

**Brescia University College
Foundation**

Financial Statements
April 30, 2015



June 11, 2015

Independent Auditor's Report

To the Directors of the Brescia University College Foundation

We have audited the accompanying financial statements of Brescia University College Foundation, which comprise the statement of financial position as at April 30, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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 accounting standards for not-for-profit organizations, 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.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brescia University College Foundation as at April 30, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Brescia University College Foundation

Statement of Financial Position

As at April 30, 2015

	Unrestricted \$	Externally restricted \$	Endowments \$	2015 \$	2014 \$
Assets					
Current assets					
Cash	913	745	8,164	9,822	372,627
Accounts receivable	1,278	-	-	1,278	3,202
Prepaid expenses	-	-	-	-	4,436
Due from Brescia University College (note 6)	-	-	94,827	94,827	-
	2,191	745	102,991	105,927	380,265
Investments (note 3)	812,965	1,176,244	3,364,005	5,353,214	4,871,060
	815,156	1,176,989	3,466,996	5,459,141	5,251,325
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued liabilities (note 7)	10,852	457	1,651	12,960	16,880
Due to Brescia University College (note 6)	32,187	315,740	-	347,927	384,716
	43,039	316,197	1,651	360,887	401,596
Fund balances					
Unrestricted	772,117	-	-	772,117	754,666
Externally restricted	-	860,792	-	860,792	897,177
Endowments (note 4)	-	-	3,465,345	3,465,345	3,197,886
	772,117	860,792	3,465,345	5,098,254	4,849,729
	815,156	1,176,989	3,466,996	5,459,141	5,251,325

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Brescia University College Foundation
Statement of Operations and Changes in Fund Balances
For the year ended April 30, 2015

	Unrestricted \$	Externally restricted \$	Endowments \$	2015 \$	2014 \$
Revenue					
Donations in-kind from Brescia (note 6)	80,352	-	-	80,352	250,000
Investment income	44,482	155,308	-	199,790	143,895
Contributions	4,554	135,100	111,513	251,167	518,185
	<u>129,388</u>	<u>290,408</u>	<u>111,513</u>	<u>531,309</u>	<u>912,080</u>
Expenses					
Salaries and benefits	63,156	-	-	63,156	413,514
Administrative	7,406	-	-	7,406	38,443
Other fundraising expenses	52,718	-	-	52,718	25,131
Professional fees	21,009	23,536	-	44,545	38,857
Transfer to Brescia for payment of awards	-	330,450	-	330,450	278,498
	<u>144,289</u>	<u>353,986</u>	<u>-</u>	<u>498,275</u>	<u>794,443</u>
Excess (deficiency) of revenue over expenses before undernoted	(14,901)	(63,578)	111,513	33,034	117,637
Realized and unrealized gain (loss) on investments					
Realized gain on investments	13,337	6,887	59,580	79,803	480,605
Increase in unrealized gain (loss) on investment	19,015	20,306	96,366	135,688	(108,700)
Excess (deficiency) of revenue over expenses	17,451	(36,385)	267,459	248,525	489,542
Fund balances - Beginning of year	<u>754,666</u>	<u>897,177</u>	<u>3,197,886</u>	<u>4,849,729</u>	<u>4,360,186</u>
Fund balances - End of year	<u>772,117</u>	<u>860,792</u>	<u>3,465,345</u>	<u>5,098,254</u>	<u>4,849,728</u>

The accompanying notes are an integral part of these financial statements.

