

**Algoma University**  
**Financial Statements**  
For the year ended April 30, 2011

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## Independent Auditor's Report

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### To the Board of Governors of Algoma University

We have audited the accompanying financial statements of Algoma University, which comprise the statement of financial position as at April 30, 2011 and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Algoma University as at April 30, 2011 and the results of its operations, change in its net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario  
October 6, 2011

**Algoma University**  
**Statement of Financial Position**

April 30

2011

2010

**Assets**

**Current**

Cash	\$ 2,157,248	\$ 1,735,312
Due from Algoma University Foundation (Note 8)	198,762	251,798
Due from associated entities (Note 9)	46,801	63,774
Accounts receivable - fees	1,075,962	1,106,820
Accounts receivable - other	2,347,018	551,535
Inventory	6,648	6,184
Prepaid expenses	287,612	391,521
	<b>6,120,051</b>	<b>4,106,944</b>

**Long term investments**

Investment in land, building and wholly owned subsidiary (Note 3)	-	1,000,000
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**Capital assets (Note 2)**

41,001,354      22,439,696

**Deferred pension charge (Note 1)**

1,197,340      1,714,582

**\$ 48,318,745      \$ 29,261,222**

**Liabilities and Net Assets**

**Current**

Revolving credit facility (Note 5)	\$ -	\$ 300,000
Accounts payable and accrued liabilities	2,223,610	1,850,946
Fees received in advance	295,077	356,737
Deferred government grants and program revenue	2,440,846	2,375,506
Current portion of long term debt (Note 5)	547,742	502,211
	<b>5,507,275</b>	<b>5,385,400</b>

**Long term debt (Note 5)**

10,002,799      4,905,442

**Deferred contributions related to capital assets**

29,281,633      16,045,256

**44,791,707      26,336,098**

**Net assets**

Unrestricted:

Operating	1,204,195	1,386,590
Invested in capital assets	1,169,183	986,788
Internally restricted (Note 4)	1,153,660	551,746

**3,527,038      2,925,124**

**\$ 48,318,745      \$ 29,261,222**

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Vice-Chair

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Algoma University**  
**Statement of Changes in Net Assets**

April 30	Unrestricted		Internally Restricted	Total 2011	Total 2010
	Operating	Invested in Capital Assets			
Balance, beginning of year,	\$ 1,386,590	\$ 986,788	\$ 551,746	\$ 2,925,124	\$ 3,029,200
Excess (deficiency) of revenue over expenses	601,914	-	-	601,914	(104,076)
Amortization of deferred capital contribution	(527,134)	527,134	-	-	-
Amortization of capital assets	1,119,507	(1,119,507)	-	-	-
Investment in capital assets	(774,768)	774,768	-	-	-
Internal restrictions					
Current year (Note 4)	(601,914)	-	601,914	-	-
<b>Balance, end of year</b>	<b>\$ 1,204,195</b>	<b>\$ 1,169,183</b>	<b>\$ 1,153,660</b>	<b>\$ 3,527,038</b>	<b>\$ 2,925,124</b>

**Algoma University**  
**Statement of Operations**

<b>April 30</b>	<b>2011</b>	<b>2010</b>
<b>Revenue</b>		
Student fees	\$ 5,139,125	\$ 4,566,425
Government grants	13,584,202	11,519,502
Library	59,327	44,680
Miscellaneous programs	486,856	295,350
Ancillary operations	1,779,502	1,544,859
Non-credit operations	1,690,660	1,157,821
Donations	-	66,666
Amortization of deferred capital contributions	527,134	571,244
	<b>23,266,806</b>	<b>19,766,547</b>
<b>Expenses</b>		
Salaries and benefits		
Academic	6,723,372	6,053,651
Non-academic	6,349,933	5,238,541
Library	527,371	555,477
Administration	1,711,733	1,825,722
Academic departments	96,439	64,156
Advertising and communications	1,089,481	1,138,447
Utilities	392,295	315,749
Repairs and maintenance	501,461	563,431
Student services	324,798	217,417
Municipal taxes	59,250	56,625
Insurance	46,835	43,141
Recruitment	112,336	99,590
Ancillary operations	1,812,287	1,453,152
Non-credit operations	1,797,794	1,235,985
Amortization of capital assets	1,119,507	1,009,539
	<b>22,664,892</b>	<b>19,870,623</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 601,914</b>	<b>\$ (104,076)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Algoma University Statement of Cash Flows

