

Financial Statements of

**KING'S UNIVERSITY COLLEGE AT  
THE UNIVERSITY OF WESTERN  
ONTARIO**

Year ended April 30, 2009



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## AUDITORS' REPORT

To the Board of Directors

We have audited the financial position of King's University College at the University of Western Ontario as at April 30, 2009 and the statements of operations, changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of King's University College'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 King's University College 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.

Chartered Accountants, Licensed Public Accountants

London, Canada

July 17, 2009

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Statement of Financial Position

April 30, 2009, with comparative figures for 2008

	Operating Fund	Restricted Capital	Other	2009 Total	2008 Total
<b>Assets</b>					
Current assets:					
Cash	\$ 979,283	\$ -	\$ -	\$ 979,283	\$ 1,546,657
Accounts receivable (note 3)	157,451	-	-	157,451	1,103,571
Investments (note 4)	11,690,966	3,177,148	-	14,868,114	12,454,958
Prepaid expenses	237,760	-	-	237,760	141,595
Interfund balances	870,602	(946,375)	75,773	-	-
	13,936,062	2,230,773	75,773	16,242,608	15,246,781
Capital assets (note 5)	-	29,163,728	-	29,163,728	25,967,373
Accrued pension asset (note 6)	-	-	4,524,200	4,524,200	3,252,700
	\$ 13,936,062	\$ 31,394,501	\$ 4,599,973	\$ 49,930,536	\$ 44,466,854

## Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,782,424	\$ -	\$ -	\$ 1,782,424	\$ 2,037,545
Due to King's College Foundation (note 7)	493,497	(59,372)	-	434,125	233,746
Deferred revenue	646,576	110,000	-	756,576	573,037
	2,922,497	50,628	-	2,973,125	2,844,328
Long-term debt (note 8)	-	3,500,000	-	3,500,000	3,500,000
Post-employment benefit liability	6,952,000	-	-	6,952,000	5,914,000
Fund balances:					
Unrestricted	4,061,565	-	-	4,061,565	4,878,580
Investment in capital assets	-	25,663,729	-	25,663,729	22,467,374
Externally restricted	-	(440,600)	4,599,973	4,159,373	2,796,750
Internally restricted	-	2,620,744	-	2,620,744	2,065,822
	4,061,565	27,843,873	4,599,973	36,505,411	32,208,526
Commitments (notes 10 and 11)					
	\$ 13,936,062	\$ 31,394,501	\$ 4,599,973	\$ 49,930,536	\$ 44,466,854

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Statement of Operations

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

	Operating Fund	Restricted Capital	Other	2009 Total	2008 Total
<b>Revenue:</b>					
Government grants	\$ 13,902,084	\$ 762,622	\$ 106,418	\$ 14,771,124	\$ 14,645,643
Tuition	20,117,165	-	-	20,117,165	18,550,301
Investment income	338,779	524,922	-	863,701	745,499
Donations	2,239	10,000	-	12,239	10,000
Gifts from King's College Foundation	295,888	59,372	-	355,260	359,363
Sundry	415,364	-	16,928	432,292	464,131
Ancillary operations	2,982,516	-	-	2,982,516	2,951,569
	<u>38,054,035</u>	<u>1,356,916</u>	<u>123,346</u>	<u>39,534,297</u>	<u>37,726,506</u>
<b>Expenses:</b>					
Instructional	16,198,381	-	-	16,198,381	15,283,424
General and administrative	4,641,704	-	-	4,641,704	4,410,493
Service fee to UWO	2,551,793	-	-	2,551,793	2,512,587
Operation and maintenance of properties	2,372,435	-	-	2,372,435	2,529,269
Employee benefits	4,858,140	-	-	4,858,140	5,098,024
Amortization of capital assets	-	1,715,333	-	1,715,333	1,663,908
Mortgage and loan interest	-	320,950	-	320,950	320,950
Awards and research grants	-	-	91,595	91,595	127,129
Ancillary operations	2,487,081	-	-	2,487,081	2,468,386
	<u>33,109,534</u>	<u>2,036,283</u>	<u>91,595</u>	<u>35,237,412</u>	<u>34,414,170</u>
Excess (deficiency) of revenue over expenditures	4,944,501	(679,367)	31,751	4,296,885	3,312,336
Transfers	(5,761,516)	4,490,016	1,271,500	-	-
<b>Net increase (decrease)</b>	<b>\$ (817,015)</b>	<b>\$ 3,810,649</b>	<b>\$ 1,303,251</b>	<b>\$ 4,296,885</b>	<b>\$ 3,312,336</b>

