Financial Statements of

HURON UNIVERSITY COLLEGE

April 30, 2005

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Auditors' Report

The Executive Board of
Huron University College

We have audited the following financial statements of Huron University College:

Statement of Operations for the year ended April 30, 2005

Statement of Financial Position as at April 30, 2005

Statement of Changes in Net Assets for the year ended April 30, 2005

Statement of Cash Flows for the year ended April 30, 2005

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, 2005 and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 3, 2005

TABLE OF CONTENTS

HURON UNIVERSITYCOLLEGE
Statement of Operations
Year ended April 30, 2005

	2005	2004 (Restated)
REVENUE		
Student fees	$ **5,723,519**	$ 5,443,064
Government grants	**4,556,047**	3,784,844
	10,279,566	9,227,908
Ancillary net income (Note 9)	**560,104**	674,933
External trust	**61,398**	64,156
Foundation transfer (Note 10)	**470,729**	339,533
	1,092,231	1,078,622
Other revenue (Note 11)	**728,279**	584,189
Gain on sale of capital asset	**1,364**	-
Total Revenue	**12,101,440**	10,890,719
EXPENDITURES		
Salaries and benefits - faculty	**5,114,975**	4,791,792
Salaries and benefits - staff	**1,312,499**	1,190,012
Registrarial	**487,978**	531,441
Academic instructional	**645,898**	620,902
UWO fees	**725,047**	608,906
	8,286,397	7,743,053
Scholarships and bursaries	**803,884**	933,940
Building costs - academic	**416,525**	355,912
General administration	**414,750**	411,226
Alumni development	**268,970**	267,099
	1,904,129	1,968,177
Total Operating Expenditures	**10,190,526**	9,711,230
EXCESS OF REVENUES OVER EXPENDITURES BEFORE UNDERNOTED	**1,910,914**	1,179,489
Depreciation	**1,058,898**	927,638
EXCESS OF REVENUE OVER EXPENDITURE	$ **852,016**	$ 251,851

HURON UNIVERSITY COLLEGE
Statement of Financial Position
April 30, 2005

		2005		2004 (Restated)
ASSETS				
CURRENT				
Accounts receivable	$	**1,259,180**	$	334,222
Prepaid expenses		**-**		17,129
Due from Huron University College Foundation		**61,722**		17,475
		1,320,902		368,826
CAPITAL (Note 3)		**15,010,572**		13,788,164
	$	**16,331,474**	$	14,156,990
LIABILITIES				
CURRENT				
Bank indebtedness (Note 4)	$	**1,731,086**	$	1,737,202
Demand loans (Note 4)		**1,359,743**		1,400,000
Accounts payable and accrued liabilities		**287,432**		622,137
Advance tuition and residence deposits		**414,792**		555,369
Deferred revenue		**9,908**		33,305
Current portion of long-term debt (Note 6)		**258,677**		216,541
		4,061,638		4,564,554
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)		**3,559,417**		3,245,564
DEFERRED REVENUE		**91,909**		251,442
LONG-TERM DEBT (Note 6)		**2,710,780**		1,127,244
EMPLOYEE FUTURE BENEFITS (Note 7)		**297,218**		277,834
		10,720,962		9,466,638
NET ASSETS				
Invested in capital assets		**7,483,800**		7,798,815
Unrestricted		**(1,873,288)**		(3,108,463)
		5,610,512		4,690,352
	$	**16,331,474**	$	14,156,990

APPROVED BY THE BOARD:

________________________ Director

________________________ Director

HURON UNIVERSITY COLLEGE
Statement of Changes in Net Assets
Year ended April 30, 2005

	2005			2004		
	Invested in Capital Assets	Unrestricted	Total	Invested in Capital Assets	Unrestricted	Total
BALANCE, BEGINNING OF YEAR						
As previously reported	$ 7,610,975	$ (3,108,463)	$ 4,502,512	$ 7,122,130	$ (2,796,815)	$ 4,325,315
Restatement of prior years (Note 16)	187,840	-	187,840	113,186	-	113,186
As restated	7,798,815	(3,108,463)	4,690,352	7,235,316	(2,796,815)	4,438,501
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	852,016	852,016	-	251,851	251,851
Depreciation of capital assets	(1,058,898)	1,058,898	-	(927,638)	927,638	-
Amortization of deferred contributions	209,666	(209,666)	-	204,221	(204,221)	-
Capital assets acquired from own funds	104,106	(104,106)	-	1,082,720	(1,082,720)	-
Disposal of capital assets	-	-	-	(4,247)	4,247	-
Contributed capital asset	68,144	-	68,144	-	-	-
	(676,982)	1,597,142	920,160	355,056	(103,205)	251,851
Repayment of long-term debt (Note 6)	224,328	(224,328)	-	208,443	(208,443)	-
Repayment of demand loan (Note 4)	137,639	(137,639)	-	-	-	-
	(315,015)	1,235,175	920,160	563,499	(311,648)	251,851
BALANCE, END OF YEAR	$ 7,483,800	$ (1,873,288)	5,610,512	$ 7,798,815	$ (3,108,463)	$ 4,690,352

