

Brescia University College

Financial statements

April 30, 2021



Independent auditor's report

To the Board of Trustees of
Brescia University College

Opinion

We have audited the financial statements of **Brescia University College** ["Brescia"], which comprise the statement of financial position as at April 30, 2021, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brescia as at April 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of Brescia in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Brescia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Brescia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Brescia's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Brescia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Brescia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Brescia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

London, Canada
June 23, 2021

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Brescia University College

Statement of financial position

As at April 30

	2021	2020
	\$	\$
Assets		
Current		
Cash and cash equivalents	7,687,209	9,230,058
Short-term investments <i>[note 3]</i>	61,010	121,961
Accounts receivable	432,972	245,187
Prepaid expenses and inventory	219,139	180,249
Total current assets	8,400,330	9,777,455
Investments <i>[note 3]</i>	9,525,732	8,206,348
Capital assets, net <i>[note 4]</i>	60,359,477	63,542,747
	78,285,539	81,526,550
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	1,941,921	2,738,038
Deferred revenue	1,040,985	573,889
Current portion of mortgage payable <i>[note 9]</i>	200,000	200,000
Current portion of bank debt <i>[note 10]</i>	750,090	711,551
Total current liabilities	3,932,996	4,223,478
Deferred contributions <i>[note 6]</i>	1,489,871	935,396
Deferred capital contributions <i>[note 7]</i>	7,174,066	7,965,496
Pension benefit obligation <i>[note 8]</i>	632,898	1,126,121
Mortgage payable <i>[note 9]</i>	1,000,000	1,200,000
Bank debt <i>[note 10]</i>	33,886,920	34,637,010
Total liabilities	48,116,751	50,087,501
Net assets		
Unrestricted	21,320,679	24,094,565
Internally restricted <i>[note 5]</i>	2,534,166	2,242,559
Endowments	6,313,943	5,101,925
Total net assets	30,168,788	31,439,049
	78,285,539	81,526,550

Commitments and contingencies *[notes 8, 10, 14 and 15]*

See accompanying notes

Approved by the Board of Trustees:

Trustee

Trustee

Brescia University College

Statement of operations

Year ended April 30

	2021	2020
	\$	\$
Revenue		
Tuition and other student fees	14,728,480	16,145,137
Provincial government grants	8,444,497	8,395,902
Research and other grant revenue	50,035	60,883
Investment income <i>[note 3]</i>	694,710	322,855
Tuition revenue set aside for distribution as bursaries	427,929	440,933
Amortization of deferred capital contributions <i>[note 7]</i>	1,009,274	1,078,371
Donations	316,697	308,526
Miscellaneous	33,277	99,790
Ancillary revenue <i>[note 13]</i>	1,806,509	4,952,133
	27,511,408	31,804,530
Expenses		
Faculty salaries and benefits	8,137,040	7,936,963
Staff salaries and benefits	7,976,188	7,934,508
Service fee to Western University	2,899,482	2,767,560
Academic and student services	812,693	1,017,400
Marketing and external relations	894,799	1,059,469
Facilities	977,708	1,050,110
General administration	750,010	663,767
Scholarships and bursaries	2,509,967	2,821,845
Amortization of capital assets	3,265,313	2,989,918
Ancillary expenses <i>[note 13]</i>	596,977	1,391,036
Interest on long-term debt <i>[note 10]</i>	1,666,733	1,651,033
	30,486,910	31,283,609
Excess (deficiency) of revenue over expenses for the year	(2,975,502)	520,921

See accompanying notes

Brescia University College

Statement of changes in net assets

Year ended April 30

	Unrestricted	Internally restricted	Endowments	2021	2020
	\$	\$	\$	\$	\$
Net assets, beginning of year	24,094,565	2,242,559	5,101,925	31,439,049	31,702,249
Excess (deficiency) of revenue over expenses for the year	(2,975,502)	—	—	(2,975,502)	520,921
Endowment contributions	—	—	75,072	75,072	33,229
Increase (decrease) in accumulated investment income on endowments	—	—	1,136,946	1,136,946	(478,029)
Remeasurements of pension obligation <i>[note 8]</i>	493,223	—	—	493,223	(339,321)
Interfund transfers	(291,607)	291,607	—	—	—
Net assets, end of year	21,320,679	2,534,166	6,313,943	30,168,788	31,439,049