**For the year ended April 30**

**2011**

**2010**

**Cash flows from operating activities**

Excess (deficiency) of revenues over expenses	\$ 601,914	\$ (104,076)
Items not involving cash		
Amortization of capital assets	1,119,507	1,009,539
Amortization of deferred contributions	<u>(527,134)</u>	<u>(571,244)</u>
	<b>1,194,287</b>	<b>334,219</b>
 Changes in non-cash working capital balances		
Accounts receivable - fees	30,858	(542,987)
Accounts receivable - other	(1,795,483)	(170,826)
Inventories	(464)	(2,237)
Prepaid expenses	103,909	(279,344)
Long term investments	1,000,000	-
Deferred pension charge	517,242	199,935
Accounts payable and accrued liabilities	372,666	240,117
Due to/from Algoma University Foundation	53,036	(166,214)
Due to/from associated entities	16,973	(63,774)
Fees received in advance	(61,660)	66,840
Deferred government grants and program revenue	65,340	1,373,494
Revolving credit facility	<u>(300,000)</u>	<u>50,000</u>
	<b>1,196,704</b>	<b>1,039,223</b>

**Cash flows from investing activities**

Purchase of capital assets	(19,681,167)	(4,575,046)
Deferred capital contribution	<u>13,763,511</u>	<u>4,263,007</u>
	<b>(5,917,656)</b>	<b>(312,039)</b>

**Cash flows from financing activities**

Net increase in long term debt	<u>5,142,888</u>	<u>460,925</u>
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**Increase in cash and equivalents**

**421,936**      **1,188,109**

**Cash and cash equivalents, beginning of year**

**1,735,312**      **547,203**

**Cash and cash equivalents, end of year**

**\$ 2,157,248**      **\$ 1,735,312**

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# Algoma University

## Summary of Significant Accounting Policies

**April 30, 2011**

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<b>Nature of Operations</b>	Algoma University is a provincially funded university offering educational programs and upgrading to the accessing communities.												
<b>Basis of Consolidation</b>	These financial statements do not reflect the assets, liabilities and results of operations of the various student organizations, the Northern Ontario Research, Development, Ideas and Knowledge Institute (Nordik Research Institute), the Coalition for Algoma Passenger Trains (CAPT), the Invasive Species Research Institute (ISRI), the Health Informatics Institute (HII), Algoma University Foundation or Windsor Park Retirement Residence Inc. (a wholly owned subsidiary).												
<b>Inventories</b>	Inventories are valued at the lower of cost or net realizable value, with cost being determined substantially on a first-in, first-out basis.												
<b>Revenue Recognition</b>	<p>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 to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Tuition fees for courses which are offered substantially after the fiscal year end are deferred.</p>												
<b>Use of Estimates</b>	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Specifically, estimates related to rate of return on assets used in valuing the future pension benefit obligation are affected by the uncertainty of predictions concerning future events. Should the underlying assumptions change, the estimated pension benefit obligation disclosed in notes to the financial statements may change by a material amount.												
<b>Capital Assets</b>	<p>Capital assets are recorded at cost, except for art work which is recorded at fair value at the date of contribution, being appraised value. Amortization, based on the estimated useful life of the asset, is provided by the straight line basis over the following periods:</p> <table><tr><td>Buildings</td><td>-</td><td>40 years</td></tr><tr><td>Furniture and equipment</td><td>-</td><td>5 years</td></tr><tr><td>Parking lot</td><td>-</td><td>15 years</td></tr><tr><td>Computer software system</td><td>-</td><td>5 years</td></tr></table> <p>Construction in progress is capitalized as work is completed. Upon completion of the projects, capitalized construction in progress costs are transferred to the various categories of capital assets and will be amortized on a basis consistent with similar assets.</p>	Buildings	-	40 years	Furniture and equipment	-	5 years	Parking lot	-	15 years	Computer software system	-	5 years
Buildings	-	40 years											
Furniture and equipment	-	5 years											
Parking lot	-	15 years											
Computer software system	-	5 years											

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# Algoma University

## Summary of Significant Accounting Policies

**April 30, 2011**

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### **Pension Expense**

The university maintains a defined benefit plan covering the faculty and management staff. Contributions to the pension plan are made in accordance with the Pension Commission of Ontario actuarial requirements.

