Financial statements of
St. Paul's University College

April 30, 2018

Deloitte.

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Independent Auditor's Report

To the Board of Governors of
St. Paul's University College

We have audited the accompanying financial statements of St. Paul's University College, which comprise the balance sheet as at April 30, 2018, and the statements of operations, changes in net assets, and cash flows for the year ended April 30, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Paul's University College as at April 30, 2018 and the results of its operations and its cash flows for the year ended April 30, 2018 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
October 18, 2018

St. Paul's University College
Balance sheet - assets
As at April 30, 2018

	Notes	2018	2017
		$	$
Assets			
Operating fund			
Cash		530,797	492,564
Accounts receivable		216,928	452,072
Due from other funds		1,356,867	5,823,317
Prepaid expenses		13,366	5,951
Short-term investments		776,422	—
Long-term investments		1,261,255	—
		4,155,635	6,773,904
Academic fund			
Accrued investment income		1,918	—
Due from other funds		120,191	128,831
Short-term investments		607,728	605,611
		729,837	734,442
Lectureship fund			
Cash		2,433	2,124
Accrued investment income		933	621
Short-term investments		105,949	170,154
Long-term investments		470,981	381,775
		580,296	554,674
Capital fund			
Cash		251,397	205,188
Due from other funds		390,490	—
Capital assets		22,282,843	18,511,101
		22,924,730	18,716,289
Development fund			
Cash		112,416	—
Cash due to other organizations		61,695	62,459
Accrued investment income		1,778	—
Due from other funds		577,015	636,975
Short-term investments		71,839	69,874
		824,743	769,308
Student awards fund			
Cash		9,768	8,759
Accrued investment income		3,745	2,556
Due from other funds		38,905	36,156
Short-term investments		425,409	712,286
Long-term investments		1,985,653	1,598,159
		2,463,480	2,357,916
Total all funds			
Current			
Cash		906,811	708,635
Cash due to other organizations		61,695	62,459
Accounts receivable	3	216,928	452,072
Accrued investment income		8,374	3,177
Prepaid expenses		13,366	5,951
Due from other funds		2,483,468	6,625,279
Investments	7	1,987,347	1,557,925
		5,677,989	9,415,498
Long-term			
Investments		3,717,889	1,979,934
Capital assets	4	22,282,843	18,511,101
		26,000,732	20,491,035
		31,678,721	29,906,533

The accompanying notes are an integral part of the financial statements.

St. Paul's University College
Balance sheet - liabilities and fund balances
As at April 30, 2018

	Notes	2018	2017
		$	$
Liabilities and fund balances			
Operating fund			
Accounts payable and accrued liabilities		776,922	2,083,161
Government remittances payable		9,303	13,457
Deferred revenue		535,221	501,762
Employee future benefits liability		606,009	666,603
		1,927,455	3,264,983
Due to other funds		723,586	1,291,813
Fund balance		1,329,477	2,180,335
Accumulated re-measurement gains		175,117	36,773
		4,155,635	6,773,904
Academic fund			
Fund balance		729,837	734,442
		729,837	734,442
Lectureship fund			
Due to other funds		13,070	734
Fund balance		567,226	553,940
		580,296	554,674
Capital fund			
Accrued interest payable		80,385	95,415
Due to other funds		1,156,919	5,235,173
Loans payable		20,837,800	13,991,041
Interest rate swap derivative liability		1,759,213	3,459,901
Fund balance		(909,587)	(4,065,241)
		22,924,730	18,716,289
Development fund			
Due to other funds		394,490	—
Deferred revenue		21,796	25,737
Due to other organizations		61,695	62,459
Fund balance		346,762	681,112
		824,743	769,308
Student awards fund			
Due to other funds		195,403	97,559
Fund balance		2,268,077	2,260,357
		2,463,480	2,357,916
Total all funds			
Current			
Accounts payable and accrued liabilities		776,922	2,083,161
Government remittances payable		9,303	13,457
Accrued interest payable		80,385	95,415
Deferred revenue		557,017	527,499
Due to other organizations		61,695	62,459
Current portion of loans payable	5	510,078	3,033,508
Due to other funds		2,483,468	6,625,279
		4,478,868	12,440,778
Long-term			
Employee future benefits liability	6	606,009	666,603
Loans payable	5	20,327,722	10,957,533
Interest rate swap derivative liability	5	1,759,213	3,459,901
		27,171,812	27,524,815
Fund balances		4,331,792	2,344,945
Accumulated re-measurement gains/losses		175,117	36,773
		4,506,909	2,381,718
		31,678,721	29,906,533

The accompanying notes are an integral part of the financial statements.