See accompanying notes

Brescia University College

Statement of cash flows

Year ended April 30

	2021	2020
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(2,975,502)	520,921
Add (deduct) non-cash items		
Amortization of capital assets	3,265,313	2,989,918
Amortization of deferred capital contributions	(1,009,274)	(1,078,371)
Unrealized investment loss (income)	(1,451,666)	792,341
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(187,785)	476,083
Increase (decrease) in prepaid expenses and inventory	(38,890)	72,867
Increase (decrease) in accounts payable and accrued liabilities	(796,117)	373,926
Increase (decrease) in deferred contributions	554,475	(18,199)
Increase (decrease) in deferred revenue	467,096	(606,148)
Cash provided by (used in) operating activities	(2,172,350)	3,523,338
Financing activities		
Endowment contributions	75,072	33,229
Deferred capital contributions received	217,844	252,112
Repayment of mortgage payable	(200,000)	(200,000)
Proceeds from (repayment of) bank debt	(711,551)	6,778,530
Cash provided by (used in) financing activities	(618,635)	6,863,871
Investing activities		
Purchases of capital assets	(82,043)	(7,538,374)
Net sales (purchases) of investments	1,330,179	(965,676)
Cash provided by (used in) investing activities	1,248,136	(8,504,050)
Net increase (decrease) in cash and cash equivalents during the year	(1,542,849)	1,883,159
Cash and cash equivalents, beginning of year	9,230,058	7,346,899
Cash and cash equivalents, end of year	7,687,209	9,230,058

See accompanying notes

Notes to financial statements

April 30, 2021

1. Purpose of the organization

Brescia University College ["Brescia"] is a Catholic university college for women, affiliated with Western University. Brescia offers undergraduate students a full range of liberal arts academic programming as well as specialist graduate and undergraduate programs in Food and Nutritional Sciences.

Brescia is incorporated without share capital under the *Corporations Act* (Ontario) and is a registered charity under the *Income Tax Act* (Canada). As a not-for-profit registered charity, Brescia is exempt from tax under the *Income Tax Act* pursuant to Section 149[1] [h.1] of the *Income Tax Act*.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada ["GAAP"] and includes the significant accounting policies summarized below.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 reporting period. Significant areas requiring the use of estimates include the valuation of donated land and buildings, the useful lives of capital assets and the pension benefit obligation. Actual results could differ from those estimates.

In addition, the coronavirus disease ["COVID-19"] that commenced in 2020 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Those measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of Brescia in future periods. It is possible that actual results could differ in the near term from those and other estimates used in preparing these financial statements and such differences could be significant.

Revenue recognition

Brescia accounts for contributions, which include government grants and donations, in accordance with the deferral method.

Externally restricted contributions received for:

- Purposes other than endowment or the acquisition of capital assets are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.
- The acquisitions of capital assets having limited life are initially recorded as deferred contributions in the period in which they are received and recognized as revenue over the useful life of the related capital assets.
- The acquisition of unlimited-life assets such as land and collections are recorded as direct increases in net assets in the period in which they are received.

Notes to financial statements

April 30, 2021

Endowment contributions and related investment income allocated to endowment capital preservation and growth are recorded as direct increases or decreases in net assets in the period in which they are received or earned.

Unrestricted contributions are recognized as revenue when received.

Revenue received for the provision of goods and services is recognized in the period in which the goods or services are provided by Brescia. Revenue received for a future period is deferred until the goods or services are provided.

Tuition and other academic fees are recorded as revenue on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as revenue. Fees collected that relate to academic terms commencing after the end of the fiscal year are included in deferred revenue.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of less than 90 days from the date of purchase.

