



Financial Statements of

St. Jerome's University Waterloo, Ontario

Year ended April 30, 2009

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Statement of Management Responsibility

Management of St. Jerome's University is responsible for the preparation of the financial statements including the notes thereto.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles recommended by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly, in all material respects, the University's financial position as at April 30, 2009 and the results of its operations and its cash flows for the year then ended.

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

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board and its members are not officers or employees of the University. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities and to review the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance. The Committee also considers, for approval by the Board, the engagement or reappointment of the external auditors.

Financial statements for the year ended April 30, 2009 have been audited by KPMG LLP. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

AUDITORS' REPORT

To the Board of Governors of St. Jerome's University

We have audited the statement of financial position of St. Jerome's University as at April 30, 2009 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 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

Waterloo, Canada
June 30, 2009

ST. JEROME'S UNIVERSITY

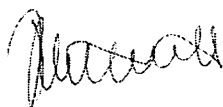
Statement of Financial Position

April 30, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 1,473,948	\$ 1,669,740
Accounts receivable (note 3)	557,520	912,847
Inventory	2,355	3,628
Prepaid expenses	32,690	31,388
Total current assets	2,066,513	2,617,603
Investments (note 4)	14,175,531	16,218,326
Capital assets (note 5)	8,849,896	7,908,353
	\$ 25,091,940	\$ 26,744,282
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 291,838	\$ 338,954
Current portion of capital lease obligation (note 6)	26,098	24,281
Total current liabilities	317,936	363,235
Capital lease obligation (note 6)	224,357	250,455
Accrued employee future benefit obligations (note 7)	2,375,922	2,252,507
Deferred contributions (note 8)	839,162	376,947
Deferred capital contributions (note 9)	413,046	443,684
Total liabilities and deferred contributions	4,170,423	3,686,828
Net assets:		
Unrestricted net assets	6,745,010	8,952,901
Internally restricted net assets (note 10)	1,000,000	1,000,000
Invested in capital assets (note 5)	8,311,729	7,334,904
Endowments (note 11)	4,864,778	5,769,649
	20,921,517	23,057,454
	\$ 25,091,940	\$ 26,744,282

See accompanying notes to financial statements.

On behalf of the Board of Governors:



Ms. Dorothee Retterath
Chair of the Board



Dr. David B. Perrin
President of the University

ST. JEROME'S UNIVERSITY

Statement of Operations

Year ended April 30, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Government grants, unrestricted	\$ 4,245,227	\$ 4,008,222
Government grants, restricted	521,497	507,056
Academic fees	4,417,762	4,097,846
Sales and services (ancillary operations)	2,806,901	2,749,925
Investment income, unrestricted (note 4)	465,611	584,852
Investment income, restricted	60,333	101,464
Donations, unrestricted	16,526	325,744
Donations, restricted	324,215	138,209
Other income	261,303	513,221
Research grant	186,294	97,349
Amortization of deferred capital contributions	39,899	42,868
	13,345,568	13,166,756
Expenses:		
Salaries and wages	5,920,554	5,667,305
Employee benefits	1,191,651	1,129,381
Supplies and other expenses	415,671	433,458
Advertising and promotional expenses	179,429	154,348
Travel	131,746	92,651
Entertainment	89,826	86,624
Professional development and training	179,965	184,301
Legal, audit and insurance	104,674	86,501
Scholarships and bursaries	323,878	303,527
Memberships	25,302	23,037
Externally contracted services	1,281,573	1,103,714
Utilities	379,671	369,587
Renovations, maintenance and equipment	810,723	784,743
Administration fee paid to University of Waterloo	1,054,174	988,917
Amortization of capital assets	652,048	586,244
	12,740,885	11,994,338
Excess of revenue over expenses	\$ 604,683	\$ 1,172,418

See accompanying notes to financial statements.

ST. JEROME'S UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2009, with comparative figures for 2008

	Unrestricted	Internally restricted	Invested in capital assets	Endowments	Total 2009	Total 2008
Net assets, beginning of year	\$ 8,952,901	\$ 1,000,000	\$ 7,334,904	\$ 5,769,649	\$ 23,057,454	\$ 22,689,305
Excess of revenue over expenses for the year	1,216,832	-	(612,149)	-	604,683	1,172,418
Change in investment in capital assets (note 5)	(1,588,974)	-	1,588,974	-	-	-
Change in classification of restricted donations (note 8)	(232,000)	-	-	-	(232,000)	-
Capital preservation of endowments (note 4)	-	-	-	24,838	24,838	74,540
Endowment contributions	-	-	-	193,376	193,376	445,513
Change in unrealized losses on available-for-sale financial assets	(1,603,749)	-	-	(1,123,085)	(2,726,834)	(1,324,322)
Net assets, end of year	\$ 6,745,010	\$ 1,000,000	\$ 8,311,729	\$ 4,864,778	\$ 20,921,517	\$ 23,057,454
Accumulated unrealized gain (losses) on available-for-sale financial assets, beginning of the year	\$ (587,617)	\$ -	\$ -	\$ (147,855)	\$ (735,472)	\$ 588,850
Accumulated unrealized losses on available-for-sale financial assets, end of year	\$ (2,191,366)	\$ -	\$ -	\$ (1,270,940)	\$ (3,462,306)	\$ (735,472)