See accompanying notes to financial statements.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Statement of Changes in Fund Balances

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

	Operating Fund	Restricted Capital	Other	2009 Total	2008 Total
Fund balances, beginning of year, as previously reported	\$ 4,878,580	\$ 24,033,224	\$ 3,296,722	\$ 32,208,526	\$ 28,896,190
Net increase (decrease)	(817,015)	3,810,649	1,303,251	4,296,885	3,312,336
Fund balances, end of year	\$ 4,061,565	\$ 27,843,873	\$ 4,599,973	\$ 36,505,411	\$ 32,208,526

See accompanying notes to financial statements.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Statement of Cash Flows

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

	Operating Fund	Restricted Capital	Other	2009 Total	2008 Total
Cash provided by (used in):					
Operating activities:					
Net increase (decrease)	\$ 4,944,501	\$ (679,367)	\$ 31,751	\$ 4,296,885	\$ 3,312,336
Adjustments for:					
Transfers among funds	(5,761,516)	4,490,016	1,271,500	-	1,663,908
Amortization of capital assets	-	1,715,333	-	1,715,333	-
Increase (decrease) in non-cash working capital	2,137,876	(89,373)	(1,303,251)	745,252	(1,148,441)
	1,320,861	5,436,609	-	6,757,470	3,827,803
Financing and investing activities:					
Net change in investments	(1,888,235)	(524,922)	-	(2,413,157)	1,256,921
Purchase of capital assets	-	(4,931,687)	-	(4,931,687)	(5,190,073)
Write-off of capitalized items	-	20,000	-	20,000	250,413
Repayment of long-term debt	-	-	-	-	-
	(1,888,235)	(5,436,609)	-	(7,324,844)	(3,682,739)
Net increase (decrease)	(567,374)	-	-	(567,374)	145,064
Cash, beginning of year	1,546,657	-	-	1,546,657	1,401,593
Cash, end of year	\$ 979,283	\$ -	\$ -	\$ 979,283	\$ 1,546,657

See accompanying notes to financial statements.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Notes to Financial Statements

Year ended April 30, 2009

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King's University College at the University of Western Ontario ("King's") is a Liberal Arts college providing post-secondary education programs in Arts, Social Sciences, and Social Work for over 3,000 students. King's is an unincorporated entity within The Roman Catholic Episcopal Corporation of the Diocese of London in Ontario.

### 1. Significant accounting policies:

#### (a) Fund accounting:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements of King's are maintained in accordance with the fund method of accounting. Accordingly, all financial transactions have been recorded in two funds: Operating Fund and Restricted Funds.

The Operating Fund accounts for instructional, administrative and other operational costs financed by tuition, grants and investment income. This fund also accounts for revenue and expenditures related to ancillary operations of residence, food services, conferences and parking.

The Restricted Capital Fund accounts for the acquisition, amortization and disposal of capital assets. The Restricted Other Fund accounts for the receipt and expenditures of research funds and special purpose funds.

#### (b) Revenue recognition:

King's follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

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.

Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred, and when expended, are amortized into revenue, at a rate corresponding and the amortization rate for the related capital assets.