Salaries and benefits include the pension plan expense, which is calculated at the cost provided in exchange for the employee's service rendered during the year. The amount charged or credited to operations is based on amounts determined by the university's actuary using the projected benefit method pro-rated on services and management's best estimates.

The assets of the plan are determined at market values. Pension expense includes amortization of experience gains and losses. These amounts are being amortized over the expected average remaining service life of plan participants.

Subsequent to 2006, faculty, management and staff are eligible to participate in a group retirement savings plan.

### **Cost Allocation**

Only costs which can be identified with departments are allocated. Unidentifiable costs are included with general and administrative expenditures.

### **Financial Instruments**

The university classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The university's accounting policy for each category is as follows:

a) **Held for trading**

Financial instruments are classified under this category if they are:

- (i) acquired principally for the purpose of selling or repurchasing in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- (iii) a derivative, except for a derivative that is a financial guarantee contract or a designated effective hedging instrument; or
- (iv) designated at fair value using the fair value option ("FVO")

Financial instruments cannot be transferred into or out of the held for trading category after inception. For designation at fair value using the FVO option, reliable fair values must be readily available.

Financial instruments included in this category are cash and bank. These instruments are carried on the balance sheet at fair value with changes in fair value recognized in the Statement of Operations. Transaction costs related to instruments classified as held for trading are expensed as incurred.



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**Algoma University**  
**Summary of Significant Accounting Policies**

**April 30, 2011**

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**Financial Instruments**  
(continued)

b) Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are included in the amount initially recognized. Accounts receivable, grants receivable, and related party balances have been classified as loans and receivables.

c) Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held for trading and comprises accounts payable, accrued liabilities, revolving credit facility and long term debt. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest rate method.

Unless otherwise noted, it is management's opinion that the university is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**1. Pension plans**

**Defined benefit pension plan**

The university maintains a defined benefit plan covering the faculty and management staff. Actuarial reports, which were based on projections of employee's compensation levels to the time of retirement, indicate the net assets available to provide for benefits, and the present value of accrued pension benefits at June 30, are as follows:

	2011	2010
Asset, at market value	\$ 18,470,000	\$ 16,702,000
Pension benefit obligation	22,755,000	21,825,000
Plan surplus (deficit)	\$ (4,285,000)	\$ (5,123,000)

The pension benefit obligation was determined at June 30, 2011 by rolling forward pension benefit obligation as at July 1, 2008, the date of the latest actuarial valuation, with adjustments for interest, current service costs and benefit payments.

The plan assets at June 30 consist of the following asset categories:

	2011	2010
Canadian equities	45 %	43 %
Foreign equities	23 %	23 %
Fixed income	31 %	32 %
Cash and short term deposits	1 %	2 %
	100 %	100 %

The pension expense for the year ended April 30, 2011 was determined by prorating the pension expense for the years ended June 30, 2011 and 2010. The pension expense amounts totaled \$976,667 (2010 - \$694,833) and is included in salaries and benefits on the statement of operations. Employer contributions paid and payable during the year were \$459,425 (2010 - \$494,898).

The discount rate used is 4.9% (2010 - 5.0%), the estimated rate of salary increases used is 4.0% (2010 - 4.0%) and the estimated rate of return on assets used is 6.0% (2010 - 6.0%).

The cumulative difference between the amounts expensed and the funding contributions has been reflected on the statement of financial position as a deferred pension charge. The difference between the plan deficit of (\$4,285,000) and the deferred pension charge of \$1,197,340 is due to unamortized net actuarial losses.

**Group Retirement Savings Plan**

Employees hired subsequent to 2006 are eligible to participate in a group retirement savings plan. Employer contributions totaled \$371,100 for 2011 (\$262,462 - 2010) and were fully expensed.

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**2. Capital assets**

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 438,966	\$ -	\$ 371,816	\$ -
Library books	645,303	645,303	645,303	645,303
Buildings	28,834,230	8,492,339	24,090,038	7,773,582
Furniture and equipment	5,086,673	4,598,950	4,977,997	4,355,982
Parking lot	2,129,431	572,904	1,685,321	430,942
Artwork	54,593	-	54,593	-
Computer software system	79,095	47,457	79,095	31,638
Construction in progress				
- Bioscience Centre	17,817,912	-	-	-
- Other	272,104	-	3,772,980	-
	<b>\$ 55,358,307</b>	<b>\$ 14,356,953</b>	<b>\$ 35,677,143</b>	<b>\$ 13,237,447</b>
Net book value		<b>\$ 41,001,354</b>		<b>\$ 22,439,696</b>

**3. Long term investments**

Windsor Park Retirement Residence Inc. (WPRR Inc.) is a wholly owned subsidiary controlled by the University. WPRR Inc. which is involved in the operation of a retirement residence is incorporated under the laws of the Province of Ontario. The company is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes provided certain criteria are maintained on an ongoing basis.

