

**THE TORONTO SCHOOL OF THEOLOGY**

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2008 Financial Statements

**THE TORONTO SCHOOL OF THEOLOGY**  
2008 Financial Statements

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## Auditors' Report

### To the Trustees of The Toronto School of Theology

We have audited the statement of financial position of **The Toronto School of Theology** as at April 30, 2008 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the company'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 company as at April 30, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The 2007 financial statements were reported upon by another firm of chartered accountants.

*PKF Hill LLP*

Chartered Accountants, Licensed Public Accountants  
June 12, 2008

# THE TORONTO SCHOOL OF THEOLOGY

Statement of Financial Position as at April 30

	2008				2007	
	General Funds	Restricted Funds	Property Fund	Endowment Funds (note 7)	Total	Total
<b>ASSETS</b>						
Current assets						
Cash	\$ 88,215	45,938	-	(109,268)	\$ 24,885	\$ 4,791
Accounts receivable	24,017	256,113	-	109,268	389,398	500,257
Prepaid expenses	5,787	-	-	-	5,787	4,062
	118,019	302,051	-	-	420,070	509,110
Investments (note 4)	252,052	163,429	-	1,057,679	1,473,160	1,344,214
Property and equipment (note 5)	2,552	-	347,228	-	349,780	333,416
	\$ 372,623	465,480	347,228	1,057,679	\$ 2,243,010	\$ 2,186,740

## LIABILITIES AND FUND BALANCES

Current liabilities						
Accounts payable and accrued liabilities	\$ 72,293	269,042	-	-	\$ 341,335	\$ 540,704
Deferred revenue	34,744	-	-	-	34,744	30,616
	107,037	269,042	-	-	376,079	571,320
Fund balances						
Unappropriated	90,513	-	347,228	-	437,741	331,023
Board appropriated (notes 6 and 7)	175,073	-	-	150,380	325,453	350,615
Externally restricted	-	196,438	-	907,299	1,103,737	933,782
	265,586	196,438	347,228	1,057,679	1,866,931	1,615,420
	\$ 372,623	465,480	347,228	1,057,679	\$ 2,243,010	\$ 2,186,740

See accompanying notes

On behalf of the Board:

Trustee

Trustee

**THE TORONTO SCHOOL OF THEOLOGY**  
Statement of Operations and Changes in Fund Balances  
Year Ended April 30

	2008				2007	
	General Fund (schedule 1)	Restricted Fund (schedule 2)	Property Fund	Endowment Fund	Total	Total (note 13)
<b>Revenue</b>						
Grants - Ministry of Training, Colleges and Universities						
Operating Grant	\$ -	2,548,202	-	-	\$ 2,548,202	\$ 2,560,940
Tuition Freeze Grant	10,943	113,074	-	-	124,017	123,902
Facilities Renewal Program	-	89,503	6,525	-	96,028	96,028
OTSS Grant	-	255,517	-	109,268	364,785	338,123
Capital Renewal Program	-	485,749	-	-	485,749	-
Assessments						
Members (note 10)	566,016	-	-	-	566,016	440,434
Affiliated members	14,398	-	-	-	14,398	12,307
Academic fees	209,411	16,438	-	-	225,849	113,380
Other program revenue	14,188	19,000	-	-	33,188	47,133
Grants and gifts	51,054	9,544	500	152,074	213,172	221,554
Rental	102,695	-	-	-	102,695	78,761
Investments (note 4)	(3,721)	(15,368)	-	-	(19,089)	176,299
Other	19,556	7,500	-	-	27,056	33,243
	984,540	3,529,159	7,025	261,342	4,782,066	4,242,104
<b>Expenditures</b>						
Distribution to member institutions						
- MTCU (note 9)						
Operating Grants	-	2,548,202	-	-	2,548,202	2,560,940
Tuition Freeze Grant	-	113,074	-	-	113,074	112,323
Facilities Renewal Program	-	89,503	-	-	89,503	89,503
OTSS Grant	-	255,517	-	-	255,517	318,123
Capital Renewal Program	-	452,742	-	-	452,742	-
Other distributions to member institutions (schedule 2)	-	35,438	-	-	35,438	26,577
Personnel	652,575	29,438	-	-	682,013	527,520
Program	89,569	4,967	-	-	94,536	171,570
Office	60,007	2,443	-	-	62,450	69,735
Scholarships and bursaries	9,750	31,050	-	-	40,800	33,300
Legal and audit	9,965	-	-	-	9,965	11,149
Utilities	29,286	-	-	-	29,286	28,363
Plant	46,223	-	-	-	46,223	38,863
Amortization	2,552	-	47,020	-	49,572	42,753
Investment fees	10,129	11,105	-	-	21,234	17,629
	910,056	3,573,479	47,020	-	4,530,555	4,048,348
Net revenue	74,484	(44,320)	(39,995)	261,342	251,511	193,756
Fund balances, beginning of year	250,013	240,758	328,312	796,337	1,615,420	1,421,664
Interfund transfers (note 8)	(58,911)	-	58,911	-	-	-
Fund balances, end of year	\$ 265,586	196,438	347,228	1,057,679	\$ 1,866,931	\$ 1,615,420