Employee future benefits

Brescia recognizes the amount of the accrued benefit obligation net of the fair value of the assets of its defined pension plan [the "Plan"], adjusted for any valuation allowance, in the statement of financial position. Actuarial gains and losses and past service costs are recognized as a direct increase or decrease in net assets. The accrued benefit obligation is determined based on an actuarial valuation report prepared for funding purposes. This report is required to be prepared at least on a triennial basis by the applicable pension regulations. In the year where an actuarial valuation for funding purposes is not prepared, Brescia estimates the obligation.

Brescia has a defined contribution pension plan covering substantially all of its employees. Brescia's contribution to the pension plan are expensed as incurred.

Investments and investment income

All investments are recorded at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Short-term investments are readily convertible to cash and are recorded at cost plus accrued income, which approximates fair value. Pooled funds are valued based on reported unit values.

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

Investment income, composed of interest, dividends, realized and unrealized gains (losses), is recorded as revenue in the statement of operations, except for investment income earned on endowments, for which only the amount made available for spending is recorded as revenue. Investment income earned in excess of the amount made available for spending is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

Notes to financial statements

April 30, 2021

Derivative financial instruments

Brescia follows hedge accounting for its interest rate swap to manage the cash flow risk associated with its long-term debt obligation. In order for a derivative to qualify for hedge accounting, the hedge relationship must be identified, designated and formally documented at its inception. Change in the cash flows on the interest rate swaps must be highly effective in offsetting changes in the amount of cash flows on the hedged long-term debt. Interest rate swaps in qualifying hedging relationships are not recognized until their maturity.

Other financial instruments

Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, mortgage payable and bank debt are recorded at amortized cost.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at the following rates:

Buildings	20 – 30 years
Furniture and equipment	10 years
Parking lots	10 years
Computer hardware and software	3 years
Automotive	3 years

Construction in progress is not amortized until the asset is complete.

Inventories

Inventories are valued at the lower of cost and net realizable value on a first-in, first-out basis.

Endowments

Endowed investments consist of donations with externally imposed restrictions stipulating that the principal be maintained intact in perpetuity. The use of investment income earned from endowments is restricted to provide for scholarships for academic achievement and bursaries for financial need, or other awards to further Brescia's mission, as stipulated by the donor. Brescia's endowment management policies follow the general principle of maintaining the purchasing power of all endowment funds by limiting the amount made available for spending and reinvesting an amount commensurate with inflation into the principal portion of the endowment each year. Brescia ensures that all funds received for restricted purposes are expended for those purposes for which they were provided.

Notes to financial statements

April 30, 2021

3. Investments

[i] Total investments at fair value consist of the following:

	2021 \$	2020 \$
Short-term income fund	61,010	121,961
Long-term investments		
Equity pooled funds	3,989,526	4,955,852
Fixed income pooled funds	5,536,206	3,250,496
	9,525,732	8,206,348

[ii] Investment income consists of the following:

	2021			2020
	Operations \$	Endowment \$	Total \$	Total \$
Net realized investment income	254,572	310,329	564,901	529,963
Net increase (decrease) in unrealized investment income	287,408	979,348	1,266,756	(685,137)
	541,980	1,289,677	1,831,657	(155,174)
Investment income made available for spending	152,730	(152,730)	—	—
Decrease (increase) in accumulated investment income on endowments	—	(1,136,947)	(1,136,947)	478,029
	694,710	—	694,710	322,855

4. Capital assets

	2021		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	15,042,167	—	15,042,167
Buildings	68,827,683	25,568,615	43,259,068
Furniture and equipment	4,293,174	2,594,611	1,698,563
Computer hardware and software	1,017,202	862,631	154,571
Automotive	23,366	23,366	—
Parking lots	552,371	347,263	205,108
	89,755,963	29,396,486	60,359,477

Notes to financial statements

April 30, 2021

	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	15,042,167	—	15,042,167
Buildings	68,840,961	22,847,833	45,993,128
Furniture and equipment	4,228,718	2,177,278	2,051,440
Computer hardware and software	985,837	790,170	195,667
Automotive	23,366	23,366	—
Parking lots	552,371	292,026	260,345
	89,673,420	26,130,673	63,542,747

5. Internally restricted net assets

Brescia's Board of Trustees maintains restrictions on net assets for purposes of future capital projects. This restricted amount of \$2,534,166 [2020 – \$2,242,559] is not available for other purposes without approval of the Board of Trustees.