The investment in WPRR Inc. is as follows:

	2011	2010
Investment in land and buildings located at 601 and 617 Queen Street East, Sault Ste. Marie, Ontario	\$ -	\$ 3,926,550
Capital stock (1 common share)	-	1
Contributed capital assets transferred to WPRR Inc.	-	112,007
Due from WPRR Inc.	-	320,794
	-	4,359,352
Loss on write down of investment in WPRR Inc.	-	(3,359,352)
	<b>\$ -</b>	<b>\$ 1,000,000</b>

The investment in WPRR Inc. was originally recorded based on appraised value of the land and building, and the cost of contributed capital assets. Each year, the change in the due from WPRR Inc. account was added to the investment. During the 2009 year-end, it was determined that the investment in WPRR Inc. was impaired and the investment was written down. The current economic conditions and their effect on the local real estate market were considered in determining the amount of the loss on the write down.

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**3. Long term investments (continued)**

The summary financial statements for WPRR Inc. for the non-coterminous years ended September 30, 2010 and 2009 are as follows:

**Balance Sheet**

	As at September 30	
	2010	2009
<b>Assets</b>	<b>\$ 38,212</b>	<b>\$ 72,994</b>
<b>Liabilities</b>	<b>\$ 778,110</b>	<b>\$ 561,737</b>
Deferred contributions related to capital assets	41,196	47,765
Common share	1	1
Deficit	<b>(781,095)</b>	<b>(536,509)</b>
	<b>\$ 38,212</b>	<b>\$ 72,994</b>

**Statement of Operations**

	For the year ended September 30	
	2010	2009
Revenue	<b>\$ 546,314</b>	<b>\$ 1,263,793</b>
Expenses	<b>790,900</b>	<b>1,340,033</b>
Loss	<b>(244,586)</b>	<b>(76,240)</b>
Deficit, beginning of year	<b>(536,509)</b>	<b>(460,269)</b>
Deficit, end of year	<b>\$ (781,095)</b>	<b>\$ (536,509)</b>

**Cash Flows**

	For the year ended September 30,	
	2010	2009
Cash flows from operating activities	<b>\$ (111)</b>	<b>\$ 18,233</b>
Cash flows from investing activities	<b>938</b>	<b>(3,357)</b>
Increase (decrease) in cash	<b>827</b>	<b>14,876</b>
Cash, beginning of year	<b>(827)</b>	<b>(15,703)</b>
Cash, end of year	<b>\$ -</b>	<b>\$ (827)</b>

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**3. Long term investments (continued)**

**Summary of Significant Accounting Policies**

Revenue recognition      WPRR Inc. recognizes revenue as it is earned through the rental of residential rooms. Revenue from ancillary services are recognized upon delivery of the services provided.

Capital assets              WPRR Inc. capital assets are recorded at cost. Amortization is provided on a diminishing-balance basis at the following annual rates:

Furniture and equipment	-	20%
Computers	-	45%-100%

In the year of acquisition, capital assets are amortized at one-half of the above rates.

**Discontinued Operations**

Effective May 31, 2010, WPRR Inc. ceased operations. Algoma University has converted the land and building for their own residence use. As a result, the \$1,000,000 investment in WPRR Inc. has been allocated to capital asset as land and building.