HURON UNIVERSITY COLLEGE
Statement of Cash Flows
Year ended April 30, 2005

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenditures	$ **852,016**	$ 251,851
Items not involving cash:		
Depreciation of capital assets	**1,058,898**	927,638
Amortization of deferred capital contributions	**(209,666)**	(204,221)
(Gain) loss on disposal of capital assets	**(1,364)**	1,717
Employee future benefits	**19,384**	106,000
Change in non-cash working capital items (Note 12)	**(1,450,755)**	333,729
	268,513	1,416,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to capital assets	**(2,213,162)**	(2,545,202)
Proceeds of disposal of capital assets	**1,364**	2,530
Increase in deferred capital contributions	**523,519**	362,483
	(1,688,279)	(2,180,189)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in deferred revenue	**(159,533)**	35,712
Proceeds from long-term debt	**1,850,000**	-
Repayment of long-term debt	**(224,328)**	(208,443)
Proceeds from demand loans	**209,743**	1,100,000
Repayment of demand loans	**(250,000)**	-
	1,425,882	927,269
INCREASE IN BANK INDEBTEDNESS	**6,116**	163,794
BANK INDEBTEDNESS, BEGINNING OF YEAR	**(1,737,202)**	(1,900,996)
BANK INDEBTEDNESS, END OF YEAR	$ **(1,731,086)**	$ (1,737,202)

1. PURPOSE OF THE ORGANIZATION

Huron University College ("the University") is a university institution with undergraduate programs in Arts and Social Sciences, and graduate programs in Theology. The University is affiliated with The University of Western Ontario and closely associated with the Anglican Church of Canada. The University is incorporated under the statutes of the Province of Ontario. The University is a not-for-profit organization under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Revenue recognition

The University 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 received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are carried at cost. When an asset is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recognized in operations for the year.

The carrying amount of a capital asset not being depreciated because it is under construction or development is classified as work-in-process. Depreciation expense is calculated upon completion of construction and allocation of the asset to its appropriate capital asset account.

The University changed its estimate of the useful lives of computer equipment effective May 1, 2004 from 5 years to 4 years. This change in estimate has been applied prospectively.

Depreciation expense is calculated on all depreciable assets based on the following methods, utilizing estimated lives according to Canadian Association of University Business Officers guidelines for Canadian colleges and universities as follows:

Buildings	5% declining balance
Equipment and furniture	10 years straight line
Computer equipment	4 years straight line
Library books	5 years straight line
Food court	5% declining balance

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred capital contributions

Effective May 1, 1997 contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets. Contributions related to capital assets acquired prior to fiscal 1998 are not reasonably determinable and therefore, the change in policy was applied prospectively.

Employee future benefits

The University provides a Retirement Gratuity Plan, which is a defined benefit plan. Benefits from the Gratuity Plan are provided only to participants who had benefits under the Standard Life Group Annuity plan as at December 31, 1986, only if the participant invests his/her defined contribution account in accordance with plan provisions and meets all other conditions necessary for receiving such benefits. The service cost and accrued benefit obligation of the Gratuity Plan is actuarially determined using a modified form of the projected unit credit actuarial cost method pro-rated on services. The employees of the University are also eligible to be members of the University of Western Ontario ("UWO") Academic and Staff/Management Pension Plan, which is a defined contribution plan.