6. Deferred contributions

Deferred contributions represent unspent externally restricted grants [including research grants], donations and other contributions. The balance consists of the following:

	2021	2020
	\$	\$
Balance, beginning of year	935,396	953,595
Contributions received during the year	622,974	364,731
Contributions recognized in revenue during the year	(318,189)	(291,989)
Add net investment income (loss)	249,690	(90,941)
Balance, end of year	1,489,871	935,396

Of the \$318,189 [2020 – \$291,989] in contributions recognized in revenue during the year, \$50,035 [2020 – \$60,883] related to research and other grants.

Notes to financial statements

April 30, 2021

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The changes in the deferred capital contributions are as follows:

	2021 \$	2020 \$
Balance, beginning of year	7,965,496	8,791,755
Add contributions received and spent during the year	217,844	252,112
Less amounts amortized to revenue	(1,009,274)	(1,078,371)
Balance, end of year	7,174,066	7,965,496

8. Pension benefit obligation

As at January 1, 1994, Brescia changed from a defined benefit pension plan [the "DB plan"] to a defined contribution plan [the "DC plan"]. For all employees who were under the DB plan, Brescia has provided a guarantee that the value of their DC plan at retirement will not be less than it would have been under the previous DB plan.

Brescia measures its accrued benefit obligation for the DB plan as at April 30 each year for accounting purposes.

The DB plan has no assets. Cash contributions are made upon benefits becoming payable.

	2021 \$	2020 \$
Change in accrued benefit obligation		
Accrued benefit obligation – May 1	1,126,121	837,054
Net benefit cost (recovery)	(493,223)	339,321
Employer contributions	—	(50,254)
Accrued benefit obligation – April 30	632,898	1,126,121

Brescia's net benefit plan cost includes the following components:

	2021 \$	2020 \$
Current service cost	24,524	22,107
Interest cost	21,862	21,029
Actuarial losses (gains)	(539,609)	296,185
Net benefit cost (recovery) recognized	(493,223)	339,321

Notes to financial statements

April 30, 2021

The significant assumptions used for the benefit obligation are as follows:

	2021	2020
	%	%
Discount rate	1.65	1.90
Salary escalation	3.00	3.00

9. Mortgage payable

During 2007, Brescia entered into an agreement of purchase and sale with the Ursuline Religious of the Diocese of London in Ontario to purchase certain land and buildings at a negotiated exchange amount. Pursuant to the agreement, Brescia has agreed to pay the vendor take back mortgage in equal annual instalments commencing on the first anniversary of the closing date and on each anniversary thereafter until paid in full. The mortgage has an interest rate of nil. The purchase agreement was completed on February 15, 2008.

The principal minimum payments required over the next five years and thereafter are as follows:

	\$
2022	200,000
2023	200,000
2024	200,000
2025	200,000
2026	200,000
Thereafter	200,000
	<u>1,200,000</u>

10. Bank debt

Bank debt consists of the following:

- [i] A \$4,000,000 [2020- \$2,000,000] operating line of credit to finance general operating requirements. Repayable upon demand, bearing interest payable monthly at Prime minus 0.5% per annum. As at April 30, 2021, no amounts have been drawn.
- [ii] A \$31,100,000 long-term non-revolving loan to finance the Clare Hall residence, bearing interest at one-month bankers' acceptances plus fee of 1%, fully drawn down on October 29, 2013, repayable in 89 monthly blended instalments of principal and interest, with the balance of principal and interest due in the 90th month, amortized over 30 years. As at April 30, 2021, \$27,383,565 [2020 – \$27,992,747] was outstanding.

