

St. Augustine's Seminary of Toronto
(incorporated without share capital under the laws
of Ontario)

Financial Statements
April 30, 2011

St. Augustine's Seminary of Toronto

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October 31, 2011

Independent Auditor's Report

**To His Grace Thomas Collins
Archbishop of Toronto
Chairman of the Board of Governors
St. Augustine's Seminary of Toronto**

We have audited the accompanying financial statements of St. Augustine's Seminary of Toronto, which comprise the balance sheet as at April 30, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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 audit 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 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. Augustine's Seminary of Toronto as at April 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

St. Augustine's Seminary of Toronto

Balance Sheet

As at April 30, 2011

	2011 \$	2010 \$
Assets		
Current assets		
Cash and term deposits	225,500	153,232
Restricted cash (note 8)	76,327	145,649
Accounts receivable	143,937	73,589
Due from affiliated organizations (note 5)	76,626	277,233
Supplies and prepaid expenses	62,854	100,258
	<u>585,244</u>	<u>749,961</u>
Investments		
Restricted investments (notes 3 and 4)	<u>11,807,975</u>	<u>11,191,125</u>
Capital assets (note 6)	14,482,892	14,099,286
Less		
Capital assets reserve	9,298,829	9,298,829
Accumulated amortization	<u>2,167,812</u>	<u>1,974,270</u>
	<u>3,016,251</u>	<u>2,826,187</u>
	<u>15,409,470</u>	<u>14,767,273</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	250,633	300,918
Capital lease payable (note 8)	<u>14,744</u>	<u>14,324</u>
	265,377	315,242
Capital lease payable (note 8)	21,630	36,374
Loan payable to affiliated organization (note 5)	150,000	150,000
Deferred contributions related to capital assets (note 7)	<u>2,564,636</u>	<u>2,417,406</u>
	<u>3,001,643</u>	<u>2,919,022</u>
Net Assets		
Ontario Student Opportunity Trust Fund (note 3)	8,734,989	8,276,705
Operative burses (note 4)	2,191,529	2,085,096
E. J. Platt Fund (note 4)	390,912	361,045
Cardinal Ambrozic Jubilee Professorship Fund (note 4)	<u>490,545</u>	<u>468,279</u>
	11,807,975	11,191,125
Unrestricted net assets	<u>599,852</u>	<u>657,126</u>
	<u>12,407,827</u>	<u>11,848,251</u>
	<u>15,409,470</u>	<u>14,767,273</u>

Approved by the Board

Governor

Governor

St. Augustine's Seminary of Toronto

Statement of Operations

For the year ended April 30, 2011

	2011 \$	2010 \$
Revenue		
Student fees	1,202,694	993,749
Donations and bequests	98,971	104,150
Room and board	139,900	166,300
Government grant	144,063	141,368
Other	144,308	153,149
Toronto Catholic District School Board/Cardinal Newman High School	418,482	402,458
Operative burse income	79,200	79,200
Events	35,977	35,504
	<u>2,263,595</u>	<u>2,075,878</u>
Expenditure		
Salaries and wages	2,189,451	2,055,242
Employee benefits	429,797	350,225
General and administrative	385,093	546,434
Utilities	395,285	438,334
Amortization of capital assets	193,542	204,756
Repairs and maintenance	170,134	174,071
Kitchen	171,203	156,296
Insurance	88,390	90,990
Student services	69,134	73,549
Student fee subsidies	33,800	37,420
Legal and audit fees	55,092	62,948
Rent	48,482	43,283
Equipment/furniture	82,740	46,240
Library acquisitions	29,025	36,488
Contracted services	35,747	29,479
	<u>4,376,915</u>	<u>4,345,755</u>
Deficiency of revenue over expenditure from operations	<u>(2,113,320)</u>	<u>(2,269,877)</u>
Grant from ShareLife (note 5)	1,533,333	1,500,000
Amortization of deferred capital contributions	136,268	116,392
Grant from Roman Catholic Episcopal Corporation (note 5)	386,445	565,122
	<u>2,056,046</u>	<u>2,181,514</u>
Deficiency of revenue over expenditure for the year	<u>(57,274)</u>	<u>(88,363)</u>