**4. Net assets internally restricted**

The following balances represent net assets set aside by the Board of Governors for the specific purpose of:

	2011	2010
Operating	\$ 551,746	\$ 551,746
Future capital projects	601,914	-
	\$ 1,153,660	\$ 551,746

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**5. Long term debt**

	2011	2010
Scotiabank student centre loan, repayable \$4,167 monthly plus interest at 4.55%, secured by property and general security agreement, maturing December 2014	\$ 700,000	\$ 750,000
Scotiabank building renovation loan, repaid during year	-	150,000
Scotiabank consolidated loan, repayable \$33,873 monthly including interest at 4.50%, secured by property and general security agreement, maturing December 2014 <sup>1</sup>	3,148,686	3,407,128
First Mutual capital lease, repayable \$927 monthly including interest at 4.01%, secured by equipment, maturing January 2013	18,773	28,925
Bank of Montreal parking lot loan, repayable \$2,800 monthly plus interest at 2.75%, maturing January 2013	1,038,000	1,071,600
Scotiabank Biosciences & Technology Convergence Centre and WPRR Inc. loan, repayable \$35,200 including interest at 4.3%, secured by property and general security agreement, maturing March 2016	5,645,082	-
	10,550,541	5,407,653
Less current portion	547,742	502,211
	\$ 10,002,799	\$ 4,905,442

Interest on long term debt during the year amounted to \$198,757 (2010 - \$187,908).

<sup>1</sup> The above loan was consolidated in the 2007 fiscal year end. Had the consolidation not occurred the four individual loans would have had balances as follows:

Residence loan 1	\$ 589,770
Residence loan 2	1,294,219
Residence loan 3	462,552
West wing loan	802,145
	\$ 3,148,686

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**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

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**5. Long term debt (continued)**

Principal payments required on long term debt for the next five years and thereafter, assuming refinancing under similar terms, are as follows:

Year	Amount
2012	\$ 547,742
2013	565,838
2014	579,010
2015	601,353
2016	624,705
Thereafter	<u>7,631,893</u>
	<u>\$ 10,550,541</u>

The university has an operating line of credit due on demand in the amount of \$1,250,000 available. The facility bears interest at the bank's prime lending rate minus 0.5% with advances made in multiples of \$25,000. As at April 30, 2011, the entire facility was available to the university.

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**6. Contingent liabilities**

The university is a member of the Canadian Universities Reciprocal Insurance Exchange ("CURIE"). CURIE is a pooling of property damage and public liability insurance risks of its members. All members pay annual deposit premiums, which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. No assessment has been made for the year ended April 30, 2011.

The university is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the university. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

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**7. Trust funds**

The university administers approximately \$22,000 of funds provided from donations. These funds are available to students as emergency loans.

**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

**8. Algoma University Foundation**

Algoma University has representation on the Board of Directors and shares management personnel with Algoma University Foundation ("the foundation"). The foundation is engaged in fundraising and related activities for the purpose of providing scholarships to the students of the university and other funding to the university. The foundation is a registered charity under the Income Tax Act. The financial information below for Algoma University Foundation is not included in the consolidated financial statements presenting the assets, liabilities and results of operations for Algoma University.

The summary financial statements for Algoma University Foundation for the years ended April 30, 2011 and April 30, 2010 are as follows:

	<u>2011</u>	<u>2010</u>
<b>Balance Sheet:</b>		
<b>Assets</b>	<b>\$ 3,625,460</b>	<b>\$ 3,207,958</b>
<b>Liabilities</b>	<b>\$ 422,908</b>	<b>\$ 373,854</b>
<b>Net assets</b>	<b>3,202,552</b>	<b>2,834,104</b>
	<b>\$ 3,625,460</b>	<b>\$ 3,207,958</b>
<b>Statement of Operations:</b>		
<b>Revenue</b>	<b>\$ 852,034</b>	<b>\$ 412,232</b>
<b>Expenses</b>	<b>476,561</b>	<b>417,514</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 375,473</b>	<b>\$ (5,282)</b>
<b>Cash Flows:</b>		
<b>Cash flows from operating activities</b>	<b>\$ 419,174</b>	<b>\$ 235,414</b>
<b>Cash flows from investing activities</b>	<b>(525,498)</b>	<b>(114,345)</b>
<b>Cash flows from financing activities</b>	<b>76,676</b>	<b>19,090</b>
<b>Increase (decrease) in cash</b>	<b>(29,648)</b>	<b>140,159</b>
<b>Cash, beginning of year</b>	<b>163,754</b>	<b>23,595</b>
<b>Cash, end of year</b>	<b>\$ 134,106</b>	<b>\$ 163,754</b>

Included in assets above are other assets consisting of artwork totaling \$355,000 which are recorded at fair value at the date of contribution, being the appraised value. An appraisal has not been obtained in recent years.

Included in liabilities above is \$198,762 due to Algoma University.