Use of estimates

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

3. CAPITAL ASSETS

	2005			2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	**$ 325,458**	**$ -**	**$ 325,458**	$ 257,312
Building	**20,471,684**	**8,078,890**	**12,392,794**	10,249,480
Equipment and furniture	**3,447,004**	**2,793,096**	**653,908**	646,871
Computer equipment	**527,262**	**371,899**	**155,363**	157,639
Library books	**1,322,311**	**942,855**	**379,456**	397,137
Food court	**2,042,273**	**938,680**	**1,103,593**	1,161,645
Work-in-process	**-**	**-**	**-**	918,080
	$ 28,135,992	**$ 13,125,420**	**$ 15,010,572**	$ 13,788,164

4. BANK INDEBTEDNESS AND DEMAND LOANS

	2005	2004
Bank indebtedness		
Unsecured demand loan bearing interest at prime less 0.25%	**$ 1,375,000**	$ 1,500,000
Bank overdraft	**356,086**	237,202
	$ 1,731,086	$ 1,737,202

	2005	2004
Demand loans		
Unsecured demand loan bearing interest at prime less 0.125% - Superbuild	**$ 400,000**	$ 650,000
Unsecured demand loan bearing interest at prime less 0.25% - New residence	**959,743**	750,000
	$ 1,359,743	$ 1,400,000

Of the demand loan repayment made, $112,361 was funded through external contributions and $137,639 was repaid using the University's own funds.

Security

No specific security has been pledged, but the University agrees not to encumber any real estate assets without the bank's prior written consent.

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred Capital Contributions

	2005	2004
Balance, beginning of year	**$ 1,827,046**	$ 1,828,494
Faciltiy renewal/infrastructure capital grant	**59,221**	59,221
Huron University College Foundation capital contribution	**56,274**	28,895
Other capital contributions	**-**	9,992
Total contributions received	**115,495**	98,108
Amortized to operations	**(102,598)**	(99,556)
	$ 1,839,943	$ 1,827,046

5. DEFERRED CAPITAL CONTRIBUTIONS (continued)

Unapplied Deferred Capital Contributions

	2005	2004
Balance, beginning of year	$ -	$ -
Facility renewal	**295,664**	-
Balance, end of year	**$ 295,664**	$ -

Deferred Superbuild Capital Contributions

	2005	2004
Balance, beginning of year	**$ 1,418,518**	$ 1,258,808
Contributions	**112,361**	264,374
Amortized to operations	**(107,069)**	(104,664)
	5,292	159,710
Balance, end of year	**1,423,810**	1,418,518
Total deferred capital contributions	**$ 3,559,417**	$ 3,245,564

Deferred contributions related to capital assets represent restricted contributions to fund capital projects

6. LONG-TERM DEBT

	2005	2004
Food court loan		
Non-revolving term bank loan bearing interest at 5.3% per annum, payable in full by December 31, 2006. Combined principal and interest payments of $16,873 are required monthly until the maturity date, with a final payment of the balance of principal and interest outstanding due on the maturity date. Security as described in Note 4.	**714,824**	$ 874,756
O'Neil/Ridley residence loan		
Non-revolving term bank loan bearing interest at prime less 1/8%, payable in full by August 31, 2007. Principal payments of $4,714 plus interest commencing September 2002 are required monthly until the maturity date, with a final payment of the balance of principal and interest outstanding due on the maturity date. Security as described in Note 4.	**412,461**	469,029
Southwest residence loan		
Non-revolving term bank loan bearing interest at 5.98% per annum, payable in full by January 31, 2015. Combined principal and interest payments of $11,916 are required monthly until the maturity date, with a final payment of the balance of principal and interest outstanding due on the maturity date. Security as described in Note 4.	**1,842,172**	-
	2,969,457	1,343,785
Less current portion	**258,677**	216,541
	$2,710,780	$ 1,127,244

Principal repayments made during the year were as follows:

	2005	2004
Food court loan	**$ 159,932**	$ 151,875
O'Neil/Ridley residence loan	**56,568**	56,568
Southwest residence loan	**7,828**	
	$ 224,328	$ 208,443

6. LONG-TERM DEBT (continued)

The principal repayments over the remaining term of the loans are as follows:

2006	**$ 258,677**
2007	**269,898**
2008	**705,365**
2009	**40,023**
2010	**42,490**
Thereafter	**1,653,004**
	$ 2,969,457

7. EMPLOYEE FUTURE BENEFITS

Employer contributions made to the defined contribution plan during the year amounted to $416,964 (2004- $384,296).

Retirement Gratuity Plan

The University does not provide any other material post retirement non-pension benefits or post-employment benefits to its employees.

The accrued benefit obligation was measured as at May 1, 2003 and was extrapolated for the estimated balance at April 30, 2005. The effective date of the most recent valuation is May 1, 2003 and the effective date of the next required valuation is May 1, 2006.