St. Augustine's Seminary of Toronto

Statement of Changes in Net Assets
For the year ended April 30, 2011

	2011					2010
	Ontario Student Opportunity Trust Fund \$ (note 3)	Operative burses \$ (note 4)	E. J. Platt Fund \$ (note 4)	Cardinal Ambrozic Jubilee Professorship Fund \$ (note 4)	Unrestricted net assets \$	Total \$
Balance - Beginning of year	8,276,705	2,085,096	361,045	468,279	657,126	11,848,251
Add						
Investment income and contributions	223,000	57,565	12,757	(1,952)	-	291,370
Deficiency of revenue over expenditure for the year	-	-	-	-	(57,274)	(57,274)
Investment income withdrawn for operating activities	(400,448)	(83,692)	(15,909)	(26,221)	-	(526,270)
	8,099,257	2,058,969	357,893	440,106	599,852	11,556,077
Unrealized gain on available-for-sale investments	545,924	122,616	24,049	32,921	-	725,510
Realized losses previously recorded as unrealized	89,808	9,944	8,970	17,518	-	126,240
	8,734,989	2,191,529	390,912	490,545	599,852	12,407,827
Balance - End of year						
						11,848,251

St. Augustine's Seminary of Toronto

Statement of Cash Flows

For the year ended April 30, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditure for the year	(57,274)	(88,363)
Items not affecting cash		
Amortization of capital assets	193,542	204,756
Amortization of deferred contributions related to capital assets	(136,268)	(116,392)
(Increase) decrease in accounts receivable	(70,348)	79,508
Decrease (increase) in due from affiliated organizations	200,607	(56,798)
Decrease (increase) in supplies and prepaid expenses	37,404	(63,669)
(Decrease) increase in accounts payable and accrued liabilities	(50,285)	86,693
	<u>117,378</u>	<u>45,735</u>
Investing activities		
Purchase of capital assets	(383,606)	(364,752)
Receipt of contributions for capital assets	<u>283,498</u>	<u>232,422</u>
	<u>(100,108)</u>	<u>(132,330)</u>
Financing activities		
Repayment of capital lease	(14,324)	(8,165)
Loan from affiliated organization	-	150,000
	<u>(14,324)</u>	<u>141,835</u>
Increase in cash and cash equivalents during the year	<u>2,946</u>	<u>55,240</u>
Cash and cash equivalents - Beginning of year	<u>298,881</u>	<u>243,641</u>
Cash and cash equivalents - End of year	<u>301,827</u>	<u>298,881</u>
Cash and cash equivalents comprise		
Cash and term deposits	225,500	153,232
Restricted cash	<u>76,327</u>	<u>145,649</u>
	<u>301,827</u>	<u>298,881</u>

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

1 Mission and operations

St. Augustine's Seminary (the Seminary) was established in 1913 as the first major seminary constructed in English speaking Canada for the training of diocesan priests. The specific apostolate of the Seminary is the preparation of candidates for ordained priesthood in the Catholic Church. This preparation for diocesan ministerial leadership embraces and promotes spiritual formation, theological education and field training. The Seminary is also mandated to form men and women aspiring to other ministries in the Catholic Church.

The Seminary's mission is undertaken in the context of committed ecumenical engagement as a founding member of the Toronto School of Theology, affiliated with the University of Toronto.

The Seminary is a corporation without share capital incorporated under the laws of Ontario by letters patent dated September 15, 1914. The Seminary qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada).

The Roman Catholic Episcopal Corporation (the Corporation) for the Diocese of Toronto is responsible for the continued financial viability of the Seminary.

2 Summary of significant accounting policies

Revenue recognition

The Seminary follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as a direct increase in net assets.

For endowment assets, investment income earned or accrued, unrealized gains and losses and gains and losses realized on disposal are included in the statement of changes in net assets. Unrealized gains and losses from changes in fair value are reflected in the statement of changes in net assets.

The income from the endowment funds is transferred to revenue to offset costs associated with various operating activities.

Deferred contributions related to capital assets are amortized into revenue over the amortization period of the related capital asset.

Capital assets

The Corporation holds title to all of the land and buildings used by the Seminary and a portion of the land and buildings used by Cardinal Newman High School (the College). Notwithstanding that the Corporation has legal ownership of the land and buildings, the Seminary and the College control the use of the property.

All capital assets acquired are initially recorded at cost.

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

Up to April 30, 1997, land and buildings were reflected in the financial statements at a nominal amount of \$1 by a charge to the general reserve or deficit equal to the net property additions during the year, thereby maintaining the carrying value of the properties at \$1. Similarly, the Seminary expensed furniture and equipment in the year acquired. Subsequent to that date, capital asset additions are capitalized and amortized over their estimated useful lives as follows:

Buildings and building improvements	5 to 40 years
Furniture and equipment	3 to 10 years
Automobile and machinery	5 to 10 years

Proceeds arising on the sale of the land or buildings accrue to the Corporation.

