

The Toronto School of Theology

Financial Statements

Ten Months Ended April 30, 2007

AUDITOR'S REPORT TO THE TRUSTEES

I have audited the statement of financial position of The Toronto School of Theology as at April 30, 2007 and the statement of operations and changes in fund balances for the ten months then ended. These financial statements are the responsibility of The Toronto School of Theology's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of The Toronto School of Theology as at April 30, 2007 and the results of its operations and cash flows for the ten months then ended in accordance with Canadian generally accepted accounting principles.

Denis Paganelli, C.A., Licensed Public Accountant

Toronto, Canada
June 18, 2007

The Toronto School of Theology

Statement of Financial Position

April 30, 2007

	General Fund	Restricted Fund	Capital Asset Fund	Endowment Fund (note 6)	Total 2007	Total 2006 (note 12)
Assets						
Current assets						
Cash and short-term investments	\$ 4,791	\$ -	\$ -	\$ -	\$ 4,791	\$ 142,414
Accounts receivable	71,216	429,041	-	-	500,257	61,521
Prepaid expenses	4,062	-	-	-	4,062	5,862
	80,069	429,041	-	-	509,110	209,797
Investments (note 3)	388,967	158,910	-	796,337	1,344,214	1,232,842
Capital assets (note 4)	5,104	-	328,312	-	333,416	321,096
	\$ 474,140	\$ 587,951	\$ 328,312	\$ 796,337	\$ 2,186,740	\$ 1,763,735
Liabilities and fund balances						
Current liabilities						
Accounts payable and accrued liabilities	\$ 193,511	\$ 347,193	\$ -	\$ -	\$ 540,704	\$ 310,816
Deferred revenue	30,616	-	-	-	30,616	31,255
	224,127	347,193	-	-	571,320	342,071
Fund balances						
Unappropriated	49,778	-	281,245	-	331,023	270,766
Board appropriated (notes 5 and 6)	200,235	-	-	150,380	350,615	327,088
Externally restricted	-	240,758	47,067	645,957	933,782	823,810
	250,013	240,758	328,312	796,337	1,615,420	1,421,664
	\$ 474,140	\$ 587,951	\$ 328,312	\$ 796,337	\$ 2,186,740	\$ 1,763,735

See accompanying notes to financial statements.

On behalf of the Board:

Trustee

Trustee

The Toronto School of Theology

Statement of Operations and Changes in Fund Balances

For the Ten Months ended April 30, 2007

	General Fund (schedule 1)	Restricted Fund (schedule 2)	Capital Asset Fund	Endowment Fund	Total 2007	Total 2006 (note 12)
Revenue						
Operating Grant – MTCU	\$ –	\$2,560,940	\$ –	\$ –	\$2,560,940	\$2,151,540
Tuition Freeze Grant – MTCU	11,579	112,323	–	–	123,902	124,096
Facilities Renewal Program – MTCU	6,525	89,503	–	–	96,028	98,975
OTSS Grant – MTCU	–	318,123	–	20,000	338,123	373,168
Assessments – members (note 9)	440,434	–	–	–	440,434	507,029
Assessments – affiliated members	12,307	–	–	–	12,307	11,281
Academic fees	113,380	–	–	–	113,380	125,548
Other program revenue	18,785	28,348	–	–	47,133	65,250
Grants and gifts	30,235	72,009	17,810	101,500	221,554	314,749
Rental	78,761	–	–	–	78,761	90,100
Investment and short-term interest (note 3)	60,314	115,985	–	–	176,299	56,775
Other	33,243	–	–	–	33,243	23,669
	805,563	3,297,231	17,810	121,500	4,242,104	3,942,180
Expense						
Distribution to member institutions (note 8)						
Operating Grants – MTCU	–	2,560,940	–	–	2,560,940	2,151,540
Tuition Freeze Grant – MTCU	–	112,323	–	–	112,323	112,547
Facilities Renewal Program – MTCU	–	89,503	–	–	89,503	92,250
OTSS Grant – MTCU	–	318,123	–	–	318,123	373,168
Other	–	26,577	–	–	26,577	3,047
Personnel	437,103	90,417	–	–	527,520	720,299
Program	117,587	52,314	–	–	169,901	157,208
Office	46,860	22,875	–	–	69,735	56,585
Scholarships and bursaries	6,200	27,100	–	–	33,300	47,624
Legal, audit and bank	12,818	–	–	–	12,818	21,002
Utilities	28,363	–	–	–	28,363	30,134
Plant	38,863	–	–	–	38,863	63,569
Amortization	2,552	–	40,201	–	42,753	35,950
Investment fees	8,211	9,418	–	–	17,629	25,730
	698,557	3,309,590	40,201	–	4,048,348	3,890,653
Net revenue (expense) before restructuring costs	107,006	(12,359)	(22,391)	121,500	193,756	51,527
Restructuring costs (note 10)	–	–	–	–	–	(166,133)
Net revenue (expense) for the year	107,006	(12,359)	(22,391)	121,500	193,756	(114,606)
Fund balances, beginning of year	172,614	267,872	321,096	660,082	1,421,664	1,536,270
Interfund transfers (note 7)						
Bill Lord Bursary in Continuing Education	–	(14,755)	–	14,755	–	–
Leasehold improvements	(29,607)	–	29,607	–	–	–
Fund balances, end of year	\$ 250,013	\$ 240,758	\$ 328,312	\$ 796,337	\$1,615,420	\$1,421,664