See accompanying notes to financial statements.

ST. JEROME'S UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2009 with comparative figures for 2008

	2009	2008
Operating activities:		
Excess of revenue over expenses	\$ 604,683	\$ 1,172,418
Add non-cash items:		
Amortization of capital assets	652,048	586,244
Amortization of deferred capital contributions	(39,899)	(42,868)
Net change in non-cash working capital balances related to operations:		
Accounts receivable	355,327	(103,394)
Prepaid expenses	(1,302)	8,034
Inventory	1,273	(983)
Accounts payable and accrued liabilities	(47,116)	(73,603)
Increase in accrued employee future benefit obligations	123,415	87,428
	<u>1,648,429</u>	<u>1,633,276</u>
Investing activities:		
Purchasing of investments, net (note 4)	(684,039)	(1,694,045)
Purchasing of capital assets (note 5)	(1,499,550)	(795,129)
Purchasing of capital assets, work in progress (note 5)	(94,041)	(136,767)
	<u>(2,277,630)</u>	<u>(2,625,941)</u>
Financing activities:		
Change in lease obligation	(24,281)	(22,590)
Deferred donations for restricted purposes, net	(2,297)	(1,392)
Deferred research income, net	43,842	36,741
Deferred investment income for restricted purposes, net	188,670	(23,461)
Restricted contributions received for capital purposes, expended and not expended (note 9)	9,261	3,985
Deferred donations for capital purposes returned (note 9)	-	(112)
Endowment preservation	24,838	74,540
Endowment contributions	193,376	445,513
	<u>433,409</u>	<u>513,224</u>
Decrease in cash	(195,792)	(479,441)
Cash, beginning of year	1,669,740	2,149,181
Cash, end of year	\$ 1,473,948	\$ 1,669,740

See accompanying notes to financial statements.

ST. JEROME'S UNIVERSITY

Notes to Financial Statements

Year ended April 30, 2009

1. Description:

St. Jerome's University (the "University") is a public Roman Catholic post-secondary institution incorporated in 1865 and given university status in 1959 with subsequent amendments in 1986, 1996 and 2000 under the laws of the Province of Ontario. It has been federated with the University of Waterloo since 1960. It is dedicated to providing an undergraduate post-secondary education in the Faculties of Arts and Mathematics and to conducting research and community service.

These financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations of the University. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants, donations and other general revenue; restricted purpose endowment and non-endowment funds; and the ancillary operations, such as residences, food services, conferences and parking.

The University is a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

(a) Inventory valuations:

Supplies and other inventories are carried at the lower of cost and replacement cost, with cost determined on a first-in first-out basis.

(b) Financial instruments:

Commencing May 1, 2007, all financial instruments previously classified as investments were designated as either available-for-sale ("AFS") or held-for-trading ("HFT"). HFT securities are carried at fair value whereby changes in the fair value are reported in operations. AFS securities are carried at fair value whereby the unrealized gains and losses are recorded as a charge to net assets until sale or other-than-temporary impairment is recognized, at which point cumulative unrealized gains or losses are transferred to the statement of operations. Realized gains and losses on sale and write-downs to reflect other-than-temporary impairments in value are included in investment income.

Interest income from these securities is included in investment income and is recorded on an accrual basis.

The University accounts for all financial instruments using trade date accounting. Transaction costs related to the purchase of financial instruments are expensed as incurred.

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

The Company conducts a regular review to identify and evaluate securities that show objective indications of possible impairment. An impairment is charged to operations if the fair value of a security falls below its cost/amortized cost, and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost; financial condition and near-term prospects of the issuer; and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The University has classified its financial instruments as follows:

- Cash and short-term deposits are classified as held-for-trading.
- Accounts receivable are classified as loans and receivables.
- Investments are classified as available-for-sale.
- Accounts payable and accrued liabilities are classified as other liabilities.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributions of capital assets are recorded at fair market value at the date of contribution. Capitalized assets are amortized on a straight-line basis using the following years of expected life:

Asset	Rate
Land improvements	1 to 40 years
Buildings	40 years
Building improvements	1 to 40 years
Equipment and furnishings	5 to 10 years
Computer equipment and software	5 years
Library books	7 years
Equipment under capital lease	10 years

Work-in-progress is not amortized in the current period. The art collection is recorded at cost.