Financial instruments

Investments are classified as available-for-sale and are recorded at fair value. Transaction costs are charged through the restricted investment funds and are included in investment income withdrawn for operating activities in the statement of changes in net assets.

The fair values of cash and term deposits, restricted cash, accounts receivable, due from affiliated organizations and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The Seminary has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of the additional disclosures required by Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Investments

Investments consist of a portfolio of stocks, bonds and treasury bills managed by independent investment managers in accordance with a statement of investment policy and procedures. The fair value of securities traded in an active market is the closing bid price.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from those estimates.

3 Ontario Student Opportunity Trust Fund

In August 1996, the Ministry of Education (the Ministry) announced a program to offer grants to qualifying colleges and universities under that program. The Ministry agreed to match any donations placed in an Ontario Student Opportunity Trust Fund (OSOTF) prior to April 30, 1999, to be used to assist academically qualified individuals in financial need.

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

The Seminary's contribution to the OSOTF amounted to \$4,332,000. This amount was equally matched by the Ministry, resulting in a principal balance of \$8,664,000.

The Seminary in its annual determination of investment income to be withdrawn from the OSOTF considers, among other factors, the amount of student fees eligible to be subsidized, the benchmark for distributions according to the Seminary's distribution policy, the retirement over time of the subsidy provided to the OSOTF by the Seminary, now standing at \$nil (2010 - \$nil) and the maintenance over time of the principal at or above its original balance.

The schedule of changes in expendable funds available for awards based on cost is as follows:

	2011 \$	2010 \$
Balance - Beginning of year	237,728	400,352
Investment income and contribution	223,000	206,497
Bursaries awarded		
Seminarians of St. Augustine's Seminary of Toronto (2011 - 18; 2010 - 12)	(283,751)	(175,000)
Seminarians of Redemptoris Mater Missionary Seminary (2011 - 6; 2010 - 9)	(74,686)	(130,000)
Professional fees	(42,011)	(20,723)
Repayment of subsidy	-	(43,398)
Balance - End of year	60,280	237,728
Unrealized gain (loss) on expendable funds	10,709	(625,023)
Excess (shortfall) of expendable funds	70,989	(387,295)
Original principal balance	8,664,000	8,664,000
Fair value of OSOTF funds	8,734,989	8,276,705

The OSOTF investment portfolio is summarized as follows:

	2011		2010	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Cash	10	10	6	6
Bond pooled funds	3,458,374	3,482,172	3,203,990	3,208,208
Equity pooled funds	5,265,902	5,252,807	5,697,738	5,068,491
	8,724,286	8,734,989	8,901,734	8,276,705

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

4 Operative burses, E. J. Platt Fund and Cardinal Ambrozic Jubilee Professorship Fund

Operative burses consist of various endowment contributions received by the Seminary.

The E. J. Platt Fund was established in 1998 as an endowment to commemorate the 50th anniversary of the priesthood of Father E. J. Platt. The income earned is used to pay the salary of a diocesan priest who is a full-time professor in theology at the Seminary.

The Cardinal Ambrozic Jubilee Professorship Fund was established in 2006 as an endowment to commemorate the 50th Jubilee of Cardinal Ambrozic's priesthood. Its purpose is to provide financial aid to the Seminary for a portion of the expenditures of a professor on the teaching staff.

The operative burses, the E. J. Platt Fund and the Cardinal Ambrozic Jubilee Professorship Fund investment portfolios are summarized as follows:

	2011		2010	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Operative burses				
Cash	7	7	444	444
GICs	225,017	225,017	224,467	224,467
Short-term investments	55,919	56,089	54,933	54,964
Bond pooled funds	734,074	739,797	701,003	702,389
Equity pooled funds	1,170,700	1,170,619	1,230,996	1,102,832
	2,185,717	2,191,529	2,211,843	2,085,096
E. J. Platt Fund				
Cash	26,221	26,221	16,302	16,302
Bond pooled funds	128,225	129,046	107,260	107,586
Equity pooled funds	234,160	235,645	268,197	237,157
	388,606	390,912	391,759	361,045
Cardinal Ambrozic Jubilee Professorship Fund				
Cash	1	1	105	105
Bond pooled funds	165,250	168,391	137,102	139,962
Equity pooled funds	355,039	322,153	411,256	328,212
	520,290	490,545	548,463	468,279
	3,094,613	3,072,986	3,152,065	2,914,420

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

5 Related party transactions

During the year, the Seminary had transactions with the Corporation and an affiliate of the Corporation, ShareLife. Details of the transactions and balances owing are as follows:

	2011 \$	2010 \$
Corporation		
Operating grant	386,445	565,122
Capital grant	260,000	132,000
Loan payable*	150,000	150,000
Payable to the Seminary	76,626	277,233
ShareLife		
Operating grant	1,533,333	1,500,000

* The loan payable is non-interest bearing and is due March 31, 2014.