See accompanying notes

# THE TORONTO SCHOOL OF THEOLOGY

Notes to Financial Statements  
Year Ended April 30, 2008

## 1. Purpose of the Organization

The Toronto School of Theology (the "School") is a federation of seven theological schools situated in Toronto, Canada. Four other theological institutions in southern Ontario are affiliated members. The School administers the advanced degree programs in theology for its seven member schools and co-ordinates their basic degree programs.

The School is a fully accredited member of The Association of Theological Schools. It is incorporated under the Ontario Business Corporations Act as a not-for-profit organization and is a registered charity under both the Canadian Income Tax Act and the United States Internal Revenue Service. The School is located at 47 Queen's Park Crescent in Toronto and has a licence to occupy this location until June 28, 2026.

## 2. Change in Accounting Policy

On May 1, 2007, the School adopted the new provisions of The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement, which addresses the classification, recognition and measurement of financial instruments in the financial statements. The new provisions require all financial instruments, on initial recognition to be measured at fair value and that their subsequent measurement be recorded at fair value or amortized cost using the effective interest rate method. There was no impact to the financial statements as a result of adopting the standard.

## 3. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

### 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### Fund accounting

The School follows the restricted fund method of accounting for grants and gifts revenue.

The General Fund accounts for the School's program delivery and administrative activities. This fund reports unrestricted resources and restricted amounts used in general operations.

The Restricted Fund discloses investment revenue earned on endowment capital, restricted non-endowment contributions and restricted fund balances.

The Property Fund records leasehold improvements.

The Endowment Fund accounts for externally restricted grants and gifts of capital which must be permanently maintained.

# THE TORONTO SCHOOL OF THEOLOGY

Notes to Financial Statements  
Year Ended April 30, 2008

## 3. Summary of Significant Accounting Policies - continued

### Financial instruments

The School's financial instruments consist of cash, accounts receivable, investments and accounts payable.

The carrying value of the School's cash, accounts receivable and accounts payable approximates fair value due to their short-term maturities.

Investments in pooled investment funds are valued at market value.

It is management's opinion that the School is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives on a straight-line basis. The annual amortization rates are as follows:

Office and computer	-	3 years
Leasehold improvements	-	10 years

### Revenue recognition

Gifts and grants related to general funds are recognized as revenue of the appropriate general fund in which the related expenses are incurred. Restricted grants and gifts are recognized as revenue of the appropriate restricted or endowment fund.

Unrestricted grants and gifts are recognized as general fund revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment revenue earned on endowment asset and their respective restricted fund balances is recognized as revenue of the appropriate restricted fund. Other investment revenue is reported as revenue of the appropriate general fund when earned.

Program fees are recognized as revenue of the appropriate general fund when the programs are held.

### Accounting changes

The Canadian Institute of Chartered Accountants has issued the following Accounting Handbook Section which the Organization will be required to adopt effective April 30, 2009. The adoption of the new standard is not expected to have a material impact on the financial statements..

Section 3862, Financial Instruments - Disclosures, places an increased emphasis on risk disclosures. This section also requires enhanced disclosures for financial instruments.

# THE TORONTO SCHOOL OF THEOLOGY

Notes to Financial Statements  
Year Ended April 30, 2008

## 4. Investments

Description	Units	Market Value	Investment Loss
McLean Budden Private Balanced Fund	138,541	\$ 1,473,160	\$ (19,089)

As at April 30, 2008, the Balanced Fund consisted of Canadian equities (18.5%), foreign equities (37.3%), fixed income securities (38.5%) and cash (5.7%). The Balanced Fund is in conformity with the School's Investment Policy.