See accompanying notes to financial statements.

The Toronto School of Theology

Notes to financial statements

April 30, 2007

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 coordinates 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. Summary of significant accounting policies

(a) 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 Capital Asset Fund records leasehold improvements.

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

(b) Investments

Investments in pooled investment funds are valued at market value.

(c) Capital assets and amortization

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Leasehold improvements are amortized on a straight-line basis over ten years. Office and computer equipment are amortized on a straight-line basis over three years.

(d) Revenue recognition

Grants and gifts 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.

The Toronto School of Theology

Notes to financial statements

April 30, 2007

2. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

Investment revenue earned on endowment assets 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.

(e) Statement of cash flows

This statement is not included within the financial statements as the effect of any significant financing and investment activities on cash resources and information about cash provided by or used in operations is readily apparent from the other financial statements.

3. Investment and short-term interest

Description	Units	Market Value	Investment Revenue
McLean Budden Private Balanced Fund	117,377	\$ 1,344,214	\$ 171,372
Bank interest and short-term deposit income			<u>4,927</u>
			<u>\$ 176,299</u>

As at April 30, 2007, the Balanced Fund consisted of Canadian equities (15.5%), foreign equities (39%), fixed income securities (40.5%) and cash (5%). The Balanced Fund is in conformity with the School's Investment Policy.

4. Capital assets

	Cost	Accumulated amortization	2007 Net book value	2006 Net book value
Leasehold improvements	\$ 406,913	\$ 78,601	\$ 328,312	\$ 321,096
Office and computer equipment	7,656	2,552	5,104	-
	<u>\$ 414,569</u>	<u>\$ 81,153</u>	<u>\$ 333,416</u>	<u>\$ 321,096</u>

The Toronto School of Theology

Notes to financial statements

April 30, 2007

5. Board appropriated funds balances

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

	2007	2006
		(note 12)
Sabbatical Fund	\$ 100,043	\$ 84,787
J.T.Weir Memorial Fund	40,167	36,920
C.L. Gundy Fund	56,240	51,640
Director's Research Fund	3,785	3,361
	\$ 200,235	\$ 176,708

6. Endowment fund balances

The School's Endowment Fund balances consist of:

	2007	2006
		(note 12)
Externally restricted		
Igor Kaplan Fund in Jewish Studies	\$ 100,000	\$ 100,000
Ontario Student Opportunity Trust Fund (note 9)	128,100	128,100
John Kelly Fund	5,000	5,000
C. Douglas Jay Scholarship Fund	31,045	30,745
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	89,011
Marjorie Watson Powles Award Fund	36,896	36,696
Margaret Fleck Scholarship Fund	120,000	-
Bill Lord Bursary in Continuing Education	14,755	-
Total externally restricted	645,957	509,702
Board appropriated		
Jack E. Reynolds Fund - Courses (note 7)	90,228	90,228
Jack E. Reynolds Fund - Lectures (note 7)	60,152	60,152
Total board appropriated	150,380	150,380
	\$ 796,337	\$ 660,082

The Toronto School of Theology

Notes to financial statements

April 30, 2007

7. Interfund transfers

A transfer of \$29,607 (2006 - \$103,612) was made during the year to the Capital Asset Fund to support the leasehold improvements incurred. In fiscal 2006, the Board decided to internally restrict the Reynolds Fund as an endowment fund and transferred the existing balance of \$150,380 from the Restricted Fund to the Endowment Fund for that purpose, with \$90,228 allocated to courses and \$60,152 for lectures. In fiscal 2007, the opening balance of \$14,755 in the Bill Lord Bursary in Continuing Education fund was transferred from the Restricted Fund to the Endowment Fund to be in accordance with the terms of the fund.

