208
Salaries - part-time	62,990	90,950
Other	19,261	15,647
Fringe benefits	37,873	20,135
	350,344	286,940
Library:		
Salaries - full and part-time	81,270	25,256
Fringe benefits	17,464	2,359
Other	23,162	12,853
	121,896	40,468
Gerontology:		
Salaries - full-time	187,848	181,746
Salaries - part-time	81,063	69,312
Other	32,965	45,003
Fringe benefits	52,891	53,900
	354,767	349,961
Philosophy:		
Salaries - full and part-time	32,948	31,493
Miscellaneous	973	585
Fringe benefits	2,185	1,979
	36,106	34,057
Communication Studies:		
Salaries - full and part-time	118,841	163,892
Other	11,191	46,826
Fringe benefits	20,768	32,166
	150,800	242,884
Other	26,356	25,235
Sabbatical leave	66,143	51,182
Total academic - General Fund	\$ 1,106,412	1,030,727

HUNTINGTON UNIVERSITY

Schedule of Administrative Expenditures

Schedule 2

Year ended April 30, 2010, with comparative figures for 2009

	2010 Actual	2009 Actual
Administrative:		
Salaries	\$ 402,594	373,842
Laurentian University administrative fee	146,419	144,740
Fringe benefits	78,191	67,853
Other	37,636	13,035
Employee future benefits	34,283	1,722
Office and general	18,670	20,637
Travel and meetings	18,164	18,014
Public relations and advertising	13,524	7,709
Telephone	13,267	13,143
Audit fees	12,350	12,808
Insurance	8,136	6,709
Interest and bank charges	8,015	6,051
Professional fees	7,573	25,039
Recruitment	1,104	2,992
Total administrative	\$ 799,926	714,294

HUNTINGTON UNIVERSITY

Schedule of Residence Income and Expenditures

Schedule 3

Year ended April 30, 2010, with comparative figures for 2009

	2010 Actual	2009 Actual
Income:		
Students' rooms	\$ 510,617	502,146
Parking lot	15,546	14,374
Appliances	1,149	420
	527,312	516,940
Residence expenditure:		
Salaries	99,308	89,520
Utilities	47,871	53,208
Repairs and maintenance	46,689	45,249
Fringe benefits	22,973	18,425
Mortgage interest	14,000	14,000
Supplies	9,720	11,990
Proctor	8,499	8,029
Other	7,159	5,350
Janitorial supplies	7,031	3,302
Parking lot and grounds	4,968	12,266
Insurance	4,184	5,205
Public relations	643	608
	273,045	267,152
Excess of income over expenditures	\$ 254,267	249,788

HUNTINGTON UNIVERSITY

Schedule of Physical Plant Expenditures

Schedule 4

Year ended April 30, 2010, with comparative figures for 2009

	2010 Actual	2009 Actual
Physical plant expenditure:		
Salaries	\$ 67,153	47,101
Utilities	37,613	41,806
Repairs and maintenance	28,266	34,011
Supplies	12,293	8,682
Mortgage interest	11,000	11,000
Parking lot and grounds	4,920	9,737
Insurance	3,288	4,090
Other	1,550	871
Fringe benefits	-	14,792
Total physical plant expenditures	\$ 166,083	172,090