(d) Pension expense and obligations:

The University participates in the University of Waterloo registered pension plan, which is a registered multi-employer defined benefit pension plan. The plan is accounted for following the standards for defined contribution plans as allowed under Canadian generally accepted accounting principles.

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

2. Significant accounting policies (continued):

(e) Other post-employment benefit obligations:

Post-employment benefits for extended health care, life insurance and unregistered non-contributory defined benefit private payroll pension commitments related to the employees' current service are accounted for on an accrual basis. The expense is actuarially determined using the projected benefit method estimating the usage frequency and the cost of services covered and management's best estimates of salary escalation and other factors.

(f) Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

(g) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations, government grants and investment revenue. 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. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Spendable endowment investment revenues are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as a direct increase in net assets in the period in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at the point of sale or when the service has been provided.

The University recognizes all revenue when it is realized or realizable and earned. The University considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the services have been provided to the customer, the amount is fixed or determinable and collectibility is reasonably assured.

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

2. Significant accounting policies (continued):

(h) Contributed services:

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. In determining estimates, the University relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, accrued liabilities, accrued employee future benefit obligations, and deferred contributions.

3. Accounts receivable:

	2009	2008
Accounts receivable	\$ 231,119	\$ 417,404
Accrued interest receivable	101,113	122,767
Accrued tuition receivable	225,288	372,676
	<u>\$ 557,520</u>	<u>\$ 912,847</u>

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

4. Investments:

(a) Endowment investments consist of the following:

	2009	2008
Government of Canada bonds and Treasury bonds with interest varying between 3.75% and 5.25%, maturing between 2009 and 2013	\$ 135,695	\$ 695,549
Provincial and Municipal bonds with interest varying between 3.75% and 6.75%, maturing between 2009 and 2016	1,219,644	1,182,315
Corporate bonds and debentures with interest varying between 4.34% and 10.80%, maturing between 2010 and 2015	1,417,860	1,380,494
Canadian equities	1,009,391	1,138,580
Non-Canadian equities	2,021,950	2,221,579
Total market value	\$ 5,804,540	\$ 6,618,517
 Cost	 \$ 7,075,480	 \$ 6,766,372
Cost over market value	\$ 1,270,940	\$ 147,855

(b) Non-endowment investments (unrestricted and private payroll pension) consist of the following:

	2009	2008
Government of Canada bonds with interest varying between 3.0% and 5.5%, maturing between 2009 and 2012	\$ 107,912	\$ 231,909
Provincial and Municipal bonds with interest varying between 4.30% and 6.75%, maturing between 2009 and 2016	1,925,265	2,317,584
Corporate bonds and debentures with interest varying between 4.35% and 7.9%, maturing between 2009 and 2016	1,643,350	1,803,527
Canadian equities	873,952	777,807
Non-Canadian equities	3,377,278	3,912,414
TD Asset Management Inc. indexed mutual funds/CIBC Mellon	443,234	556,568
Total market value	\$ 8,370,991	\$ 9,599,809
 Cost	 \$ 10,562,357	 \$ 10,187,426
Cost over market value	\$ 2,191,366	\$ 587,617

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

4. Investments (continued):

(c) Total investments:

	2009	2008
Total investments for endowments	\$ 5,804,540	\$ 6,618,517
Total investments for non-endowments	8,370,991	9,599,809
Total market value	\$ 14,175,531	\$ 16,218,326

(d) Unrestricted investment income recorded in the statement of operations is calculated as follows:

	2009	2008
Total investment income earned	\$ 739,451	\$ 740,239
Income related to deferred restricted endowed funds	(249,002)	(80,847)
Income related to preservation of endowed funds	(24,838)	(74,540)
	\$ 465,611	\$ 584,852

5. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 50,825	\$ -	\$ 50,825	\$ 50,825
Land improvements	603,434	315,488	287,946	324,465
Buildings	7,089,731	3,239,163	3,850,568	4,006,838
Building improvements	3,948,424	1,507,156	2,441,268	1,775,547
Equipment and furnishing	1,835,791	643,215	1,192,576	754,794
Computer equipment and software	271,056	200,399	70,657	2,676
Library books	438,799	257,305	181,494	190,151
Art collection	382,080	-	382,080	382,080
Work in progress	141,384	-	141,384	136,767
Property under capital lease:				
Equipment	331,118	80,020	251,098	284,210
	\$ 15,092,642	\$ 6,242,746	\$ 8,849,896	\$ 7,908,353