Brescia University College Foundation

Statement of Cash Flows

For the year ended April 30, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	248,525	489,542
Add (deduct) non-cash items:		
Change in unrealized gain on investment	(135,688)	108,700
Change in non-cash working capital items:		
Decrease in accounts receivable	1,924	4,437
Decrease (increase) in prepaid expenses	4,436	(362)
(Decrease) increase in accounts payable and accrued liabilities	(3,921)	8,180
(Decrease) increase in due to Brescia University College	(131,616)	88,471
	<u>(16,340)</u>	<u>698,968</u>
Investing activities		
Net (increase) in investments	<u>(346,465)</u>	<u>(638,913)</u>
Net (decrease) increase in cash during the year	(362,805)	60,055
Cash - Beginning of year	<u>372,627</u>	<u>312,572</u>
Cash - End of year	<u>9,822</u>	<u>372,627</u>

The accompanying notes are an integral part of these financial statements.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2015

1 Purpose of the Foundation

Brescia University College Foundation's (the Foundation) purpose is to receive and maintain funds for the purpose of providing scholarships, bursaries and other financial assistance to students enrolled at Brescia University College (Brescia) and for the purpose of providing gifts to Brescia University College for the furtherance of its objectives.

The Foundation was incorporated on June 4, 1986 as Brescia College Alumnae Foundation. An application for Supplementary Letters Patent was filed by the Ministry of Consumer and Business Services on April 28, 2005. The corporation name changed to Brescia University College Foundation and certain objects and special provisions were amended. As a not-for-profit registered charity, the Foundation is exempt from tax under the Income Tax Act (Canada).

On July 1, 2014, the Foundation entered into a Memorandum of Agreement with Brescia (the Restructuring) whereby all fundraising operations of the Foundation ceased as at July 1, 2014 and are thereafter carried on as part of the operations of Brescia. The Restructuring further provided that the donation-in-kind from Brescia, historically set at \$250,000 per annum, ceased as at July 1, 2014. Following the Restructuring, the primary business activities within the Foundation comprise the management of the investment portfolios and the granting of awards to Brescia out of the Foundation's unrestricted, restricted and endowed funds. New donations to be invested into these funds flow through Brescia to the Foundation.

2 Accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) within the framework of accounting policies summarized below.

Measurement uncertainty

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

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. 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 and endowment contributions are recognized as revenue in the year in which they are received.

Restricted, endowment and unrestricted investment income is recognized as revenue when earned. Investment income earned on endowment investments is recorded as income of the restricted fund.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2015

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial instruments are recognized as soon as the Foundation becomes a party to the contractual provisions of the financial instrument. Upon initial recognition financial instruments are measured at fair value. The fair value of a financial instrument is the estimated amount that the Foundation would receive or pay to terminate the instrument agreement at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

Measurement in subsequent periods depends on whether the financial instrument has been classified as “held-for-trading”, “available for sale”, “held-to-maturity”, “loans and receivable” or “other financial liabilities” as defined by the standard.

Cash

Cash consists primarily of cash on hand and cash held in the investments account. These instruments are classified as held-for-trading. Carrying values approximate fair values for these instruments due to their short-term maturity.

Investments

Investments are designated as held-for-trading under the standard and measured at fair value. Changes in fair value are recorded in the statement of operations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market including accounts receivables and due from related parties. After initial recognition, loans and receivables are subsequently carried at amortized cost using the effective interest method less any impairment losses, if necessary. Gains and losses are recognized in the statement of operations when the loans and receivable are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

The carrying value of accounts receivable approximates their fair values due to the short-term maturity of these financial instruments.

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market including accounts payable and accrued liabilities, and due to related parties. After initial recognition, other financial liabilities are subsequently carried at amortized cost using the effective interest method less any impairment losses, if necessary. Gains and losses are recognized in the statement of operations when the other liabilities are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

Brescia University College Foundation

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The carrying value of accounts payable and accrued liabilities and due to Brescia University College approximates their fair values due to the short-term maturity of these financial instruments.

Interest rate risk

The Foundation's exposure to interest rate risk lies in its fixed income securities and is considered to be an insignificant exposure since the securities are held indirectly through pooled funds.

Credit risk

The Foundation has no significant exposure to credit risk.

Foreign exchange risk

The Foundation has no significant exposure to fluctuations in the value of foreign currencies.