6 Capital assets

Land and buildings consist of the property occupied by the Seminary and the College situated at Kingston Road in Scarborough, Ontario. While the Corporation holds title to the land and buildings, the capital assets are reflected in the financial statements of the Seminary.

	2011			
	Cost \$	Accumulated amortization \$	Capital assets reserve \$	Net \$
Land	101,814	-	-	101,814
Buildings and building improvements prior to April 30, 1997	9,298,829	-	9,298,829	-
Buildings and building improvements subsequent to April 30, 1997	3,259,747	479,628	-	2,780,119
Furniture and equipment	1,726,448	1,649,883	-	76,565
Automobile and machinery	96,054	38,301	-	57,753
	14,482,892	2,167,812	9,298,829	3,016,251

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

	2010			
	Cost \$	Accumulated amortization \$	Capital assets reserve \$	Net \$
Land	101,814	-	-	101,814
Buildings and building improvements prior to April 30, 1997	9,298,829	-	9,298,829	-
Buildings and building improvements subsequent to April 30, 1997	2,962,002	363,710	-	2,598,292
Furniture and equipment	1,640,587	1,585,584	-	55,003
Automobile and machinery	96,054	24,976	-	71,078
	<u>14,099,286</u>	<u>1,974,270</u>	<u>9,298,829</u>	<u>2,826,187</u>

7 Deferred contributions related to capital assets

Consists of unamortized restricted contributions used to purchase, or restricted to purchase, building improvements.

	2011 \$	2010 \$
Balance - Beginning of year	2,417,406	2,301,376
Additional contributions received	283,498	232,422
Amounts amortized to revenue	<u>(136,268)</u>	<u>(116,392)</u>
Balance - End of year	<u>2,564,636</u>	<u>2,417,406</u>

8 Commitments and restricted cash

The Seminary has commitments under operating leases for property and equipment. The minimum payments under these leases are as follows:

	\$
2012	68,253
2013	33,256
2014	23,041
2015	3,030
2016 and thereafter	<u>-</u>
	<u>127,580</u>

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2011

Included in automobile and machinery (note 6) is a capital lease with a cost of \$58,863 (2010 - \$58,863), accumulated amortization of \$8,829 (2010 - \$2,943) and a net book value of \$50,034 (2010 - \$55,920).

Future minimum payments under the capital lease obligations are as follows:

	\$
2012	15,604
2013	15,604
2014	<u>6,501</u>
Total minimum lease payments	37,709
Less: Portion representing interest at 2.9%	<u>1,335</u>
	<u>36,374</u>

Restricted cash relates to funds to be spent for the following purposes:

	2011 \$	2010 \$
Capital assets	-	52,131
Alumni fundraising - debt repayment	43,327	60,518
Non-capital library related acquisitions	<u>33,000</u>	<u>33,000</u>
	<u>76,327</u>	<u>145,649</u>

9 Capital management

The Seminary considers its capital to be comprised of its restricted funds and other short-term cash resources. This capital is invested in a combination of equities and other investments to provide for the long-term preservation of the restricted funds and short-term liquidity requirements of the Seminary in line with its overall objectives as set out in note 1. The investments are administered in accordance with a statement of investment policies and procedures. The restrictions on the various funds are monitored and the Seminary is currently of the view that it is in compliance with these restrictions.

10 Comparative figures

The comparative figures have been reclassified, where necessary, to conform to the presentation adopted for the current year.