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

5. Capital assets (continued):

The increase in net book value of capital assets is due to the following:

	2009	2008
Balance, beginning of year	\$ 7,908,353	\$ 7,562,701
Purchases of work in progress	94,041	136,767
Work in progress capitalized	(89,424)	(121,185)
Purchase of capital assets funded by deferred capital contributions (note 9)	-	3,985
Purchase of capital assets internally funded	1,588,974	912,329
Amortization of capital assets	(652,048)	(586,244)
Balance, end of year	\$ 8,849,896	\$ 7,908,353

The investment in capital assets consists of the following:

	2009	2008
Capital assets	\$ 8,849,896	\$ 7,908,353
Less capital assets in work in progress	(141,384)	(136,767)
Less amounts financed by deferred capital contributions	(413,046)	(443,684)
Add unspent deferred capital contributions	16,263	7,002
Balance, end of year	\$ 8,311,729	\$ 7,334,904

6. Capital lease obligation:

The University has financed certain telephone equipment by entering into a capital leasing arrangement expiring in November 2016. Capital lease repayments are due as follows:

2010	\$ 43,373
2011	43,373
2012	43,373
2013	43,373
2014	43,373
2015 and thereafter	108,436
	325,301
Less interest included in above	74,846
Net lease obligation	250,455
Less current portion	26,098
Capital lease obligation	\$ 224,357

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

6. Capital assets obligation (continued):

Interest of \$19,093, calculated at a rate of 7.24%, relating to capital lease obligations has been included in interest expense.

7. Accrued employee future benefit obligations:

	2009	2008
Unregistered post-employment non-pension accrued benefit obligation	\$ 1,809,070	\$ 1,660,143
Unregistered defined benefit private payroll pension obligation	566,852	592,364
	<u>\$ 2,375,922</u>	<u>\$ 2,252,507</u>

The University maintains an unregistered non-contributory defined benefit private payroll pension plan and post-employment non-pension benefits for most of its employees.

The unregistered non-contributory defined benefit private payroll pension plan fund will increase annually by charging the employee benefits line of the statement of operations. The first unregistered pension plan payment was made on July 1, 2002.

The accrued benefit obligations were determined by independent actuaries as at April 30, 2009.

The benefits paid to or for employees in the University's future benefit plans are as follows:

	2009	2008
	Pension benefit plans	Pension benefit plans
Registered plan (University of Waterloo multi-employer plan)	\$ 637,377	\$ 510,397
Unregistered plans	\$ 46,005	\$ 44,000

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

7. Accrued employee future benefit obligations (continued):

The expense for the University's current and future benefit plans is as follows:

	2009		2008	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Registered plan (University of Waterloo multi-employer plan)	\$ 462,336	\$ -	\$ 448,158	\$ -
Unregistered plans	\$ 28,564	\$ 383,216	\$ 13,032	\$ 335,635

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	2009		2008	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Discount rate	7.75	7.75	6.0	6.0
Rate of compensation increase	4.25	-	4.5	-
Rate of inflation	2.25	2.25	2.0	2.0

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed as at April 30, 2007. The rate of increase was assumed to gradually decrease to 5.0% in 2014 and remain at that level thereafter.

Other information about the University's current and future defined benefit plans is as follows:

	2009		2008	
	Pension benefit plans	Other benefit plans	Pension benefit plans	Other benefit plans
Employer contribution to registered plan (University of Waterloo multi-employer plan)	\$ 462,336	\$ -	\$ 448,158	\$ -
Employer contribution to unregistered plans	\$ 27,589	\$ 234,289	\$ 24,679	\$ 210,072

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

8. Deferred contributions:

Deferred contributions represent unspent externally restricted grants, investment income and donations for research and other restricted purposes. The changes in the deferred contribution balance are as follows:

	2009	2008
Balance, beginning of year	\$ 376,947	\$ 365,059
Amount recognized as revenue during the year	(570,842)	(337,022)
Amount reclassified to restricted donations	232,000	-
Amount received relating to future years	801,057	348,910
Balance, end of year	\$ 839,162	\$ 376,947

The amount reclassified to restricted donations relates to the development of the SJU Campus Ministry Restricted Fund, as approved by the Board of Governors during the year.