## 5. Property and Equipment

Property and equipment consists of the following:

	2008			2007
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements	\$ 472,849	125,621	\$ 347,228	\$ 328,312
Office and computer equipment	7,656	5,104	2,552	5,104
	<u>\$ 480,505</u>	<u>130,725</u>	<u>\$ 349,780</u>	<u>\$ 333,416</u>

## 6. Board Appropriated Funds

The School's Board of Trustees has appropriated the following funds, which are to be used for the School's general activities.

	2008	2007
Sabbatical Fund	\$ 60,350	\$ 100,043
J.T. Weir Memorial Fund	37,540	40,167
C.L. Gundy Fund	52,183	56,240
Director's Research Fund	-	3,785
Website Development Fund	25,000	-
	<u>\$ 175,073</u>	<u>\$ 200,235</u>

# THE TORONTO SCHOOL OF THEOLOGY

Notes to Financial Statements  
Year Ended April 30, 2008

## 7. Endowment Funds

	2008	2007
Externally restricted		
Igor Kaplan Fund in Jewish Studies	\$ 100,000	\$ 100,000
Ontario Student Opportunity Trust Fund (note 11)	128,100	128,100
John Kelly Fund	5,000	5,000
C. Douglas Jay Scholarship Fund	32,843	31,045
Gordon Farquharson Fund	129,268	-
Foster Foundation	50,000	50,000
Order of St. Lazarus	20,000	20,000
Don Cameron Memorial Fund	50,150	50,150
Director's Endowment	90,011	90,011
Marjorie Watson Powles Award Fund	36,921	36,896
Margaret Fleck Scholarship Fund	250,000	120,000
Bill Lord Bursary in Continuing Education	15,006	14,755
<b>Total externally restricted</b>	<b>907,299</b>	<b>645,957</b>
Board appropriated		
Jack E. Reynolds Fund - Courses	90,228	90,228
Jack E. Reynolds Fund - Lectures	60,152	60,152
<b>Total board appropriated</b>	<b>150,380</b>	<b>150,380</b>
	<b>\$ 1,057,679</b>	<b>\$ 796,337</b>

## 8. Interfund Transfers

A transfer of \$58,911 (2007 - \$29,607) was made during the year to the Property Fund to support the leasehold improvements incurred.

During the year, the Board appropriated \$25,000 from the General Fund for the initial funding of TST website development.

## 9. Distributions to Member Institutions

	MTCU Operating	MTCU Tuition Freeze	Facilities Renewal Program	Capital Renewal Program	MTCU OTSS
Emmanuel College	\$ 500,028	\$ 20,334	\$ 16,123	\$ 81,558	\$ -
Knox College	266,230	11,813	13,221	66,877	23,385
Regis College	242,775	10,446	19,595	99,117	109,268
St. Augustine's Seminary	243,925	9,397	-	-	-
St. Michael's College	393,889	19,327	18,191	92,016	-
Trinity College	292,994	13,286	8,194	41,451	-
Wycliffe College	608,361	28,471	14,179	71,723	122,864
	<b>\$ 2,548,202</b>	<b>\$ 113,074</b>	<b>\$ 89,503</b>	<b>\$ 452,742</b>	<b>\$ 255,517</b>

# THE TORONTO SCHOOL OF THEOLOGY

Notes to Financial Statements  
Year Ended April 30, 2008

## 9. Distributions to Member Institutions - continued

In accordance with a Memorandum of Agreement between the School, its seven member institutions and the University of Toronto, the University receives grants made by the Government of Ontario in respect of students registered in approved theological programs of the School and its member institutions (the "Operating Grant"), and remits the Operating Grant to the School. The Operating Grant is then distributed to the member institutions based on an agreed enrolment-driven formula, which was revised during the current fiscal year.

The Government of Ontario announced a two-year freeze of tuition fees in 2004-05. At the same time, MTCU created a tuition freeze replacement grant to compensate universities for lost revenue. The University of Toronto receives this grant and flows it to the School which, in turn, distributes it to its member institutions based on an enrolment formula.

The University of Toronto also remits to the School a Facilities Renewal Grant received from the Government of Ontario. The Facilities Renewal Grant is distributed to the member institutions and to the School based on a Council of Ontario Universities space formula. In 2008, the University of Toronto remitted to the School a one time Capital Renewal Program Grant from the Government of Ontario. The grant was distributed based on the same formula used for the Facilities Renewal Grant.