Approved by the Board

_______________, Director

_______________, Director

St. Paul's University College
Statement of operations
Year ended April 30, 2018

	Notes	Operating fund 2018	2017	Capital fund 2018	2017	Development fund 2018	2017	Student awards fund 2018	2017	Lectureship fund 2018	2017	Academic fund 2018	2017	Total all funds 2018	2017
		$	$	$	$	$	$	$	$	$	$	$	$	$	$
Revenue															
Investment		—	—	137	41	4,424	3,438	40,848	37,593	10,190	9,094	4,035	3,370	59,634	53,536
Donations		—	—	—	—	119,266	163,167	12,053	27,024	—	500	—	—	131,319	190,691
Revenues (Schedule 1)		7,034,593	6,332,012	—	—	—	—	—	—	—	—	—	—	7,034,593	6,332,012
Other revenue		—	—	50,000	—	35,524	38,134	—	—	—	—	—	—	85,524	38,134
		7,034,593	6,332,012	50,137	41	159,214	204,739	52,901	64,617	10,190	9,594	4,035	3,370	7,311,070	6,614,373
Expenditures															
Interest		—	—	791,638	600,905	—	—	—	—	—	—	—	—	791,638	600,905
Program		—	—	—	—	22,596	37,230	—	—	—	—	—	—	22,596	37,230
Miscellaneous		—	—	—	—	—	—	—	(348)	12,337	—	—	2,854	12,337	2,506
Depreciation		—	—	772,631	572,529	—	—	—	—	—	—	—	—	772,631	572,529
Expenditures (Schedule 2)		5,330,574	4,891,650	—	—	—	—	—	—	—	—	—	—	5,330,574	4,891,650
Bursaries and awards		—	—	—	—	—	—	83,928	77,106	—	—	—	—	83,928	77,106
		5,330,574	4,891,650	1,564,269	1,173,434	22,596	37,230	83,928	76,758	12,337	—	—	2,854	7,013,704	6,181,926
Excess of revenues over expenditures (expenditures over revenues) before the undernoted		1,704,019	1,440,362	(1,514,132)	(1,173,393)	136,618	167,509	(31,027)	(12,141)	(2,147)	9,594	4,035	516	297,366	432,447
Change in market value of interest rate swap	5	—	—	1,700,688	1,032,235	—	—	—	—	—	—	—	—	1,700,688	1,032,235
Change in market value of investments		—	—	—	—	—	—	61,965	280,554	15,433	68,076	—	—	77,398	348,640
Employee future benefits (expense) recovery	4	(88,605)	68,628	—	—	—	—	—	—	—	—	—	—	(88,605)	68,628
Excess of revenues over expenditures (expenditures over revenues)		1,615,414	1,508,990	186,556	(141,158)	136,618	167,509	30,938	268,423	13,286	77,670	4,035	516	1,986,847	1,881,950

The accompanying notes are an integral part of the financial statements.

St. Paul's University College
Statement of changes in net assets
Year ended April 30, 2018