3 Investments

	2015		2014	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	2,888,580	3,236,966	2,622,993	2,904,157
Fixed income securities	1,961,128	2,075,842	1,880,249	1,928,485
Cash surrender value of life insurance policy	-	40,406	-	38,418
	<u>4,849,708</u>	<u>5,353,214</u>	<u>4,503,242</u>	<u>4,871,060</u>

4 Endowments

All of the net assets for Endowments have externally imposed restrictions stipulating that the principal be maintained intact. The use of investment income is restricted to provide for scholarships for academic achievement and bursaries for financial need.

5 Ontario Student Opportunity Trust Fund

The net assets for endowments include the Ontario Student Opportunity Trust Fund (OSOTF I, OSOTF II and OTSS). The OSOTF program was established by the Government of Ontario whereby the Government of Ontario, on a dollar-for-dollar basis, matched all eligible donations made to the OSOTF. The Government completed its role in this program as of March 31, 2000 for OSOTF I and June 30, 2003 for OSOTF II. On April 1, 2006, the Government of Ontario introduced the Ontario Trust for Student Support (OTSS). Investment income from the funds must be used to assist academically qualified individuals who for financial reasons would not otherwise be able to attend university. The Government completed the OTSS program effective March 31, 2012. Any remaining unmatched donations received under the OTSS program as at March 31, 2012 will no longer be matched by the Government of Ontario.

Brescia University College Foundation

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April 30, 2015

The Foundation has recorded the following amounts under the OSOTF I program:

	2015 \$	2014 \$
Balance - Beginning of year	359,865	324,580
Recapitalization of capital gains	7,011	35,285
	<hr/>	<hr/>
Balance - End of year	366,876	359,865
	<hr/>	<hr/>
	2015 \$	2014 \$
Expendable funds available for awards - Beginning of year	12,893	14,142
Investment income, net of management fees	11,744	8,935
Net capital gains	139	1,541
Bursaries	(12,620)	(11,725)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	12,156	12,893
	<hr/>	<hr/>

The Foundation has recorded the following amounts under the OSOTF II program:

	2015 \$	2014 \$
Balance - Beginning of year	186,911	168,677
Recapitalization of capital gains	3,623	18,234
	<hr/>	<hr/>
Balance - End of year	190,534	189,911
	<hr/>	<hr/>
	2015 \$	2014 \$
Expendable funds available for awards - Beginning of year	16,311	16,344
Investment income, net of management fees	6,490	4,837
Net capital gains	150	1,474
Bursaries	(6,435)	(6,344)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	16,516	16,311
	<hr/>	<hr/>

OSOTF I and OSOTF II programs had approximate market values of \$417,512 (2014 - \$400,191) and \$228,070 (2014 - \$218,178) respectively as at April 30, 2015.

Brescia University College Foundation

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The Foundation has recorded the following amounts under the OTSS program:

	2015 \$	2014 \$
Balance - Beginning of year	1,466,225	1,330,909
Donations received	-	6,232
Recapitalization of capital gains	24,275	129,084
	<hr/>	<hr/>
Balance - End of year	1,490,500	1,466,225
	<hr/>	<hr/>
	2015 \$	2014 \$
Expendable funds available for awards - Beginning of year	49,133	54,175
Investment income, net of management fees	41,192	32,918
Net capital gains	581	6,082
Bursaries	(41,824)	(44,042)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	49,082	49,133
	<hr/>	<hr/>

Investments under the OTSS program had an approximate market value of \$1,695,889 (2014 - \$1,626,879) as at April 30, 2015.

6 Due to Brescia University College

Amount due to Brescia University College at April 30, 2015 for awards funded by the Foundation and for expenses of the Foundation in excess of \$80,352 paid by Brescia amount to \$253,100 (2014 - \$384,716 in excess of donation-in-kind of \$250,000).

During the May 1, 2014 to June 30, 2014 period prior to the Restructuring, Brescia paid \$80,352 (2014 - \$250,000) for expenses on behalf of the Foundation. The amount has been recorded as a donation in-kind as Brescia will not be reimbursed.

7 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts become due. No amounts were payable to government authorities for either 2015 or 2014.