St. Augustine's Seminary of Toronto
(incorporated without share capital under the laws
of Ontario)

Financial Statements
April 30, 2010

St. Augustine's Seminary of Toronto

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September 17, 2010

Auditors' Report

To His Grace Thomas Collins
Archbishop of Toronto
Chairman of the Board of Governors
St. Augustine's Seminary of Toronto

We have audited the balance sheet of St. Augustine's Seminary of Toronto as at April 30, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Seminary'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 St. Augustine's Seminary of Toronto as at April 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

St. Augustine's Seminary of Toronto

Balance Sheet

As at April 30, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash and term deposits	153,232	13,610
Restricted cash (note 8)	145,649	230,031
Accounts receivable	73,589	153,097
Due from affiliated organizations (note 5)	277,233	220,435
Supplies and prepaid expenses	100,258	36,589
	<u>749,961</u>	<u>653,762</u>
Investments		
Restricted investments (notes 3 and 4)	<u>11,191,125</u>	<u>10,105,151</u>
Capital assets (note 6)	14,099,286	13,675,671
Less		
Capital assets reserve	9,298,829	9,298,829
Accumulated amortization	<u>1,974,270</u>	<u>1,769,514</u>
	<u>2,826,187</u>	<u>2,607,328</u>
	<u>14,767,273</u>	<u>13,366,241</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	300,918	214,225
Capital lease payable (note 8)	<u>14,324</u>	<u>-</u>
	315,242	214,225
Capital lease payable (note 8)	<u>36,374</u>	<u>-</u>
Loan payable to affiliated organization (note 5)	<u>150,000</u>	<u>-</u>
Deferred contributions related to capital assets (note 7)	<u>2,417,406</u>	<u>2,301,376</u>
	<u>2,919,022</u>	<u>2,515,601</u>
Net Assets		
Ontario Student Opportunity Trust Fund (note 3)	8,276,705	7,419,324
Operative burses (note 4)	2,085,096	1,899,315
B. J. Platt Fund (note 4)	361,045	339,444
Cardinal Ambrozic Jubilee Professorship Fund (note 4)	<u>468,279</u>	<u>447,068</u>
	<u>11,191,125</u>	<u>10,105,151</u>
Unrestricted net assets	<u>657,126</u>	<u>745,489</u>
	<u>11,848,251</u>	<u>10,850,640</u>
	<u>14,767,273</u>	<u>13,366,241</u>
Approved by the Board		

Governor

Governor

St. Augustine's Seminary of Toronto

Statement of Operations

For the year ended April 30, 2010

	2010 \$	2009 \$
Revenue		
Student fees	875,178	1,116,181
Donations and bequests	89,150	150,833
Room and board	166,300	191,325
Government grant	141,368	178,801
Other	192,105	72,196
Toronto Catholic District School Board/Cardinal Newman High School	402,458	332,160
Operative bursar income	79,200	79,200
Events	35,504	68,591
Interest	-	6,391
	<u>1,981,263</u>	<u>2,195,678</u>
Expenditure		
Salaries and wages	2,055,242	2,041,180
Employee benefits	350,225	378,408
General and administrative	531,021	393,096
Utilities	438,334	418,908
Amortization of capital assets	204,756	169,740
Repairs and maintenance	174,071	211,684
Kitchen	115,661	147,107
Permanent Diaconate Program	77,213	109,387
Insurance	90,990	93,947
Student services	54,093	57,639
Student fee subsidies	37,420	25,878
Legal and audit fees	62,948	54,657
Rent	43,283	41,129
Equipment/furniture	46,240	40,056
Library acquisitions	34,779	39,495
Contracted services	29,479	19,800
	<u>4,345,755</u>	<u>4,242,111</u>
Deficiency of revenue over expenditure from operations	<u>(2,364,492)</u>	<u>(2,046,433)</u>
Grant from ShareLife (note 5)	1,500,000	1,466,667
Amortization of deferred capital contributions	116,392	87,600
Grant from Roman Catholic Episcopal Corporation (note 5)	659,737	410,026
	<u>2,276,129</u>	<u>1,964,293</u>
Deficiency of revenue over expenditure for the year	<u>(88,363)</u>	<u>(82,140)</u>