8. Distributions to member institutions

	MTCU Operating	MTCU Tuition Freeze	Facilities Renewal Program	MTCU OTSS
Emmanuel College	\$ 495,076	\$ 22,236	\$16,123	\$ -
Knox College	279,118	11,728	13,221	135,371
Regis College	297,536	10,272	19,595	31,748
St. Augustine's Seminary	273,401	8,778	-	-
St. Michael's College	356,465	19,065	18,191	-
Trinity College	301,641	13,357	8,194	-
Wycliffe College	557,703	26,887	14,179	151,004
	\$2,560,940	\$ 112,323	\$ 89,503	\$ 318,123

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. In fiscal 2007, the Operating Grant was augmented by additional transfers from the University for previously unfunded graduate enrolments and graduate enrolment expansion.

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.

The Toronto School of Theology

Notes to financial statements

April 30, 2007

9. Assessments to members

	Regular	Library	Total
Emmanuel College	\$ 69,038	\$ 6,546	\$ 75,584
Knox College	66,911	5,749	72,660
Regis College	23,701	6,362	30,063
St. Augustine's Seminary	34,752	4,923	39,675
St. Michael's College	63,566	6,969	70,535
Trinity College	62,619	5,650	68,269
Wycliffe College	76,847	6,801	83,648
	<u>\$ 397,434</u>	<u>\$43,000</u>	<u>\$ 440,434</u>

10. Restructuring costs

The former Director of the School resigned effective June 30, 2006. The costs related to the resignation are presented separately as they are not part of the normal operations of the School.

11. Ontario Student Opportunity Trust Fund

	2007	2006 (note12)
(a) Endowment Fund Balance		
Fund balance, beginning and end of year	\$ 128,100	\$ 128,100
(b) Restricted Fund Balance (schedule 2)		
Fund balance, beginning of year	\$ 7,471	\$ 12,467
Investment income, net of investment fees	17,902	4,754
Bursaries awarded (2007 - 7, 2006 - 6)	(11,500)	(9,750)
Fund balance, end of year	<u>\$ 13,873</u>	<u>\$ 7,471</u>

The investments supporting the fund balances are recorded at market value as disclosed in note 2(b).

12. Comparative figures

The School has changed its fiscal year-end from June 30 to April 30. The comparative figures are for the year-ended June 30, 2006 while the current figures are for the ten-month period ended April 30, 2007.

The Toronto School of Theology

Schedule Of Changes In General Funds Balances

Ten Months Ended April 30, 2007

Schedule 1

	Administrative Operations	Advanced Degree	Doctor of Ministry	Journal	Sub-total Operations	Other	Total Unappropriated	Board Appropriated	2007 Total	2006 Total
Revenue										(note 12)
Assessments - members (note 9)	\$440,434				\$440,434		\$440,434		\$440,434	\$507,029
Assessments - affiliated members	12,307				12,307		12,307		12,307	11,281
Academic fees		\$39,448	\$73,932		113,380		113,380		113,380	125,548
Other program revenue	5,453			\$13,332	18,785		18,785		18,785	51,135
Grants and gifts	7,894		16,245	6,096	30,235		30,235		30,235	21,579
Facilities Renewal Program - MTCU	6,525				6,525		6,525		6,525	6,725
Tuition freeze grant - MTCU			11,579		11,579		11,579		11,579	11,549
Rental	78,761				78,761		78,761		78,761	90,100
Investment and short-term interest	14,858				14,858	\$20,816	35,674	\$24,640	60,314	28,744
Other	33,243				33,243		33,243		33,243	23,669
	599,475	39,448	101,756	19,428	760,107	20,816	780,923	24,640	805,563	877,359
Expense										
Personnel	268,696	98,487	45,624	1,013	413,820		413,820	23,283	437,103	558,921
Program	95,454	6,567	8,197	7,369	117,587		117,587		117,587	128,530
Office	29,370	5,725	1,434	10,331	46,860		46,860		46,860	41,022
Scholarships and bursaries			2,900		2,900		2,900	3,300	6,200	4,000
Legal, audit and bank	12,818				12,818		12,818		12,818	21,002
Utilities	28,363				28,363		28,363		28,363	30,134
Plant	38,863				38,863		38,863		38,863	63,569
Investment fees	6,088				6,088		6,088	2,123	8,211	15,407
Amortization	2,552				2,552		2,552		2,552	
	482,204	110,779	58,155	18,713	669,851		669,851	28,706	698,557	862,585
Restructuring costs (note 10)										166,133
Net revenue (expense) for the year	117,271	(71,331)	43,601	715	90,256	20,816	111,072	(4,066)	107,006	(151,359)
Transfers										
Sabbatical provision	(12,934)	(7,009)	(7,650)		(27,593)		(27,593)	27,593		
Capital Asset Fund (note 7)						(29,607)	(29,607)		(29,607)	(103,612)
	(12,934)	(7,009)	(7,650)		(27,593)	(29,607)	(57,200)	27,593	(29,607)	(103,612)
Net increase (decrease) for the year	\$104,337	(\$78,340)	\$35,951	\$715	\$62,663	(\$8,791)	53,872	23,527	77,399	(254,971)
Balances, beginning of year							(4,094)	176,708	172,614	427,585
Balances, end of year							\$49,778	\$200,235	\$250,013	\$172,614