	Notes	Operating fund 2018	2017	Capital fund 2018	2017	Development fund 2018	2017	Student awards fund 2018	2017	Lectureship fund 2018	2017	Academic fund 2018	2017	Total all funds 2018	2017
		$	$	$	$	$	$	$	$	$	$	$	$	$	$
Fund balances															
Fund balance, beginning of year		2,180,335	1,147,725	(4,065,241)	(5,012,247)	681,112	622,984	2,260,357	1,987,634	553,940	476,270	734,442	1,240,629	2,344,945	462,995
Excess of revenues over expenditures (expenditures over revenues)		1,615,414	1,508,990	186,556	(141,158)	136,618	167,509	30,938	268,423	13,286	77,670	4,035	516	1,986,847	1,881,950
Fund transfers															
Operating fund/Student awards fund		17,288	—	—	—	—	—	(17,288)	—	—	—	—	—	—	—
Capital fund/Development fund		—	—	390,490	—	(390,490)	—	—	—	—	—	—	—	—	—
Development fund/Operating fund		86,408	105,081	—	—	(86,408)	(105,081)	—	—	—	—	—	—	—	—
Development fund/Student awards fund		—	—	—	—	5,930	(4,300)	(5,930)	4,300	—	—	—	—	—	—
Capital fund/Operating fund		(2,578,608)	(1,088,164)	2,578,608	1,088,164	—	—	—	—	—	—	—	—	—	—
Academic fund/Operating fund		8,640	506,703	—	—	—	—	—	—	—	—	(8,640)	(506,703)	—	—
Net change in fund balance		(850,858)	1,032,610	3,155,654	947,006	(334,350)	58,128	7,720	272,723	13,286	77,670	(4,605)	(506,187)	1,986,847	1,881,950
Fund balance, end of year		1,329,477	2,180,335	(909,587)	(4,065,241)	346,762	681,112	2,268,077	2,260,357	567,226	553,940	729,837	734,442	4,331,792	2,344,945
Accumulated re-measurement gains/losses															
Change in re-measurement gains/losses	5	138,344	(102,638)	—	—	—	—	—	—	—	—	—	—	138,344	(102,638)
Accumulated re-measurement gains/losses, beginning of year		36,773	139,411	—	—	—	—	—	—	—	—	—	—	36,773	139,411
Accumulated re-measurement gains/losses, end of year		175,117	36,773	—	—	—	—	—	—	—	—	—	—	175,117	36,773
Net assets (liabilities)															
Change in net assets/liabilities during the year		(712,514)	929,972	3,155,654	947,006	(334,350)	58,128	7,720	272,723	13,286	77,670	(4,605)	(506,187)	2,125,191	1,779,312
Net assets (liabilities), beginning of year		2,217,108	1,287,136	(4,065,241)	(5,012,247)	681,112	622,984	2,260,357	1,987,634	553,940	476,270	734,442	1,240,629	2,381,718	602,406
Net assets (liabilities), end of year		1,504,594	2,217,108	(909,587)	(4,065,241)	346,762	681,112	2,268,077	2,260,357	567,226	553,940	729,837	734,442	4,506,909	2,381,718

The accompanying notes are an integral part of the financial statements.

St. Paul's University College
Statement of cash flows
Year ended April 30, 2018

	2018	2017
	$	$
Operating activities		
Cash from operations - all funds		
Excess of revenues over expenditures (expenditures over revenues)	1,986,847	1,881,950
Items not affecting cash		
Non-cash employee future benefits expense (recovery)	77,750	(75,809)
Change in market value of interest swap	(1,700,688)	(1,032,235)
Change in market value of investments	(77,398)	(348,640)
Depreciation	772,631	572,529
Changes in non-cash operating working capital components		
Accounts receivable	235,144	92,805
Accrued investment income	(5,197)	460
Prepaids	(7,415)	(1,865)
Accounts payable and accrued liabilities	77,929	76,097
Government remittances payable	(4,154)	(2,314)
Accrued interest payable	(15,030)	(7,332)
Deferred revenue	29,518	90,200
	1,369,937	1,245,846
Financing activities		
Proceeds from loans payable	7,250,000	2,750,000
Repayment of loans payable	(403,241)	(266,910)
	6,846,759	2,483,090
Investing activities		
Purchase of investments	(5,076,646)	(185,793)
Proceeds on disposal/maturity of investments	2,986,667	2,509,773
Purchases of capital assets	(5,928,541)	(5,934,265)
	(8,018,520)	(3,610,285)
Change in cash	198,176	118,651
Cash, beginning of year	708,635	589,984
Cash, end of year	906,811	708,635

The accompanying notes are an integral part of the financial statements.

1. Purpose of the College

St. Paul's University College ("the College") is affiliated with the University of Waterloo for the purpose of providing academic programs, student services and residential community life to students of the University. The College is a not-for-profit corporation established by Letters Patent. The College is a registered charity and is exempt from income taxes.

The College has the following funds:

Operating fund

This fund finances the academic programs, student services, residence and administration of the College.

Academic fund

This fund finances the development of new academic activity.

Lectureship fund

This fund is a restricted endowment fund for financing lectureships sponsored by the College. The use of capital is governed by the expenditure rate set by the Board from time to time. This rate is based on the investment return of the fund such that the purchasing power of the capital is maintained against inflation.

Development fund

This fund finances specific projects connected with the College facilities, services and programs (academic and non-academic). Some of the contributions are specifically designated by the donors for capital projects identified as priorities by the College which are not financed by the Operating Fund. Undesignated donations are applied to projects identified as priorities by the Board of Governors.

Student awards fund

This fund finances a program of scholarships, residence awards, prizes, and bursaries for students studying or living at the College or, in some cases, at the University of Waterloo. The fund contains both restricted endowment funds and unrestricted funds. The use of capital of the restricted portion of the fund is governed by the expenditure rate set by the Board from time to time. This rate is based on the investment return of the fund such that the purchasing power of the capital is maintained against inflation.