Information about the University's retirement gratuity plan, which is a defined benefit plan as at April 30, is as follows:

	2005	2004
Change in accrued benefit obligation		
Accrued benefit liability at beginning of year	**277,834**	171,834
Current service cost	**24,403**	22,900
Interest cost	**35,029**	35,600
Amortization of transition asset	**(9,705)**	(12,100)
Amortization of experience losses	**50,702**	59,600
Effect of settlement	**(81,045)**	-
Unamortized experience losses	**744,877**	647,000
Unamortized transition asset	**(53,477)**	(84,334)
Accrued benefit obligation at end of year	**$ 988,618**	$ 840,500

7. EMPLOYEE FUTURE BENEFITS (continued)

	2005	2004
Funded Status		
Funded status - deficit	$ **988,618**	$ 840,500
Unamortized experience losses	**(744,877)**	(647,000)
Unamortized transition asset	**53,477**	84,334
Net accrued benefit liability	$ **297,218**	$ 277,834

The Retirement Gratuity Plan has no assets. There were no contributions made during the year to the plan and no benefits were paid out of the plan.

The University's net benefit plan expense includes the following components:

	2005	2004
Current service cost	$ **24,403**	$ 22,900
Interest cost	**35,029**	35,600
Amortization of transition asset	**(9,705)**	(12,100)
Amortization of experience losses	**50,702**	59,600
Settlement loss	**123,534**	-
Net benefit plan expense	$ **223,963**	$ 106,000

The significant weighted-average assumptions used in measuring the University's accrued benefit pension obligation as at April 30, 2005 was as follows:

	2005	2004
Discount rate	**4.7%**	5.1%
Expected rate of return on plan assets	**4.8%**	5.0%
Rate of compensation increase	**3.5%**	3.5%

8. COMMITMENTS

Lease obligation

The University is obligated to make a series of payments on leases with respect to certain office equipment. The minimum lease payments are as follows:

2006	**$**	**50,089**
2007		**50,089**
2008		**44,100**
2009		**30,493**

9. ANCILLARY OPERATIONS

Ancillary operations include the operations of residence, conference facilities and parking facilities. The operations of these facilities are included in the Statement of Operations and are summarized as follows:

	2005	2004
Ancillary revenue		
Residence fees and rentals	**$ 1,255,671**	$ 1,518,298
Conference	**351,904**	130,480
Parking	**279,424**	253,072
Food court	**218,025**	218,073
	2,105,024	2,119,923
Interest on long-term debt	**88,076**	70,546
Residence salary and benefits	**382,961**	372,289
Conference salary and benefits	**14,627**	16,708
Building costs	**773,545**	841,252
Conference food costs	**210,516**	64,424
Other costs	**75,195**	79,771
	1,544,920	1,444,990
Ancillary net income	**$ 560,104**	$ 674,933

10. TRANSACTIONS WITH HURON UNIVERSITY COLLEGE FOUNDATION

The purpose of Huron University College Foundation ("the Foundation") is to administer money received for the benefit of the University. The Foundation was incorporated in Ontario on June 12, 1979 as a not for profit organization and is a registered charity under the Income Tax Act. The Foundation administers certain Trust and Endowment Funds on behalf of the University for the purposes of pooling investment funds to maximize return and minimize costs. The decision-making as to the use of the University Trust and Endowment income rests with the Executive Board of the University.

The Board of Directors of the Foundation approved the transfer to Huron University College of $639,363 (2004 - $632,802) for the year ended April 30, which can be detailed as follows:

	2005	2004
Huron University College Foundation		
Trust and Endowment Fund	$ 47,917	$ 60,000
Foundation Fund	422,812	279,533
Capital Contributions	56,273	86,956
Foundation Superbuild	112,361	206,313
	639,363	632,802
Deferred Capital Contributions	(168,634)	(293,269)
	$ 470,729	$ 339,533

The University has a significant economic interest in the Foundation in that the Foundation solicits funds in the name of and with the expressed or implied approval of the University and substantially all of the funds solicited are intended by the contributor to be transferred to the University.