St. Augustine's Seminary of Toronto

Statement of Changes in Net Assets

For the year ended April 30, 2010

	2010	2009					
	Ontario Student Opportunity Trust Fund \$ (note 3)	Operative burses \$ (note 4)	E. J. Platt Fund \$ (note 4)	Cardinal Ambrozic Jubilee Professorship Fund \$ (note 4)	Unrestricted net assets \$	Total \$	Total \$
Balance - Beginning of year	7,419,324	1,899,315	339,444	447,068	745,489	10,850,640	13,310,273
Add							
Investment income and contributions	206,497	45,963	10,167	15,308	-	277,935	659,294
Deficiency of revenue over expenditure for the year	-	-	-	-	(88,363)	(88,363)	(82,140)
Investment income withdrawn for operating activities	(369,121)	(85,859)	(32,026)	(53,615)	-	(540,621)	(422,285)
Balance - prior to unrealized loss on available-for-sale investments	7,256,700	1,859,419	317,585	408,761	657,126	10,499,591	13,465,142
Unrealized gain (loss) on available-for-sale investments	942,150	208,196	42,596	60,005	-	1,252,947	(2,633,219)
Reclassification on adjustment for realized (gain) loss included in investment income	77,855	17,481	864	(487)	-	95,713	18,717
Balance - End of year	8,276,705	2,085,096	361,045	468,279	657,126	11,848,251	10,850,640

St. Augustine's Seminary of Toronto

Statement of Cash Flows

For the year ended April 30, 2010

	2010 \$	2009 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditure for the year	(88,363)	(82,140)
Items not affecting cash		
Amortization of capital assets	204,756	169,740
Amortization of deferred contributions to capital assets	(116,392)	(87,600)
Decrease in accounts receivable	79,508	23,655
Increase in due from affiliated organizations	(56,798)	(223,185)
(Increase) decrease in supplies and prepaid expenses	(63,669)	10,916
Increase (decrease) in accounts payable and accrued liabilities	86,693	(27,851)
	<u>45,735</u>	<u>(216,465)</u>
Investing activities		
Purchase of capital assets	(364,752)	(533,467)
Sale of restricted investments for purchase of capital assets	-	60,998
Receipt of contributions for capital assets	<u>232,422</u>	<u>669,500</u>
	<u>(132,330)</u>	<u>197,031</u>
Financing activities		
Repayment of capital lease	(8,165)	-
Loan from affiliated organization	<u>150,000</u>	<u>-</u>
	<u>141,835</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents during the year	<u>55,240</u>	<u>(19,434)</u>
Cash and cash equivalents - Beginning of year	<u>243,641</u>	<u>263,075</u>
Cash and cash equivalents - End of year	<u>298,881</u>	<u>243,641</u>
Cash and cash equivalents comprise		
Cash and term deposits	153,232	13,610
Restricted cash	<u>145,649</u>	<u>230,031</u>
	<u>298,881</u>	<u>243,641</u>

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

1 Mission and operations

St. Augustine's Seminary (the Seminary) was established in 1913 as the first major seminary constructed in English speaking Canada for the training of diocesan priests. The specific apostolate of the Seminary is the preparation of candidates for ordained priesthood in the Catholic Church. This preparation for diocesan ministerial leadership embraces and promotes spiritual formation, theological education and field training. The Seminary is also mandated to form men and women aspiring to other ministries in the Catholic Church.

The Seminary's mission is undertaken in the context of committed ecumenical engagement as a founding member of the Toronto School of Theology, affiliated with the University of Toronto.

The Seminary is a corporation without share capital incorporated under the laws of Ontario by letters patent dated September 15, 1914. The Seminary qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada).

The Roman Catholic Episcopal Corporation (the Corporation) for the Diocese of Toronto is responsible for the continued financial viability of the Seminary.

2 Summary of significant accounting policies

Revenue recognition

The Seminary follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as a direct increase in net assets.

Deferred contributions related to capital assets

Deferred contributions related to capital assets are amortized into revenue over the amortization period of the related capital asset.

Capital assets

The Corporation holds title to all of the land and buildings used by the Seminary and a portion of the land and buildings used by Cardinal Newman High School (the College). Notwithstanding that the Corporation has legal ownership of the land and buildings, the Seminary and the College control the use of the property.

All capital assets acquired are initially recorded at cost.

Up to April 30, 1997, land and buildings were reflected in the financial statements at a nominal amount of \$1 by a charge to the general reserve or deficit equal to the net property additions during the year, thereby maintaining the carrying value of the properties at \$1. Similarly, the Seminary expensed furniture and equipment in the year acquired. Subsequent to that date, capital asset additions are capitalized and amortized over their estimated useful lives as follows:

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

Buildings and building improvements	10 to 40 years
Furniture and equipment	3 to 10 years
Automobile and machinery	10 years

Proceeds arising on the sale of the land or buildings accrue to the Corporation.

Financial instruments

Investments are classified as available-for-sale and are recorded at fair value. Transaction costs are charged through the restricted investment funds and are included in investment income withdrawn for operating activities in the statement of changes in net assets.