## 10. Assessment to Members

	2008			2007
	Regular	Library	Total	Total
Emanuel College	\$ 80,064	\$ 6,798	\$ 86,862	\$ 75,584
Knox College	93,654	5,643	99,297	72,660
Regis College	9,620	6,664	16,284	30,063
St. Augustine's Seminary	42,878	4,627	47,505	39,675
St. Michael's College	103,295	7,892	111,187	70,535
Trinity College	83,237	5,598	88,835	68,269
Wycliffe College	108,481	7,565	116,046	83,648
	<u>\$ 521,229</u>	<u>\$ 44,787</u>	<u>\$ 566,016</u>	<u>\$ 440,434</u>

## 11. Ontario Student Opportunity Trust Fund

	2008	2007
Endowment Fund Balance		
Fund balance, beginning and end of year	\$ 128,100	\$ 128,100
Restricted Fund Balance (schedule 2)		
Fund balance, beginning of year	13,873	7,471
Investment income (loss), net of investment fees	(3,165)	17,902
Bursaries awarded (2008 - 9; 2007 - 7)	(5,650)	(11,500)
Fund balance, end of year	<u>\$ 5,058</u>	<u>\$ 13,873</u>

The investments supporting the fund balances are recorded at market value as disclosed in note 3.

# **THE TORONTO SCHOOL OF THEOLOGY**

Notes to Financial Statements  
Year Ended April 30, 2008

## **12. Statement of Cash Flows**

A statement of cash flows has not been provided as it would not provide additional information to that already disclosed in the financial statements.

## **13. Comparative Amounts**

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2008 financial statements.

In the prior year, the School changed its fiscal year end from June 30 to April 30. Current year figures are the year ended April 30, 2008 while the comparative figures are for the ten month period ended April 30, 2007.

# THE TORONTO SCHOOL OF THEOLOGY

Schedule of Changes in General Funds Balance  
Year Ended April 30, 2008

Schedule 1

	2008							2007		
	Administrative Operations	Advanced Degree	Doctor of Ministry	Journal	Sub-total Operations	Other	Total Unappropriated	Board Appropriated	Total	Total (note 13)
Revenue										
Assessments - members (note 10)	\$ 566,016	-	-	-	\$ 566,016	-	\$ 566,016	-	\$ 566,016	\$ 440,434
Assessments - affiliated members	14,398	-	-	-	14,398	-	14,398	-	14,398	12,307
Academic fees	-	50,144	159,267	-	209,411	-	209,411	-	209,411	113,380
Other program revenue	480	200	-	13,508	14,188	-	14,188	-	14,188	18,785
Grants and gifts	10,619	-	-	15,435	26,054	-	26,054	25,000	51,054	30,235
Facilities Renewal Program - MTCU	-	-	-	-	-	-	-	-	-	6,525
Tuition freeze grant - MTCU	-	-	10,943	-	10,943	-	10,943	-	10,943	11,579
Rental	102,695	-	-	-	102,695	-	102,695	-	102,695	78,761
Investment	323	-	-	-	323	-	323	(4,044)	(3,721)	60,314
Other	19,556	-	-	-	19,556	-	19,556	-	19,556	33,243
	714,087	50,344	170,210	28,943	963,584	-	963,584	20,956	984,540	805,563
Expenses										
Personnel	333,136	163,770	83,541	1,457	581,904	-	581,904	70,671	652,575	437,103
Program	63,013	7,916	7,560	7,720	86,209	-	86,209	3,360	89,569	117,587
Office	35,661	4,708	888	18,750	60,007	-	60,007	-	60,007	46,860
Scholarships and bursaries	-	-	6,250	-	6,250	-	6,250	3,500	9,750	6,200
Legal and audit	9,178	787	-	-	9,965	-	9,965	-	9,965	12,818
Utilities	29,286	-	-	-	29,286	-	29,286	-	29,286	28,363
Plant	46,223	-	-	-	46,223	-	46,223	-	46,223	38,863
Investment fees	7,159	-	-	-	7,159	-	7,159	2,970	10,129	8,211
Amortization	2,552	-	-	-	2,552	-	2,552	-	2,552	2,552
	526,208	177,181	98,239	27,927	829,555	-	829,555	80,501	910,056	698,557
Net revenue (expenses) for the year	187,879	(126,837)	71,971	1,016	134,029	-	134,029	(59,545)	74,484	107,006
Transfers (note 8)										
Sabbatical provision	(16,645)	(10,000)	(8,163)	-	(34,808)	-	(34,808)	34,808	-	-
Director's Research Fund	-	-	-	-	-	425	425	(425)	-	-
Capital Asset Fund	-	-	-	-	-	(58,911)	(58,911)	-	(58,911)	(29,607)
Net increase (decrease) for the year	\$ 171,234	(136,837)	63,808	1,016	\$ 99,221	(58,486)	40,735	(25,162)	15,573	77,399
Balances, beginning of year							49,778	200,235	250,013	172,614
Balances, end of year							\$ 90,513	175,073	\$ 265,586	\$ 250,013