Notes to financial statements

April 30, 2021

The principal minimum payments required over the next five years and thereafter are as follows:

	\$
2022	642,840
2023	678,357
2024	715,838
2025	755,390
2026	797,126
Thereafter	23,794,014
	<u>27,383,565</u>

[iii] A \$4,000,000 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest at prime minus 0.5% per annum or one-month bankers' acceptances plus fee of 0.7%, fully drawn down on October 1, 2019, repayable in 60 monthly blended instalments of principal and interest, with the balance of principal and interest due in the 60th month, amortized over 25 years. As at April 30, 2021, \$3,839,180 [2020 – \$3,941,549] was outstanding.

The principal minimum payments required over the next five years and thereafter are as follows:

	\$
2022	107,250
2023	111,101
2024	114,418
2025	118,906
2026	123,227
Thereafter	3,264,278
	<u>3,839,180</u>

[iv] A \$3,414,265 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest payable monthly at prime minus 0.5% per annum or one-month bankers' acceptances plus fee of 0.7% per annum, repayable in full on or before October 31, 2024. As at April 30, 2021, \$3,414,265 [2020 – \$3,414,265] was outstanding.

The bank requires that Brescia maintain certain financial covenants. On August 19, 2020, Brescia obtained an amendment to waive these covenants for any reporting period between May 31, 2020 and April 30, 2021.

11. Financial instruments and risk management

Credit risk

Credit risk is the risk of potential loss to Brescia if a counterparty to a financial instrument fails to meet its contractual obligations. Brescia's credit risk is primarily attributable to its cash and cash equivalents, investments and accounts receivable.

Notes to financial statements

April 30, 2021

Brescia has assessed its exposure to credit risk and has determined that such risk is minimal. The majority of Brescia's cash and cash equivalents and investments are held with major financial institutions.

Currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from Brescia's financial instruments will fluctuate because of changes in foreign exchange rates.

Brescia's investments are denominated in Canadian dollars. Certain investments such as United States and other international equities include investments in foreign jurisdictions and are therefore subject to foreign currency fluctuations. Brescia mitigates the currency risk exposure of its foreign securities through diversification of its investments.

Market risk

Market risk is the risk that the value of an investment will decrease due to changes in market factors.

Equity and fixed income securities are held within pooled funds. Risk and volatility of investment returns are mitigated through diversification of investments in different countries, business sectors and corporation sizes.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on Brescia's financial instruments.

To manage the exposure to fluctuating prime interest rates on its variable interest rate debt, Brescia has entered into interest rate swap contracts, the terms of which are as follows:

	Swap Contract 1	Swap Contract 2
Term of agreement	October 29, 2013 – October 29, 2043	October 1, 2019 – October 1, 2044
Notional amount	\$27,385,565	\$3,839,180
Interest rate	4.41%	2.87%

All-in interest rate for both swap contracts includes a 1% stamping fee in addition to the interest rates noted above.

Swap Contract 1: Hedge accounting has been applied to the Swap Contract 1 derivative financial instrument. As such, the change in the fair value has not been recognized in the statement of operations or on the statement of financial position. As at April 30, 2021, the unrealized loss related to this swap agreement was \$6,898,126 [2020 - \$11,515,217].

Swap Contract 2: Hedge accounting has been applied to the Swap Contract 2 derivative financial instrument. As such, the change in the fair value has not been recognized in the statement of operations or on the statement of financial position. As at April 30, 2021, the unrealized loss related to this swap agreement was \$278,708 [2020 - \$828,827].

Notes to financial statements

April 30, 2021

12. 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.