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**Algoma University**  
**Notes to Financial Statements**

**April 30, 2011**

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**9. Related party balances**

The following are amounts due from the Northern Ontario Research, Development, Ideas and Knowledge Institute (Nordik Research Institute), the Coalition for Algoma Passenger Trains (CAPT), the Invasive Species Research Institute (ISRI) and the Health Informatics Institute (HII):

	<u>2011</u>	<u>2010</u>
Due (to)/from Nordik Research Institute	\$ 3,431	\$ 54,707
Due (to)/from CAPT	(588)	163
Due (to)/from ISRI	18,576	8,904
Due (to)/from HII	<u>25,382</u>	<u>-</u>
Total due (to)/from associated entities	<u>\$ 46,801</u>	<u>\$ 63,774</u>

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**10. Comparative figures**

Comparative figures have been restated where necessary to conform to the presentation adopted during the fiscal year.

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**11. Capital disclosure**

The university considers its capital to be its net assets. The university's objectives when managing its capital are to safeguard its ability to continue as a going concern, to continue to provide services to the university community and to allow for future expansion. Annual budgets are developed and compared to actual results as the year unfolds to ensure the organization's capital is maintained at an appropriate level.



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Sault Ste. Marie ON P6A 5N7 Canada

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## Independent Auditor's Comments on Supplementary Financial Information

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To the Board of Governors of  
Algoma University

We have audited the financial statements of Algoma University, which comprise the statement of financial position as at April 30, 2011, and the statements of operations, change in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated October 6, 2011 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The individual schedules of supplemental financial information are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario  
October 6, 2011

**Algoma University  
Schedule of Ancillary Operations**

For the year ended April 30, 2011	Downtown Residence	George Leach Centre	Varsity	Other Ancillary Services	Campus Residence	Parking Lot	Student Bar	Student Centre	Windsor Park	Total
Revenue	\$ 223,008	\$ 544,035	\$ 165,495	\$ 33,694	\$ 622,613	\$ 129,795	\$ 27,510	\$ 33,352	\$ -	\$ 1,779,502
Expenses										
Cost of sales	-	-	-	-	-	-	11,789	-	-	11,789
Salaries and benefits	6,692	274,169	70,432	-	104,540	-	38,368	-	-	494,201
Utilities	98,948	47,458	-	-	96,639	-	-	-	-	243,045
Maintenance	33,746	68,932	-	-	33,736	38,607	-	-	-	175,021
Interest	11,058	-	-	-	124,480	29,048	-	33,352	-	197,938
Other operating expenses	48,897	136,965	197,813	-	28,675	74,668	7,489	-	195,786	690,293
Program transfer recovery	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-
	199,341	527,524	268,245	-	388,070	142,323	57,646	33,352	195,786	1,812,287
Excess (deficiency) of revenue over expenses	\$ 23,667	\$ 16,511	\$ (102,750)	\$ 33,694	\$ 234,543	\$ (12,528)	\$ (30,136)	\$ -	\$ (195,786)	\$ (32,785)
For the year ended April 30, 2010										
Excess (deficiency) of revenue over expenses	\$ -	\$ 5,096	\$ (15,767)	\$ 49,743	\$ 189,681	\$ 34,023	\$ (11,134)	\$ -	\$ (159,932)	\$ 91,710

**Algoma University**  
**Schedule of Non-credit Operations**

For the year ended April 30, 2011	First Generation Project	Research	Masters of Science	Algoma Off Campus	ESL	CESD	Social Work Collaborative	Total
Revenue	\$ 153,884	\$ 558,151	\$ 101,132	\$ 391,983	\$ 467,346	\$ -	\$ 18,164	\$ 1,690,660
Expenses								
Salaries and benefits	5,445	228,816	31,832	310,299	252,874	-	-	829,266
Other operating expenses	55,103	390,982	39,479	305,027	159,660	-	18,277	968,528
	60,548	619,798	71,311	615,326	412,534	-	18,277	1,797,794
Excess (deficiency) of revenue over expenses	\$ 93,336	\$ (61,647)	\$ 29,821	\$ (223,343)	\$ 54,812	\$ -	\$ (113)	\$ (107,134)
For the year ended April 30, 2010								
Excess (deficiency) of revenue over expenses	\$ 18,127	\$ 55,760	\$ (60,527)	\$ (128,746)	\$ 40,730	\$ (3,533)	\$ 25	\$ (78,164)