Gifts in kind are recorded at their fair market value on the date of their donation.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

## 1. Significant accounting policies (continued):

### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life of buildings and on a declining balance basis for all other capital assets. Amortization rates are as follows:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Parking lots	Declining balance	10%
Computer equipment	Declining balance	30%
Equipment and furnishings	Declining balance	20%
Library books	Declining balance	100%
Works of art		0%

### (d) Employee future benefits:

The King's pension plan, covering full-time faculty, certain part-time faculty and certain non-teaching employees, is a defined benefit pension plan. The cost of pension benefits earned by employees is determined using the projected benefit method prorated on service and is expensed through the Operating Fund as services are rendered. This cost reflects management's best estimates of the pension plan's expected yields, salary escalations, mortality of members, termination and the ages at which members will retire. Differences arising from plan amendments, changes in assumptions and actuarial gains and losses are recognized in income over the expected average remaining service life of employees.

The pension plan requires that King's use surpluses to improve benefits.

Other employees participate in a group registered retirement savings plan.

King's accrues its obligations under employee defined benefit plans and other retirement benefits as the employees render the services necessary to earn them.



# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 1. Significant accounting policies (continued):

### (e) Investments and investment income:

Investments consist of readily marketable securities which are recorded at fair market value. Strip bonds are recorded at cost plus accrued interest in their effective yield.

Investments classified or designated as held-for-trading are recorded at fair market value. Unrealized gains and losses are recognized in net revenues (expenses) as changes in the market values occur in the corresponding fund in the statement of operations.

Investments classified as available-for-sale are recorded at market, unless they are non-quoted equity securities, which are carried at cost. Unrealized gains and losses are recorded as direct increases or decreases to fund balance and disclosed in the statement of changes in fund balances.

Investments classified as held-to-maturity are carried at amortized cost using the effective interest rate method. Gains or losses on disposal are recorded in the year of disposal.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income consists of interest, dividends, realized gains (losses) on sale of investments and the net change in unrealized gains (losses). Realized and unrealized gains (losses) earned on funds held with external restrictions are recorded in the Restricted Capital or Restricted Other Funds. The balance of investment income is recorded in the Operating Fund.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 1. Significant accounting policies (continued):

### (f) Financial Instruments:

Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in active market are measured at fair value with changes as direct increases or decreases to fund balances and disclosed in the statement of changes in fund balances. King's has classified its financial instruments as follows:

- (i) Cash and short-term investments or bank-indebtedness are classified as held-for trading.
- (ii) Accounts receivable are classified as loans and receivables.
- (iii) Investments – Capital Fund are classified as available-for-sale.
- (iv) Investments – Operating Fund are classified as held-for-trading.
- (v) Accounts payable, and accrued liabilities, and current and long-term debt are classified as other liabilities.

King's has elected to expense transaction costs related to financial instruments classified as other than held-for-trading and to use trade date accounting for regular-way purchases and sales of financial assets.

### (g) Use of estimates:

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

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 2. Changes in accounting policies:

### (a) Current year:

On April 1, 2008, King's adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

#### (i) Capital disclosures:

Effective May 1, 2008, King's adopted, the CICA handbook section, 1535 – "*Capital Disclosures*", which establishes standards for disclosing an entity's objectives, policies and processes for managing capital. The new disclosures have been disclosed in note 12.

#### (ii) Financial instruments:

In December 2006, the CICA issued two new handbook sections, 3862 – "*Financial Instruments - Disclosures*", and 3863 - "*Financial Instruments – Presentation*". These new standards were expected to be effective for King's beginning May 1, 2008. However, the CICA has now permitted not-for-profit entities to defer the adoption of these standards. King's has continued to disclose and present financial instruments under handbook section 3861, "*Financial Instruments - Disclosures and Presentation*" for the year ended April 30, 2009.

During 2008, the CICA amended handbook section 3855, "*Financial Instruments - Recognition and Measurement*". King's has elected to adopt these amendments to section 3855 effective for the year beginning May 1, 2008 and will therefore not apply handbook section 3855 to derivatives embedded in leases, derivatives embedded in insurance contracts, contracts to buy or sell a non-financial item including derivatives embedded therein, or derivatives embedded in contracts to buy or sell a non-financial item in accordance with the entity's expected purchase, sale or usage requirements. This change in accounting policy did not have an impact on the current year's financial statements or on the prior period presented.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 2. Changes in accounting policies (continued):

### (b) Future years:

The Canadian Institute of Chartered Accountants has issued the following accounting standards that will become effective for the College on May 1, 2009:

- (i) Section 4400, "*Financial Statement Presentation by Not-for-Profit Organizations*", has been amended with respect to the presentation and disclosure of the statement of cash flows. The statement of cash flows should be prepared in accordance with Section 1540, Cash Flow Statements. Section 1540 has been amended to include not-for-profit organizations within its scope. This section establishes a criterion for disclosure requirements of the statement of cash flows. The requirements for not-for-profit organizations have been expanded to include disclosure of the extent to which cash distributions are non-discretionary. The requirements apply to all cash distributions on financial instruments classified as equity that are determined in accordance with a contractual agreement or relevant contesting document.

Section 4400 has also been amended to eliminate the requirement to treat net assets invested in property and equipment as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. Section 4400 has also been amended to clarify that revenues and expenditures must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.

- (ii) Section 4430, "*Capital Assets Held by Not-for-Profit Organizations*", establishes disclosure requirements for property and equipment for which financial information is not reasonably determinable.
- (iii) Section 4460, "*Disclosure of Related Party Transactions by Not-for-Profit Organizations*", establishes disclosure requirements for related party transactions.
- (iv) Section 4470, "*Disclosure of Allocated Expenses by Not-for-Profit Organizations*", establishes disclosure requirements of allocated expenses. This section will require not-for-profit organizations to disclose the allocation of general support expenses between different functions; this section will enhance a reader's ability to understand the effect of allocations.

King's is currently assessing the impact of these amendments and the new accounting standards on the financial statements.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

### 3. Accounts receivable:

	Operating Fund	Restricted Fund	2009 Total	2008 Total
Government grants receivable	\$ -	\$ -	\$ -	\$ 883,040
Students	15,471	-	15,471	39,037
Other	150,483	-	150,483	204,325
	165,954	-	165,954	1,126,402
Allowance for doubtful accounts	8,503	-	8,503	22,831
	\$ 157,451	\$ -	\$ 157,451	\$ 1,103,571

### 4. Investments:

	2009	2008
Short-term investments	\$ 11,690,966	\$ 9,802,731
GICs	2,266,838	-
Government strip bonds	910,310	2,652,227
	\$ 14,868,114	\$ 12,454,958

Short-term investments and the GIC are measured and recorded at fair value. During the year, King's sold two of its government strip bonds, which were previously classified as held-to-maturity investments. As a result of the sale of these instruments, King's must classify all similar investments as available-for-sale, and therefore must record the investments at fair value.

King's has provided for the repayment of the majority of the principal of the 9.17% mortgage by the purchase of GICs and government strip bonds.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

## 5. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 705,713	\$ -	\$ 705,713	\$ 705,713
Buildings	36,200,767	9,555,002	26,645,765	23,552,205
Parking lots	971,331	442,844	528,487	378,857
Equipment and furnishings	4,618,776	4,000,276	618,500	606,905
Computer equipment	3,017,615	2,389,200	628,415	686,845
Library books	6,172,430	6,172,430	-	-
Works of art	36,848	-	36,848	36,848
	<b>\$ 51,723,480</b>	<b>\$ 22,559,752</b>	<b>\$ 29,163,728</b>	<b>\$ 25,967,373</b>

## 6. Employee future benefits:

The interval between actuarial valuations for the defined benefit pension plan does not exceed three years with the most recent valuation prepared as at December 31, 2006. In the years between valuations, an extrapolation of the actuarial valuation is used to determine the market related value of the plan assets and the projected benefit obligations.

Information about King's accrued benefit liabilities as at April 30, 2009 is as follows:

	Pension Benefit Plans		Post-employment Plans	
	2009	2008	2009	2008
Accrued benefit obligation	\$ 25,248,300	\$ 26,201,500	\$ 5,127,000	\$ 7,129,000
Fair value of plan assets	25,395,000	28,357,500	-	-
Funded status, plan surplus (deficit)	146,700	2,156,000	(5,127,000)	(7,129,000)
Unamortized past service cost	265,000	318,000	904,000	1,071,000
Unamortized net actuarial loss (gain)	4,112,500	778,700	(2,729,000)	144,000
Accrued benefit asset (liability)	<b>\$ 4,524,200</b>	<b>\$ 3,252,700</b>	<b>\$ (6,952,000)</b>	<b>\$ (5,914,000)</b>

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

## 6. Employee future benefits (continued):

Accrued benefit obligation and fair value of plan assets includes \$415,600 (2008 - \$482,100) in optional flexible contributions made by members of the Plan.