Investment income earned or accrued and gains and losses realized on disposal are included in the statement of changes in net assets. Unrealized gains and losses from changes in fair value are reflected in the statement of changes in net assets until the time they become realized.

The fair values of cash and term deposits, restricted cash, accounts receivable, due from affiliated organizations and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The Seminary has chosen to continue to apply The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in place of the additional disclosures required by Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation.

Investments

Investments consist of a portfolio of stocks, bonds and treasury bills managed by independent investment managers in accordance with a statement of investment policy and procedures. The net change in unrealized fair value of investments flows through the statement of changes in net assets for the respective restricted funds. The fair value of securities traded in an active market is the closing bid price.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from those estimates.

Adoption of new accounting standards

- Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

Effective May 1, 2009, the Seminary adopted retrospectively the changes to the recommendations in CICA Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations, that eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

Seminary has chosen to eliminate from the financial statements details about the amount of net assets invested in capital assets and the calculation of this amount. As a result, the Seminary has reclassified the prior year's financial statements to include the amount of net assets invested in capital assets at May 1, 2008 of \$585,123 and at May 1, 2009 of \$502,983, together with the unrestricted net assets.

3 Ontario Student Opportunity Trust Fund

In August 1996, the Ministry of Education (the Ministry) announced a program to offer grants to qualifying colleges and universities under that program. The Ministry agreed to match any donations placed in an Ontario Student Opportunity Trust Fund (OSOTF) prior to April 30, 1999, to be used to assist academically qualified individuals in financial need.

The Seminary's contribution to the OSOTF amounted to \$4,332,000. This amount was equally matched by the Ministry, resulting in a principal balance of \$8,664,000.

The Seminary in its annual determination of investment income to be withdrawn from the OSOTF considers, among other factors, the amount of student fees eligible to be subsidized, the benchmark for distributions according to the Seminary's distribution policy, the retirement over time of the subsidy provided to the OSOTF by the Seminary, now standing at \$nil (2009 - \$43,398) and the maintenance over time of the principal at or above its original balance.

The schedule of changes in expendable funds available for awards based on cost is as follows:

	2010 \$	2009 \$
Balance - Beginning of year	400,352	267,382
Investment income and contribution	206,497	464,816
Bursaries awarded		
Seminarians of St. Augustine's Seminary of Toronto (2010 - 12; 2009 - 21)	(175,000)	(300,000)
Seminarians of Redemptoris Mater Missionary Seminary (2010 - 9; 2009 - 0)	(130,000)	-
Professional fees	(20,723)	(31,846)
Repayment of subsidy	(43,398)	-
Balance - End of year	237,728	400,352
Unrealized loss on expendable funds	(625,023)	(1,645,028)
Shortfall of expendable funds	(387,295)	(1,244,676)
Original principal balance	8,664,000	8,664,000
Fair value of OSOTF funds	8,276,705	7,419,324

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

The OSOTF investment portfolio is summarized as follows:

	2010		2009	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Cash	6	6	852	852
Bond pooled funds	3,203,990	3,208,208	3,375,699	3,279,487
Equity pooled funds	5,697,738	5,068,491	5,687,808	4,138,985
	8,901,734	8,276,705	9,064,359	7,419,324

4 Operative burses, E. J. Platt Fund and Cardinal Ambrozic Jubilee Professorship Fund

Operative burses consist of various endowment contributions received by the Seminary.

The E. J. Platt Fund was established in 1998 as an endowment to commemorate the 50th anniversary of the priesthood of Father E. J. Platt. The income earned is used to pay the salary of a diocesan priest who is a full-time professor in theology at the Seminary.

The Cardinal Ambrozic Jubilee Professorship Fund was established in 2006 as an endowment to commemorate the 50th Jubilee of Cardinal Ambrozic's priesthood. Its purpose is to provide financial aid to the Seminary for a portion of the expenditures of a professor on the teaching staff.