9. Deferred capital contributions:

The changes in the deferred capital contributions balance are as follows:

	2009	2008
Balance, beginning of year	\$ 443,684	\$ 482,679
Less amortization of deferred capital contributions	(39,899)	(42,868)
Less contributions spent for capital purposes	-	(112)
Add contributions received and expended for capital purposes	-	3,985
Add contributions received for capital purposes not expended	9,261	-
Balance, end of year	\$ 413,046	\$ 443,684

10. Internally restricted net assets:

	2009	2008
Major renovations	\$ 1,000,000	\$ 1,000,000

Internally restricted net assets are amounts available for spending at the discretion of the Board of Governors. Major renovations reflects monies transferred from the unrestricted net assets and are intended to be used by the University to assist in financing any extraordinary University renovation that cannot be funded by donations or by the current operating budget.

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

11. Endowments:

Contributions restricted for endowments consist of restricted donations received by the University and donations internally designated by the Board of Governors, in the exercise of its discretion. The endowment principal is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by donors or the Board of Governors. The University ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

University policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income available for spending and requiring the reinvestment of an amount of the earned income equal to the average percentage change (last 12 months) in the consumer price index for Canada prepared by Statistics Canada. This preservation of capital is \$24,838 for 2009 (2008 - \$74,540).

External donations are recorded as a direct increase of endowments.

Contributions restricted for endowments consist of the following:

	2009	2008
Ignatian	\$ 12,938	\$ 12,884
Devlin	30,607	30,482
Faculty position, English	22,289	22,131
M.A. in Catholic Thought and Life	824,466	818,725
J. Wintermeyer lecture	53,265	51,557
T. Dease lecture	29,794	29,680
Scarborough Mission	27,624	27,517
Catholic board lecture	12,973	12,920
Todd Earl spirit award	7,444	6,930
John Sweeney lecture	6,588	6,561
Quantum Computations Research	5,445	4,624
M. Higgins Lecture	22,985	22,655
Spalding Lecture # 1	51,223	61,296
Spalding Lecture # 2	51,147	-
Beyond Borders	3,580	-
Ontario Student Opportunity Trust Fund Bursaries Phase I	973,578	969,553
Ontario Student Opportunity Trust Fund Bursaries Phase II	212,208	211,332
Ontario Trust Student Support	1,016,673	890,086
Scholarship/bursaries	2,770,891	2,738,571
Contributions at cost	\$ 6,135,718	\$ 5,917,504
Unrealized loss (note 4)	\$ (1,270,940)	\$ (147,855)
Contributions at market value	\$ 4,864,778	\$ 5,769,649

ST. JEROME'S UNIVERSITY

Notes to Financial Statements, continued

Year ended April 30, 2009

11. Endowments (continued):

The Ontario Student Opportunity Trust Fund Phase I consists of the following:

	2009	2008
Endowment Funds Phase I		
Balance, beginning of year	\$ 969,553	\$ 955,793
Investment income re Capital Preservation	4,025	13,760
Balance, end of year (A)	\$ 973,578	\$ 969,553
Expendable Funds Phase I		
Balance, beginning of year	\$ 28,298	\$ 28,833
Investment income	39,187	13,365
Bursaries awarded (total number: 2009 - 13; 2008 - 35)	(5,650)	(13,900)
Balance, end of year (B)	\$ 61,835	\$ 28,298
Endowment total based on book value (A+B)	\$ 1,035,413	\$ 997,851

The market value of the endowed funds of \$1,035,413 (book value), related to the Ontario Student Opportunity Trust Fund Phase I as at April 30, 2009, was \$841,924 (2008 - \$966,169).

12. Financial instruments:

Fair value of financial assets and financial liabilities:

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities approximate the respective fair value due to the short period to maturity of those instruments.

Investments are recorded at fair value.

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Notes to Financial Statements, continued

Year ended April 30, 2009

13. Capital management:

The University's objectives, when managing capital, are to safeguard its ability to continue as a going concern in order to pursue the delivery of a variety of services. In the management of capital, the University included the fund balances, as well as cash. The University manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the University may consider raising additional funds or reduce expenses. In order to facilitate the management of its capital requirements, the University prepares annual expenditure budgets that are updated as necessary depending on various factors, including fundraising campaigns and general governmental conditions. The annual budgets are approved by the Board of Directors.

The University has not changed its approach to capital management during the current year. The University expects that it will be necessary to receive funds from the government during the current fiscal year to meet its budgeted operations.

Heading into the next year, the University will continue to manage its finances responsibly. The challenges for the next year are as follows:

- the variability of investment returns and the potential impact on future endowment distributions;
- fundraising as a result of current economic conditions;
- the increasing pressures on salary and benefit costs;
- the implications of potential changes in government grant funding allocations;
- the uncertainty associated with the tuition fee framework beyond 2010.

These challenges are expected to impact through fiscal year 2009-2010 and beyond.