	Pension Benefit Plans		Post-employment Plans	
	2009	2008	2009	2008
Expense	\$ 950,700	\$ 967,600	\$ 1,144,000	\$ 1,443,000
Benefits paid	1,714,700	76,800	107,000	100,000

The net expense for King's benefit plans, which is included in employee benefits on the Statement of Operations, is as follows:

	Pension Benefit Plans		Post-employment Plans	
	2009	2008	2009	2008
Current service costs	\$ 1,021,700	\$ 1,142,200	\$ 488,000	\$ 597,000
Interest costs	1,625,800	1,386,300	459,000	414,000
Return on plan assets	3,900,800	365,100	-	-
Actuarial gain	(2,316,800)	(2,607,900)	(2,842,000)	(1,640,000)
<b>Net benefit plan expense (gain)</b>	<b>\$ 4,231,500</b>	<b>\$ 285,700</b>	<b>\$ (1,895,000)</b>	<b>\$ (629,000)</b>

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

	Pension Benefit Plans		Post-employment Plans	
	2009	2008	2009	2008
Discount rate	6.25 %	5.25 %	6.25 %	5.25 %
Expected long-term rate of return of plant assets	6.25 %	6.25 %	-	-
Rate of compensation increase	4.25 %	4.50 %	-	-

The assumed health care cost trend is 10% per annum, grading to 5% per annum after five years.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 7. Related party transactions:

Revenues of King's College Foundation (the "Foundation") are received by and expenditures are paid by King's on behalf of the Foundation, giving rise to an on-going amount receivable from or payable to the Foundation.

King's provides a maximum subsidy of \$120,000 annually to assist in the operation of the Foundation.

The Foundation holds funds of \$5,736,985 (2008 - \$5,417,699), the benefit of which is to be used for King's.

## 8. Long-term debt:

	2009	2008
9.17% mortgage, interest only of \$160,475 payable semi-annually, maturing July 1, 2012	\$ 3,500,000	\$ 3,500,000
Current portion of long-term debt	-	-
	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>

## 9. Financial instruments:

### (a) Fair values:

The carrying value of King's short-term financial instruments, comprised of cash, accounts receivable, accounts payable and accrued liabilities, deferred revenue, and due to King's College Foundation, which, due to their short-term nature, approximate their fair value. The fair value of the long-term debt amounts has not been disclosed as the information is not readily available. Management believes that the fair values of these amounts are not significantly different than their carrying values.



# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 9. Financial instruments (continued):

### (b) Risk management:

King's is exposed to interest rate risk with respect to its cash and investments. Changes in variable interest rates could cause unanticipated fluctuations in King's operating results.

King's is subject to foreign exchange risk and interest rate risk with respect to its investment portfolio. Changes to interest rates could cause unanticipated fluctuations in operating results. The investments are currently in Canadian investments and are not subject to risk with respect to fluctuations in foreign exchange rates between Canadian dollars and other foreign currencies.

### (c) Liquidity risk:

Liquidity risk is the risk that King's will not be able to meet its obligations as they fall due. King's requires working capital to meet day-to-day operating activities. Management expects that King's cash flows from operating activities will be sufficient to meet these requirements. King's also has available unused credit facilities at April 30, 2009 to meet fluctuations in working capital requirements.

### (d) Credit risk:

Credit risk is the risk that a party owing money to King's will fail to discharge that responsibility. King's is exposed to credit risk from the potential non-payment of accounts receivable. The actual credit risk from receivables from students and employees is minimal as King's has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction. The actual credit risk from grant receivables from the provincial and federal governments is minimal. As long as employees carry out the required reporting, King's continues to receive the grants as awarded by the provincial and federal governments.