See accompanying notes

# THE TORONTO SCHOOL OF THEOLOGY

Schedule of Changes in Restricted Funds Balances  
Year Ended April 30, 2008

Schedule 2

	Balances April 30, 2007	Investment Revenue (Loss)	Grants and Gifts	Other Revenue	Personnel Expenses	Distribution To Member Institutions	Program Expenses	Office Expenses	Scholarships and Bursaries	Investment Fees	Balances April 30, 2008
Unexpended balances from Endowment Funds											
Igor Kaplan Fund in Jewish Studies	\$ 103,869	(3,786)	-	-	(26,438)	-	-	-	-	(2,687)	\$ 70,958
Ontario Student Opportunity Trust Fund (note 11)	13,873	(2,132)	-	-	-	-	-	-	(5,650)	(1,033)	5,058
John Kelly Fund	15,323	(291)	-	-	-	-	-	-	(1,000)	(277)	13,755
C. Douglas Jay Scholarship Fund	9,209	(518)	-	-	-	-	-	-	(1,800)	(555)	6,336
Foster Foundation	32,427	(1,182)	-	-	-	-	-	-	-	(1,124)	30,121
Order of St. Lazarus	8,956	(415)	-	-	-	-	-	-	(1,300)	(395)	6,846
Don Cameron Memorial Fund	3,784	(773)	-	-	-	-	-	-	(1,000)	(736)	1,275
Director's Endowment	6,141	(1,397)	-	-	-	-	-	-	-	(1,297)	3,447
Marjorie Watson Powles Award Fund	3,851	(583)	-	-	-	-	-	-	(1,500)	(556)	1,212
Jack E. Reynolds Fund - Courses	8,774	(1,419)	-	-	-	-	-	-	-	(1,350)	6,005
Jack E. Reynolds Fund - Lectures	3,980	(919)	-	-	-	-	-	-	-	(875)	2,186
Bill Lord Bursary in Continuing Education	1,877	(233)	-	-	-	-	-	-	(800)	(220)	624
Margaret Fleck Scholarship Fund	174	(1,720)	7,500	-	-	-	-	-	(7,500)	-	(1,546)
Gordon Farquharson Fund	-	-	10,000	-	-	-	-	-	(10,000)	-	-
	212,238	(15,368)	17,500	-	(26,438)	-	-	-	(30,550)	(11,105)	146,277
Other Restricted Funds											
MTCU Grants	-	-	3,006,296	-	-	(3,006,296)	-	-	-	-	-
Capital Renewal Program	-	-	485,749	-	-	(452,742)	-	-	-	-	33,007
ADSA and other scholarships	-	-	-	15,533	-	(15,533)	-	-	-	-	-
TST member fees	-	-	-	19,905	-	(19,905)	-	-	-	-	-
Catherine Gilbert Fund	1,279	-	-	-	-	-	-	-	-	-	1,279
Yvonne Green Fund	4,965	-	-	-	-	-	-	-	(500)	-	4,465
Michael Steinhauser Scholarship Fund	10,775	-	635	-	-	-	-	-	-	-	11,410
Faith and the Common Good	11,501	-	(1,091)	-	(3,000)	-	(4,967)	(2,443)	-	-	-
	28,520	-	3,491,589	35,438	(3,000)	(3,494,476)	(4,967)	(2,443)	(500)	-	50,161
Total Externally Restricted Funds	\$ 240,758	(15,368)	3,509,089	35,438	(29,438)	(3,494,476)	(4,967)	(2,443)	(31,050)	(11,105)	\$ 196,438

See accompanying notes