Capital fund

This fund finances the acquisition of capital assets of the College as well as providing security for any associated financing of the College. Fully depreciated buildings and contents are not reflected in these numbers. Any new acquisitions and renovations are recorded in this fund.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations principles and reflect the following policies:

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost, except for the following which are measured at fair value at the yearend date:

- investments in listed shares, bonds, mutual funds and other actively traded financial instruments; and
- the interest rate swaps (Note 5), which are not designated in a qualifying hedging relationship.

Interest earned on short term investments, dividends received on unlisted shares, unrealized gains and losses on listed shares, mutual funds and bonds, and realized gains and losses on sale of short term investments are included in income in the Statement of Operations.

With respect to financial assets measured at cost or amortized cost, the College recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows.

For the interest rate swaps (Note 5), interest on the loans payable is recognized using the stated interest rate plus or minus amortization of any initial premium or discount and any financing fees and transaction costs associated with the loans payable. Net amounts receivable or payable on the interest rate swap are recorded on the accrual basis of accounting and are recognized as an adjustment to interest on the loans payable in the period in which they accrue.

Capital assets

Capital assets are recorded at cost. Depreciation is recorded on the straight-line basis using the following annual rates:

Buildings	40 years
Building improvements	10 years
Furnishings and fixtures	5-10 years
Computer equipment	3-10 years

Cultural artifacts

Cultural artifacts are recorded at their cost, or in the case of donated items, at their fair value at the time of donation. Cultural artifacts are not amortized, but rather are reviewed for possible impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

2. Significant accounting policies (continued)

Maintenance and renewal provision

In the 2011 fiscal year, the College established a policy by which 1.5% of the replacement value of the buildings is included as a budgeted expense in the Operating fund annually for current and future building and replacement expenses. For the 2018 fiscal year, an amount of $243,844, representing the amount by which the budgeted amount exceeded the actual spending in the Operating fund for building repair and replacement expenses, was transferred to the Capital fund and is included in the "Capital fund/Operating fund" fund transfer amount of $2,578,608 ($1,088,164 in 2017) on the Statement of Changes in Fund Balances for 2018. Of the amount transferred to the Capital fund, $329,995 was spent on capital items during the year. A cumulative balance of $71,235 ($157,386 in 2017) remains to fund future capital expenditures.

Impairment of long-lived assets

Long-lived assets, such capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If the asset's carrying value exceeds the total undiscounted cash flows expected from the use and disposition of the asset, an impairment loss is recognized.

Employee future benefits plans

The College is party to a multi-employer retirement benefit plan (the Plan) under agreement with the University of Waterloo. The Plan provides for benefits to employees of the College under a contributory, defined benefit pension plan as well as a non-contributory, non-pension health care benefit plan. The College also has a supplementary retirement arrangement for its senior management. The College accrues its obligations under its non-pension health care benefit plan and supplementary retirement arrangement.

a) The cost of the College's non-pension retirement benefits and supplementary retirement arrangement earned by employees is actuarially determined using the projected benefit method pro-rated on services and the University of Waterloo's best estimates of compensation escalation, retirement ages of employees and expected health care costs;

b) the accrued benefit obligation net of the fair value of any plan assets, adjusted for any valuation allowance, in the balance sheet; and

c) the cost of the plan for the year.

Revenue recognition - provincial college funding, residence fees, grants and donations

Provincial funding is recorded on an accrual basis. Residence fees and grants are recorded in the accounts on an earned basis with the unearned portion recorded as deferred revenue. Donations are recorded in the financial statements when received. Non-monetary donations to the College, the fair value of which can be readily and reliably determined, are recorded as donation revenue when received.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the employee future benefits liability, interest rate swap derivative liability and amortization of capital assets. Actual results could differ from these estimates.

3. Accounts receivable

	2018	2017
	$	$
Accounts receivable	265,475	496,518
Allowance for doubtful accounts	(48,547)	(44,446)
	216,928	452,072

4. Capital assets

			2018	2017
	Cost	Accumulated depreciation	Net book value	Net book value
	$	$	$	$
Buildings	23,882,740	3,873,055	20,009,685	16,850,249
Building improvements	3,038,180	1,859,424	1,178,756	1,014,323
Furnishings and fixtures	1,917,181	1,020,006	897,175	496,429
Computer equipment	310,598	180,232	130,366	83,239
Cultural artifacts	66,861	—	66,861	66,861
	29,215,560	6,932,717	22,282,843	18,511,101

Included in accounts payable at year-end is $90,417 ($1,474,585 in 2017) of capital asset additions.