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2009

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## 10. Commitments under operating leases:

At April 30, 2009, King's has lease commitments for photocopiers and cars. Minimum annual lease payments not including operating expenses, due over the next five years are expected to be as follows:

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2010	\$	105,455
2011		92,792
2012		52,898
2013		28,502
2014		3,085

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## 11. Commitments:

On June 15, 2005, King's signed a ten year agreement with Aramark Canada Ltd. whereby, in conjunction with their food service operations, Aramark shall invest a maximum of \$800,000 for the purchase and installation of equipment and facility improvements. At the end of the agreement, the purchased equipment shall be transferred to King's. In the event King's terminates the agreement during its term, King's has agreed to purchase the equipment from Aramark at a price equal to the undepreciated book value at the termination date.

## 12. Capital disclosure:

King's objective in managing capital is to ensure sufficient liquidity to meet its monthly operating requirements and undertake program initiatives for the benefit of its students, while at the same time taking a conservative approach towards management of financial risk. King's capital is comprised of its fund balances. External restrictions exist on the restricted fund balances. King's primary use of capital is to finance capital expenditures, future projects and ongoing operations. King's currently funds these requirements out of its internally generated cash flows. King's is not subject to any externally imposed capital requirements other than on the restricted portion of its fund balances.



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## AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors

We have audited and reported separately wherein on the financial statements of King's University College at the University of Western Ontario as at and for the year ended April 30, 2009 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole in accordance with Canadian generally accepted accounting principles. The current year's supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

London, Canada

July 17, 2009

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Schedule - Operating Fund

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

	Operations	Ancillary	2009 Total	2008 Total
Revenue	\$ 35,071,519	\$ 2,982,516	\$ 38,054,035	\$ 36,781,662
Expenditures	30,622,453	2,487,081	33,109,534	32,051,770
Increase in fund balances before transfers	4,449,066	495,435	4,944,501	4,729,892
Transfers:				
From Restricted Other Fund	(1,271,500)	-	(1,271,500)	(1,723,800)
To Restricted Capital fund for acquisitions	(1,691,882)	(2,477,184)	(4,169,066)	(4,394,030)
To Restricted Capital Fund for long- term debt repayments	-	(320,950)	(320,950)	(320,950)
Net increase (decrease)	1,485,684	(2,302,699)	(817,015)	(1,708,888)
Fund balances, beginning of year	6,537,837	(1,659,257)	4,878,580	6,587,468
Fund balances, end of year	\$ 8,023,521	\$ (3,961,956)	\$ 4,061,565	\$ 4,878,580

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Schedule - Operating Fund Expenditures

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

	2009	2008
<b>Instructional:</b>		
Salaries	\$ 12,662,988	\$ 12,089,458
Scholarships and bursaries	2,145,315	1,887,804
Research grants, learned society and guest lectures	250,514	285,261
Transportation and travel	368,450	308,681
Marking	152,215	126,978
Teaching program assistance	134,579	109,504
Office expenses	119,622	121,491
Telephone	27,529	19,452
Teaching aids	52,677	50,231
Small furnishings, equipment rentals and maintenance	5,886	9,409
Library supplies and binding	6,262	5,920
Memberships and dues	9,172	9,126
Interview and moving expenses	55,178	60,988
Sundry	207,994	199,121
	<b>\$ 16,198,381</b>	<b>\$ 15,283,424</b>
<b>General and administrative:</b>		
Office salaries	\$ 3,307,128	\$ 3,175,694
Telephone	75,184	72,306
Office supplies	90,223	114,777
Promotional material	126,572	137,998
Student counseling	16,950	21,550
Special events	43,694	35,671
Small furnishings, equipment rental and maintenance	107,594	128,004
Liaison	135,178	101,280
Travel	54,501	45,338
Postage	93,411	75,657
Audit	57,956	33,875
College calendar	-	10,295
Centre for social concern, net	6,179	6,548
Chapel	63,711	65,849
Chapel social action fund	8,638	5,148
Membership fees	37,055	38,014
Legal fees	122,872	30,735
Bad debts	2,153	19,993
Sundry	280,105	279,161
King's College Foundation subsidy	120,000	120,000
Less internal cost recovery, ancillary operations	(107,400)	(107,400)
	<b>\$ 4,641,704</b>	<b>\$ 4,410,493</b>
<b>Operating and maintenance for property:</b>		
Wages	\$ 1,301,856	\$ 1,219,380
Property taxes	232,425	237,525
Utilities	417,389	336,325
Repairs and maintenance	229,538	307,750
Insurance	88,369	91,915
Supplies	52,959	62,737
Small furnishings, equipment rentals and maintenance	32,367	15,805
Sundry	40,373	30,260
Less internal cost recovery, ancillary operations	(22,841)	(22,841)
	<b>\$ 2,372,435</b>	<b>\$ 2,278,856</b>