The Foundation has not been consolidated in the University's financial statements. A financial summary of the Foundation as at December 31, 2004 and December 31, 2003 and the years then ended is as follows:

10. TRANSACTIONS WITH HURON UNIVERSITY COLLEGE FOUNDATION (continued)

Huron University College Foundation

Balance Sheet

	2004	2003
Assets		
Investments, at market	**$7,361,069**	$ 6,063,867
Other assets	**54,504**	341,815
	$7,415,573	$ 6,405,682
Liabilities	**$ 400,833**	$ 433,790
Fund Balances		
Huron University College Trust and Endowment	**2,168,866**	2,020,877
Capital Campaign	-	(15,688)
Foundation	**4,845,874**	3,966,703
	7,014,740	5,971,892
	$7,415,573	$ 6,405,682

Statement of Operations

	2004	2003
Revenue	**$ 1,087,564**	$ 406,299
Expenditures	**(43,370)**	(34,344)
Excess of revenue over expenditures	**1,130,934**	371,955
Disbursed to Huron University College	**(770,397)**	(620,026)
Unrealized capital gain	**682,311**	1,286,641
Net increase in fund balances	**$ 1,042,848**	$ 1,038,570

11. OTHER REVENUE

	2005	2004
Amortization of deferred contributions	**$ 209,666**	$ 204,221
Diocesan grant	**97,873**	108,305
Other academic revenue	**338,967**	199,300
Miscellaneous revenue	**81,773**	72,363
	$ 728,279	$ 584,189

12. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

		2005		2004
Accounts receivable	$	**(924,958)**	$	21,212
Prepaid expenses		**17,129**		(7,958)
Due from Huron University College Foundation		**(44,247)**		150,239
Accounts payable and accrued liabilities		**(334,705)**		309,539
Advance tuition and residence deposits		**(140,577)**		(172,608)
Deferred revenue		**(23,397)**		33,305
	$	**(1,450,755)**	$	333,729
Interest paid	$	**210,985**	$	138,949

13. FINANCIAL INSTRUMENTS

Fair values

The University's short-term financial instruments, comprised of cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, are carried at cost which, due to their short-term nature, approximate their fair value. The carrying value of the long-term debt does not necessarily approximate its fair value. It would not be cost effective to determine the fair value of the debt.

Interest rate risk

The University's exposure to interest rate risk lies in its debt obligations.

14. ONTARIO STUDENT OPPORTUNITY TRUST FUNDS

The Ontario Student Opportunity Trust Funds ("OSOTF") program was established by the Government of Ontario during 1997 to encourage companies and individuals to contribute funds for Ontario's college and university students. Prior to March 31, 2000, all eligible donations made to the University were matched by the Province on a dollar for dollar basis as cash was received. The matching donations ceased as of March 31, 2000. The University allocates investment income to the fund based on its annual opening balance. Activity in this fund is included in the Huron University College Foundation.

The Ministry of Training, Colleges and Universities no longer requires institutions to submit a separate audit report with respect to the OSOTF program, however, it requires that the year-end OSOTF Report must be included in the institution's financial statements. Therefore, these OSOTF schedules have been included with the University's financial statements.

15. TRUST FUNDS

The University is the beneficiary of the income from certain trusts administered on its behalf. The University equally shares the beneficiary of the Colonel Leonard trust with another college.

The income from these trusts flows directly to the University. At April 30th, the book value and market value of the assets contained in the trusts was:

	2005		2004	
	Cost	Market Value	Cost	Market Value
Colonel Leonard	**$ 514,625**	**$ 535,057**	$ 516,510	$ 528,079
Sarah Leonard	**694,497**	**683,524**	705,609	689,063
Diocese of Huron	**170,696**	**206,243**	170,696	202,500
Trusts administered on behalf of Huron University College	**$1,379,818**	**$1,424,824**	$ 1,392,815	$ 1,419,642

16. RESTATEMENT OF PRIOR YEAR FIGURES

The University determined that depreciation expense calculated during 1998-2004 had been overstated. Consequently, the balance of capital assets and invested in capital assets has been increased by $187,840 and the 2004 financial statements were restated. In addition, previously reported capital assets and invested in capital assets has been increased by $113,186 as at May 1, 2003. The restatement had no impact on the unrestricted fund.

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current presentation.

HURON UNIVERSITY COLLEGE
ONTARIO STUDENT OPPORTUNITY TRUST FUNDS

Schedule of Changes in Endowment Fund Balance
Year ended December 31, 2004

Fund balance, beginning of year and end of year	$ 549,192

Schedule of Changes in Expendable Funds Available for Awards
Year ended December 31, 2004

Balance, beginning of year	$ (17,471)
Net return on investment	56,292
Bursaries awarded	(27,649)
Balance, end of year	$ 11,172
Number of awards	18