5. Loans payable

At year-end, the College has loans payable in the amount of $20,837,800 ($13,991,041 in 2017). The loans payable are in the form of Canadian Bankers Acceptances Certificate of Deposit (BAs). They mature May 1, 2018 and are subject to a stamping fee of 0.60%, 0.95% and 0.80%. The credit facility provides for the refinancing of these BAs as they mature and drawdown of the amount financed over an amortization period of 30, 28 and 30 years.

The estimated repayments over the next five years and thereafter are as follows:

	$
2019	510,078
2020	528,126
2021	556,751
2022	580,346
2023	604,765
Thereafter	18,057,734
	20,837,800

Interest expense on the loans payable during the year was $791,638 ($600,906 in 2017).

5. Loans payable (continued)

Under the terms of the debt agreement, the College is required to satisfy restrictive covenants for certain financial ratios. The College was in compliance with these covenants at year-end.

The College has an interest rate swap agreement that involves the exchange of BA interest rates for fixed interest rates on a notional amount of $11,631,260 with an effective date of November 3, 2008 and provides for reductions in the notional amount that coincide with principal repayments of the underlying variable rate BA debt. The notional amount at April 30, 2018 was $9,749,551 ($10,000,439 in 2017). The fixed interest rate on the notional amount is 4.75% (plus stamping fee of 0.60%) and the agreement expires November 1, 2038.

On December 3, 2010, the College entered into a second interest rate swap agreement that involves the exchange of variable interest rates for fixed interest rates on a notional amount of $1,400,000. The agreement has an effective date of June 1, 2011 and provides for reductions in the notional amount that coincide with principal repayments of the underlying variable rate debt. The notional amount at April 30, 2018 was $1,207,982 ($1,240,602 in 2017). The fixed interest rate on the notional amount is 4.07% (plus stamping fee of 0.95%) and the agreement expires December 1, 2038.

On June 6, 2016, the College entered into a third interest rate swap agreement that involves the exchange of variable interest rates for fixed interest rates on a notional amount of $10,000,000. The agreement has an effective date of September 1, 2017 and provides for reductions in the notional amount that coincide with principal repayments of the underlying variable rate debt. The notional amount at April 30, 2018 was $9,880,267. The fixed interest rate on the notional amount is 2.27% (plus stamping fee of 0.80%) and the agreement expires September 1, 2037.

The fair value of the three swap agreements at year-end was a liability of $1,759,213 ($3,459,901 in 2017). The decrease (decrease in 2017) in the liability has been recorded as change in market value of interest rate swap in the Statement of Operations - Capital Fund in the amount of $1,700,688 ($1,032,235 in 2017).

6. Employee future benefits

Defined benefit retirement arrangement

The College has a supplementary retirement arrangement for its senior executives. For accounting purposes, the College measures its employee future benefit liability for the supplementary retirement arrangement as at April of each year. The most recent actuarial valuation for funding purposes was as of January 1, 2017.

Information about the College's defined benefit retirement arrangement plan is as follows:

	2018	2017
	$	$
Employee future benefit liabilty - accrued benefit obligation	178,009	166,603
Funded status - plan deficit	178,009	166,603
Employee future benefits (recovery) expense	20,750	(125,809)
Change to accumulated re-measurement gains/losses	(9,344)	83,637
Total change in employee future benefits liability during the year	11,406	(42,172)

The actuarial assumption adopted for the discount rate in measuring the College's obligation was 5.50%

6. Employee future benefits (continued)

Multi-employer defined benefit pension plan

The College's pension plan is a multi-employer defined benefit pension plan. The total plan expense was $10,855 ($7,181 in 2017).

Non-pension health care defined benefit plan

The College has a non-pension health care plan for its employees. For accounting purposes, the College measures its employee future benefit liability for this plan as at April of each year. The most recent actuarial valuation was as of January 1, 2018.

Information about the College's non-pension health care benefit plan is as follows:

	2018	2017
	$	$
Employee future benefit liability - accrued benefit obligation	**428,000**	500,000
Fair value of plan assets		
Funded status - plan deficit	**428,000**	500,000
Employee future benefits expense	**57,000**	50,000
Change to accumulated re-measurement gains/losses	**(129,000)**	19,000
Total change in employee future benefits liability during the year	**(72,000)**	69,000

The actuarial assumption adopted for the discount rate in measuring the College's accrued non-pension benefit obligation was 5.50%.