The operative burses, the E. J. Platt Fund and the Cardinal Ambrozic Jubilee Professorship Fund investment portfolios are summarized as follows:

	2010		2009	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Operative burses				
Cash	444	444	1,286	1,286
GICs	224,467	224,467	222,976	222,976
Short-term investments	54,933	54,964	53,748	54,038
Bond pooled funds	701,003	702,389	781,102	759,357
Equity pooled funds	1,230,996	1,102,832	1,192,626	861,658
	2,211,843	2,085,096	2,251,738	1,899,315
E. J. Platt Fund				
Cash	16,302	16,302	16,315	16,315
Bond pooled funds	107,260	107,586	168,692	164,187
Equity pooled funds	268,197	237,157	228,611	158,942
	391,759	361,045	413,618	339,444

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

	2010		2009	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Cardinal Ambrozic Jubilee Professorship Fund				
Cash	105	105	302	302
Bond pooled funds	137,102	139,962	211,757	209,958
Equity pooled funds	411,256	328,212	374,710	236,808
	548,463	468,279	586,769	447,068
	3,152,065	2,914,420	3,252,125	2,685,827

5 Related party transactions

The Seminary has transactions with the Corporation and an affiliate of the Corporation, ShareLife as follows:

	2010 \$	2009 \$
Corporation		
Operating grant	659,737	410,026
Capital grant	132,000	669,500
Loan payable*	150,000	-
Payable to the Seminary	277,233	220,435
ShareLife		
Operating grant	1,500,000	1,466,667

*The loan payable is non-interest bearing and is due March 31, 2014.

6 Capital assets

Land and buildings consist of the property occupied by the Seminary and the College situated at Kingston Road in Scarborough, Ontario. While the Corporation holds title to the land and buildings, the capital assets are reflected in the financial statements of the Seminary.

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

	2010			
	Cost \$	Accumulated amortization \$	Capital assets reserve \$	Net \$
Land	101,814	-	-	101,814
Buildings and building improvements prior to April 30, 1997	9,298,829	-	9,298,829	-
Buildings and building improvements subsequent to April 30, 1997	2,962,002	363,710	-	2,598,292
Furniture and equipment	1,640,587	1,585,584	-	55,003
Automobile and machinery	96,054	24,976	-	71,078
	<u>14,099,286</u>	<u>1,974,270</u>	<u>9,298,829</u>	<u>2,826,187</u>
	2009			
	Cost \$	Accumulated amortization \$	Capital assets reserve \$	Net \$
Land	101,814	-	-	101,814
Buildings and building improvements prior to April 30, 1997	9,298,829	-	9,298,829	-
Buildings and building improvements subsequent to April 30, 1997	2,668,415	253,389	-	2,415,026
Furniture and equipment	1,569,422	1,501,530	-	67,892
Automobile and machinery	37,191	14,595	-	22,596
	<u>13,675,671</u>	<u>1,769,514</u>	<u>9,298,829</u>	<u>2,607,328</u>

7 Deferred contributions related to capital assets

Consists of unamortized restricted contributions used to purchase, or restricted to purchase, building improvements.

	2010 \$	2009 \$
Balance - Beginning of year	2,301,376	1,719,476
Additional contributions received	232,422	669,500
Amounts amortized to revenue	<u>(116,392)</u>	<u>(87,600)</u>
Balance - End of year	<u>2,417,406</u>	<u>2,301,376</u>

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

8 Commitments and restricted cash

The Seminary has commitments under operating leases for property and equipment. The minimum payments under these leases are as follows:

	\$
2011	66,590
2012	32,923
2013	24,506
2014	23,041
2015	3,030
	<u>150,090</u>

Included in automobile and machinery (note 6) is a capital lease with a cost of \$58,863 (2009 - \$nil), accumulated amortization of \$2,943 (2009 - \$nil) and a net book value of \$55,920 (2009 - \$nil).

Future minimum payments under the capital lease obligations are as follows:

	\$
2011	15,604
2012	15,604
2013	15,604
2014	6,501
	<u>53,313</u>
Total minimum lease payments	53,313
Less: Portion representing interest at 2.9%	<u>2,615</u>
	<u>50,698</u>

Restricted cash relates to funds to be spent for the following purposes:

	2010 \$	2009 \$
Capital assets	52,131	197,031
Alumni fundraising - debt repayment	60,518	-
Non-capital library related acquisitions	33,000	33,000
	<u>145,649</u>	<u>230,031</u>

St. Augustine's Seminary of Toronto

Notes to Financial Statements

April 30, 2010

9 Capital management

The Seminary considers its capital to be comprised of its restricted funds and other short-term cash resources. This capital is invested in a combination of equities and other investments to provide for the long-term preservation of the restricted funds and short-term liquidity requirements of the Seminary in line with its overall objectives as set out in note 1. The investments are administered in accordance with a statement of investment policies and procedures. The restrictions on the various funds are monitored and the Seminary is currently of the view that it is in compliance with these restrictions.

10 Comparative figures

The comparative figures have been reclassified, where necessary, to conform with the presentation adopted for the current year.