See accompanying notes to financial statements.

The Toronto School of Theology

Schedule Of Changes In Restricted Funds Balances

Ten Months Ended April 30, 2007

Schedule 2

	Balances, June 30, 2006	Investment revenue	Grants and Gifts	Other revenue	Personnel expenses	Distribution To Member Institutions	Program expenses	Office expenses	Scholarships and Bursaries	Investment fees	Transfers (note 7)	Balances, April 30, 2007
Unexpended Balances from Endowment Funds												
Igor Kaplan Fund in Jewish Studies	\$104,381	28,301			(26,323)					(2,490)		\$103,869
Ontario Student Opportunity Trust Fund (note 11)	7,471	18,774							(11,500)	(872)		13,873
John Kelly Fund	13,931	2,624							(1,000)	(232)		15,323
C. Douglas Jay Scholarship Fund	6,321	5,142							(1,800)	(454)		9,209
Foster Foundation	23,176	10,144								(893)		32,427
Order of St. Lazarus	6,862	3,724							(1,300)	(330)		8,956
Don Cameron Memorial Fund	(47)	6,946							(2,500)	(615)		3,784
Director's Endowment	(985)	12,204			(4,000)					(1,078)		6,141
Marjorie Watson Powles Award Fund	633	5,175							(1,500)	(457)		3,851
Jack E. Reynolds Fund - Courses (note 7)	(766)	12,380					(1,800)			(1,040)		8,774
Jack E. Reynolds Fund - Lectures (note 7)	(568)	8,257			(2,928)		(87)			(694)		3,980
Bill Lord Bursary in Continuing Education (note 7)	-	2,046								(169)		1,877
Margaret Fleck Scholarship Fund	-	268	5,000						(5,000)	(94)		174
	160,409	115,985	5,000		(33,251)		(1,887)		(24,600)	(9,418)		212,238
Other Restricted Funds												
Bill Lord Bursary in Continuing Education (note 7)	14,755										(14,755)	-
Catherine Gilbert Fund	1,279											1,279
Yvonne Green Fund	4,965											4,965
Edie Parker Award	-											-
Facilities Renewal Program - MTCU (note 8)	-		89,503			(89,503)						-
MTCU Operating Grant (note 8)	-		2,560,940			(2,560,940)						-
MTCU Tuition Freeze Grant (note 8)	-		112,323			(112,323)						-
MTCU OTSS Grant (note 8)	-		318,123			(318,123)						-
ADSA & other scholarships	-		2,500	13,475		(13,475)			(2,500)			-
TST member fees	-			13,102		(13,102)						-
Michael Steinhauer Scholarship Fund	7,600		3,175									10,775
Faith and the Common Good	78,864		61,334	1,771	(57,166)		(50,427)	(22,875)				11,501
	107,463		3,147,898	28,348	(57,166)	(3,107,466)	(50,427)	(22,875)	(2,500)		(14,755)	28,520
Total Externally Restricted Funds	\$267,872	\$115,985	\$3,152,898	\$28,348	(\$90,417)	(\$3,107,466)	(\$52,314)	(\$22,875)	(\$27,100)	(\$9,418)	(\$14,755)	\$240,758

See accompanying notes to financial statements.