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Schedule - Revenue and Expenditures of Ancillary Operations

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

	Residence and dining hall	Other	2009 Total	2008 Total
<b>Revenue:</b>				
Residence and cafeteria fees	\$ 2,615,708	\$ -	\$ 2,615,708	\$ 2,524,941
Licensed operations	-	18,064	18,064	25,631
Parking	-	182,855	182,855	180,971
Conferences	-	53,280	53,280	98,383
Sundry	7,681	104,928	112,609	121,643
	2,623,389	359,127	2,982,516	2,951,569
<b>Expenditures:</b>				
Food services	1,024,682	36,275	1,060,957	1,027,369
Salaries and wages	755,314	79,676	834,990	799,289
Utilities	194,761	11,727	206,488	221,924
Repairs and maintenance	83,279	5,015	88,294	102,648
Liquor, beer, wine and supplies	-	8,252	8,252	10,629
Laundry	129	5,675	5,804	3,838
Cleaning supplies	34,163	-	34,163	42,796
Small furnishings and supplies	14,942	-	14,942	5,615
Sundry	52,001	14,259	66,260	87,347
Internal cost allocation:				
General and administrative	103,355	4,045	107,400	107,400
Plant	18,797	4,044	22,841	22,841
Employee benefits	36,690	-	36,690	36,690
	2,318,113	168,968	2,487,081	2,468,386
<b>Excess of revenue over expenditures</b>	<b>\$ 305,276</b>	<b>\$ 190,159</b>	<b>\$ 495,435</b>	<b>\$ 483,183</b>

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

## Schedule - Investment in Capital Assets

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

	2009	2008
Balance, beginning of year	\$ 22,467,374	\$ 19,191,621
Capital funds expended on buildings and installed equipment	762,622	796,043
Operating funds expended on furniture, equipment and library books	4,157,066	4,387,290
Gifts in kind from King's College Foundation	12,000	6,740
Less write-offs	(20,000)	(250,412)
	27,379,062	24,131,282
Amortization of capital assets	(1,715,333)	(1,663,908)
	\$ 25,663,729	\$ 22,467,374

# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule - Restricted Capital Fund

Year ended April 30, 2009

	Balance, beginning of year	Grants and other expenditures	Expenditures	Balance, end of year
Externally restricted:				
Academic Centre	\$ (499,972)	\$ 59,372	\$ -	\$ (440,600)
Internally restricted:				
General	(585,805)	30,000	-	(555,805)
Residence	2,651,627	524,922	-	3,176,549
	2,065,822	554,922	-	2,620,744
	\$ 1,565,850	\$ 614,294	\$ -	\$ 2,180,144



# KING'S UNIVERSITY COLLEGE AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule - Restricted Other Fund

Year ended April 30, 2009

	Balance, beginning of year	Grants and other expenditures	Expenditures	Transfers	Balance, end of year
Externally restricted:					
Research	\$ 44,022	\$ 123,346	\$ 91,595	\$ -	\$ 75,773
Pension	3,252,700	-	-	1,271,500	4,524,200
	\$ 3,296,722	\$ 123,346	\$ 91,595	\$ 1,271,500	\$ 4,599,973