Brescia has recorded the following amounts under the OSOTF I program:

	2021 \$	2020 \$
Endowed fund balance, beginning of year	422,209	422,209
Recapitalization of restricted expendable funds	4,837	—
Endowed fund balance, end of year	427,046	422,209

	2021 \$	2020 \$
Expendable funds available for awards, beginning of year	17,498	20,925
Investment income, net of management fees	18,836	15,297
Net capital gains (losses)	5,036	1,276
Recapitalization to capital portion	(4,837)	—
Bursaries	(17,000)	(20,000)
Expendable funds available for awards, end of year	19,533	17,498

Brescia has recorded the following amounts under the OSOTF II program:

	2021 \$	2020 \$
Endowed fund balance, beginning of year	234,631	234,303
Recapitalization of restricted expendable funds	2,148	328
Endowed fund balance, end of year	236,779	234,631

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April 30, 2021

	2021	2020
	\$	\$
Expendable funds available for awards, beginning of year	11,787	12,340
Investment income, net of management fees	10,527	8,558
Net capital gains (losses)	2,811	717
Recapitalization to capital portion	(2,148)	(328)
Bursaries	(10,500)	(9,500)
Expendable funds available for awards, end of year	12,477	11,787

OSOTF I and OSOTF II programs had approximate fair values of \$496,016 [2020 - \$413,437] and \$276,849 [2020 - \$232,003] respectively as at April 30, 2021.

Brescia has recorded the following amounts under the OTSS program:

	2021	2020
	\$	\$
Endowed fund balance, beginning of year	1,568,326	1,563,323
Recapitalization of restricted expendable funds	18,115	5,003
Endowed fund balance, end of year	1,586,441	1,568,326

	2021	2020
	\$	\$
Expendable funds available for awards, beginning of year	80,805	64,854
Investment income, net of management fees	71,269	57,046
Net capital gains (losses)	19,312	4,812
Recapitalization to capital portion	(18,114)	(5,003)
Bursaries	(46,650)	(40,904)
Expendable funds available for awards, end of year	106,622	80,805

Investments under the OTSS program had an approximate fair value of \$1,880,491 [2020 – \$1,550,598] as at April 30, 2021.

Notes to financial statements

April 30, 2021

13. Ancillary operations

	2021 \$	2020 \$
Ancillary revenue		
Residence fees	1,181,992	2,272,445
Food services	492,158	2,045,444
Conference services	55,733	239,407
Parking	49,056	205,011
Other ancillary revenue	27,570	189,826
	<u>1,806,509</u>	<u>4,952,133</u>
Ancillary expenses		
Residence expenses	275,874	360,897
Food services expenses	306,513	898,845
Conference services expenses	11,969	56,757
Other ancillary costs	2,621	74,537
	<u>596,977</u>	<u>1,391,036</u>
Other ancillary expenses included in the statement of operations		
Direct ancillary salaries and benefits [i]	1,379,060	1,543,070
Interest on long-term bank debt [ii]	1,484,764	1,531,380
	<u>3,460,801</u>	<u>4,465,486</u>
Excess (deficiency) of ancillary revenue over expenses	<u>(1,654,292)</u>	<u>486,647</u>

[i] Direct ancillary salaries and benefits are included in staff salaries and benefits expenses in the statement of operations.

[ii] Interest on long-term bank debt is presented as a separate line item in the statement of operations, but relates to the Clare Hall residence.

14. Commitments

[a] Operating lease commitments

The minimum lease payments required under operating leases over the next four years are as follows:

	\$
2022	30,657
2023	30,657
2024	30,657
2025	30,657
	<u>122,628</u>

Notes to financial statements

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[b] Canadian Universities Reciprocal Insurance Exchange

On May 1, 2013, Brescia entered into a membership with Canadian Universities Reciprocal Insurance Exchange. All members pay annual deposit premiums, which are actuarially determined and may be subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

15. Contingencies

Brescia is involved in, and potentially subject to, various claims by third parties arising from the normal course and conduct of its business. Management assesses such claims and where it is considered likely that the claim will result in a material loss and where the amount of the loss is quantifiable, provisions for losses are made based on management's assessment of the likely outcome. Brescia does not provide for claims that are considered unlikely to result in significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. Although such matters cannot be predicted with certainty, management currently considers the exposure to such claims and litigation not to be significant to these financial statements.