

**Brescia University College  
Foundation**

Financial Statements  
**April 30, 2014**



June 25, 2014

## **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, 2014 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, 2014 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, 2014

	Unrestricted \$	Externally restricted \$	Endowments \$	2014 \$	2013 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	83,116	208,917	80,594	372,627	312,572
Accounts receivable	3,202	-	-	3,202	7,639
Prepaid expenses	4,261	175	-	4,436	4,074
	90,579	209,092	80,594	380,265	324,285
<b>Investments</b> (note 3)	893,705	860,064	3,117,291	4,871,060	4,340,848
	984,284	1,069,156	3,197,885	5,251,325	4,665,133
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 7)	16,881	-	-	16,881	8,701
Due to Brescia University College (note 6)	212,738	171,978	-	384,716	296,246
	229,619	171,978	-	401,597	304,947
<b>Fund balances</b>					
Unrestricted	754,665	-	-	754,665	803,258
Externally restricted	-	897,178	-	897,178	684,954
Endowments (note 4)	-	-	3,197,885	3,197,885	2,871,974
	754,665	897,178	3,197,885	4,849,728	4,360,186
	984,284	1,069,156	3,197,885	5,251,325	4,665,133

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, 2014**

	Unrestricted \$	Externally restricted \$	Endowments \$	2014 \$	2013 \$
<b>Revenue</b>					
Donations in-kind from Brescia (note 6)	250,000	-	-	250,000	250,000
Investment income	38,753	105,142	-	143,895	145,640
Contributions	64,905	352,835	100,445	518,185	329,050
	<u>353,658</u>	<u>457,977</u>	<u>100,445</u>	<u>912,080</u>	<u>724,690</u>
<b>Expenses</b>					
Salaries and benefits	413,514	-	-	413,514	379,642
Administrative	38,443	-	-	38,443	35,403
Other fundraising expenses	25,131	-	-	25,131	22,764
Professional fees	17,625	21,232	-	38,857	43,572
Transfer to Brescia for payment of awards	6,817	271,681	-	278,498	197,702
	<u>501,530</u>	<u>292,913</u>	<u>-</u>	<u>794,443</u>	<u>679,083</u>
Excess (deficiency) of revenue over expenses before undernoted	(147,872)	165,064	100,445	117,637	45,607
<b>Realized and unrealized gain (loss) on investments</b>					
Realized gain on investments	147,612	51,490	281,503	480,605	4,554
Increase in unrealized gain (loss) on investment	(55,074)	2,411	(56,037)	(108,700)	252,748
Excess (deficiency) of revenue over expenses	(55,334)	218,965	325,911	489,542	302,909
<b>Fund balances - Beginning of year</b>	<u>809,999</u>	<u>678,213</u>	<u>2,871,974</u>	<u>4,360,186</u>	<u>4,057,277</u>
<b>Fund balances - End of year</b>	<u>754,665</u>	<u>897,178</u>	<u>3,197,885</u>	<u>4,849,728</u>	<u>4,360,186</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, 2014

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	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	489,542	302,909
Add (deduct) non-cash items:		
Change in unrealized gain on investment	108,700	(252,748)
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	4,437	(3,888)
Increase in prepaid expenses	(362)	(354)
Increase (decrease) in accounts payable and accrued liabilities	8,180	(4,014)
Increase in due to Brescia University College	88,471	23,067
	<hr/> 698,968	<hr/> 64,972
<b>Investing activities</b>		
Net (increase) in investments	<hr/> (638,913)	<hr/> (162,793)
<b>Net increase (decrease) in cash during the year</b>	60,055	(97,821)
<b>Cash - Beginning of year</b>	<hr/> 312,572	<hr/> 410,393
<b>Cash - End of year</b>	<hr/> <hr/> 372,627	<hr/> <hr/> 312,572

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

# Brescia University College Foundation

## Notes to Financial Statements

April 30, 2014

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### 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).

### 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.

#### 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

# Brescia University College Foundation

## Notes to Financial Statements

April 30, 2014

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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.

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.



# Brescia University College Foundation

## Notes to Financial Statements

April 30, 2014

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### *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

	2014		2013	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	2,622,993	2,904,157	1,906,693	2,201,784
Fixed income securities	1,880,249	1,928,485	1,997,416	2,139,064
Cash surrender value of life insurance policy	-	38,418	-	-
	<u>4,503,242</u>	<u>4,871,060</u>	<u>3,904,109</u>	<u>4,340,848</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

## Notes to Financial Statements

April 30, 2014

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Balance - Beginning of year	324,580	321,817
Recapitalization of capital gains	35,285	2,763
	<hr/>	<hr/>
Balance - End of year	359,865	324,580
	<hr/>	<hr/>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Expendable funds available for awards - Beginning of year	14,142	16,538
Investment income, net of management fees	8,935	9,253
Net capital gains (losses)	1,541	(99)
Bursaries	(11,725)	(11,550)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	12,893	14,142
	<hr/>	<hr/>

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Balance - Beginning of year	168,677	167,249
Recapitalization of capital gains	18,234	1,428
	<hr/>	<hr/>
Balance - End of year	189,911	168,677
	<hr/>	<hr/>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Expendable funds available for awards - Beginning of year	16,344	17,775
Investment income, net of management fees	4,837	5,106
Net capital gains (losses)	1,474	(102)
Bursaries	(6,344)	(6,435)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	16,311	16,344
	<hr/>	<hr/>

OSOTF I and OSOTF II programs had approximate market values of \$400,191 (2013 - \$377,053) and \$218,178 (2013 - \$205,958) respectively as at April 30, 2014.

# Brescia University College Foundation

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

	2014 \$	2013 \$
Balance - Beginning of year	1,330,909	1,316,482
Donations received	6,232	4,346
Recapitalization of capital gains	129,084	10,081
	<hr/>	<hr/>
Balance - End of year	1,466,225	1,330,909
	<hr/>	<hr/>
	2014 \$	2013 \$
Expendable funds available for awards - Beginning of year	54,175	59,693
Investment income, net of management fees	32,918	33,627
Net capital gains (losses)	6,082	(414)
Bursaries	(44,042)	(38,731)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	49,133	54,175
	<hr/>	<hr/>

Investments under the OTSS program had an approximate market value of \$1,626,879 (2013 - \$1,541,824) as at April 30, 2014.

### 6 Due to Brescia University College

Amount due to Brescia University College at April 30, 2014 for awards funded by the Foundation and for expenses of the Foundation in excess of \$250,000 that have been paid out by Brescia amount to \$384,716 (2013 - \$296,246).

During the year, Brescia paid \$250,000 (2013 - \$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 2014 or 2013.

### 8 Subsequent events

A draft Memorandum of Agreement exists between Brescia and the Foundation which, if executed by both parties, will have the effect of transferring the fundraising activities currently undertaken by the Foundation over to Brescia as at an effective date of July 1, 2014. If the Memorandum of Agreement is finalized in its current form, all employees, assets and liabilities that support and relate to fundraising activities will be transferred to Brescia, while all investments and other assets and liabilities relating to the investments will remain in the Foundation. The transfer contemplated in the draft Memorandum of Agreement would

# **Brescia University College Foundation**

## Notes to Financial Statements

**April 30, 2014**

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fundamentally change the financial and operating relationship between Brescia and the Foundation and would have a material impact on the financial statements of the Foundation following the effective date of July 1, 2014.

### **9 Comparative figures**

Certain prior year figures have been restated to conform to the current period's financial statement presentation.