For measurement purposes, a 7.00% and 5.69% annual rate of increase in the per capita cost of prescription drug benefits and other medical benefits, respectively, is assumed for 2018. Both the prescription drug benefits rate and the other medical benefits rate are assumed to decrease gradually to 4.0% in 2038.

7. Financial instruments

Financial assets

The cost and fair value of the investments of the College are summarized as follows:

	2018		2017	
	Cost	**Fair value**	Cost	Fair value
	$	**$**	$	$
Short-term investments	**1,989,291**	**1,987,347**	1,556,250	1,557,925
Investments - bonds	**1,936,047**	**1,956,916**	183,953	193,614
Investments - listed shares	**1,089,316**	**1,760,973**	1,125,469	1,786,320
	5,014,654	**5,705,236**	2,865,672	3,537,859

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The College is exposed to interest rate risk arising from its investments and its loans payable, which bear interest at variable rates. The College uses an interest rate swap agreement to manage its exposure to interest rate risk through its loans payable. The swap agreement fixes the interest rate on the College's loans payable, as described in Note 5.

7. Financial instruments (continued)

Interest rate risk (continued)

The Lectureship and Student Awards Funds' investment balances include short-term guaranteed investment certificates and money market funds and corporate, federal, provincial and municipal bonds maturing from June 2018 through December 2021 bearing interest at rates of 1.7% through 9.95% at a cost of $2,708,153 and a market value of $2,727,081 (cost of $1,740,203 and a market value of $1,751,540 in 2017).

Credit risk

Credit risk is the risk that counterparties fail to perform as contracted. The College is subject to credit risk related to the payment of residence fees by students. The College is not subject to any particular concentration of credit risk given the size and diversity of individual accounts due to the College.

Counterparty credit risk related to the interest rate swap agreement is considered to be negligible as the College deals with a highly rated financial institution.

Liquidity risk

The College's objective is to have sufficient liquidity to meet its liabilities when due. The College monitors its cash balances and cash flows generated from operations to meet its requirements. As at April 30, 2018, the most significant financial liabilities are loans payable and accounts payable and accrued liabilities.

St. Paul's University College
Schedule 1 – Operating fund schedule of revenue
Year ended April 30, 2018

	Budget 2018	Actual 2018	Actual 2017
	$	$	$
Residence			
Dormitory revenue	2,672,039	2,799,042	1,991,584
Graduate apartment rental	1,111,557	1,176,047	1,264,445
Ancillary revenue	88,500	120,995	86,310
Conferences and seminars	177,000	254,710	208,189
Guest rooms	150,000	176,036	171,436
Retail food	56,120	92,968	61,126
	4,255,216	4,619,798	3,783,090
Academic			
Provincial college funding			
Grants	533,670	527,640	533,670
Tuition	773,508	795,932	758,564
Facility renewal	9,394	5,947	9,394
Quality assurance	38,130	48,970	38,130
International tuition share	60,620	87,900	86,600
Environmental agreement	273,461	263,611	246,046
	1,688,783	1,730,000	1,672,404
GreenHouse			
Program funding	50,000	61,872	257,431
Aboriginal			
Ongoing program grants	234,791	234,791	234,791
Other program grants and income	61,819	216,720	226,857
	296,610	451,511	461,648
Other			
Interest income	5,000	54,358	11,431
Other income	115,565	117,054	146,008
	120,565	171,412	157,439
	6,411,174	7,034,593	6,332,012

The accompanying notes are an integral part of the financial statements.

St. Paul's University College
Schedule 2 – Operating fund schedule of expenditures
Year ended April 30, 2018

	Budget and approved expenditures 2018	Actual 2018	Actual 2017
	$	$	$
Aboriginal services	386,757	403,667	479,987
Academic program support	224,507	228,501	208,014
Building repairs and maintenance and custodial	511,769	479,058	415,887
Conference, Guest Room & Ancillary	58,850	125,204	70,152
GreenHouse	315,820	318,234	338,060
Residence program	72,262	88,905	69,829
Food service	811,683	900,306	770,913
Office and administration	259,238	219,539	176,541
Salaries, wages and benefits - academic	795,679	910,911	733,624
Salaries, wages and benefits - administrative	1,305,668	1,284,964	1,204,378
Utilities	389,204	371,285	318,508
Special projects	—	—	105,757
	5,131,437	5,330,574	4,891,650

The accompanying notes are an integral part of the financial statements.