

**Brescia University College
Foundation**

Financial Statements
April 30, 2011

June 21, 2011

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, 2011 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

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 in our audits 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 Brescia University College Foundation as at April 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Brescia University College Foundation

Statement of Financial Position

As at April 30, 2011

	Unrestricted \$	Externally restricted \$	Endowments \$	2011 \$	2010 \$
Assets					
Current assets					
Cash	67,733	39,494	51,198	158,425	319,005
Accounts receivable	9,560	-	-	9,560	9,754
Prepaid expenses	9,996	4,000	-	13,996	11,905
	87,289	43,494	51,198	181,981	340,664
Investments (note 3)	1,012,836	454,499	2,317,644	3,784,979	3,298,238
	1,100,125	497,993	2,368,842	3,966,960	3,638,902
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued liabilities	9,860	-	-	9,860	10,507
Deferred revenue	-	1,500	-	1,500	5,000
Due to Brescia University College (note 6)	128,158	83,937	-	212,095	83,590
	138,018	85,437	-	223,455	99,097
Fund balances					
Unrestricted	962,107	-	-	962,107	1,130,192
Externally restricted	-	412,556	-	412,556	232,978
Endowments (note 4)	-	-	2,368,842	2,368,842	2,176,635
	962,107	412,556	2,368,842	3,743,505	3,539,805
	1,100,125	497,993	2,368,842	3,966,960	3,638,902

Approved by the Board of Directors

_____ Director

_____ Director

Brescia University College Foundation
Statement of Operations and Changes in Fund Balances
For the year ended April 30, 2011

	Unrestricted \$	Externally restricted \$	Endowments \$	2011 \$	2010 \$
Revenue					
Donations in-kind from the College (note 6)	250,000	-	-	250,000	250,000
Investment income	39,874	124,182	-	164,056	158,327
Contributions	40,531	142,620	146,145	329,296	382,209
Other fundraising income	-	-	-	-	69,100
Breakfast for Bursaries	-	38,509	-	38,509	39,581
	<u>330,405</u>	<u>305,311</u>	<u>146,145</u>	<u>781,861</u>	<u>899,217</u>
Expenses					
Salaries and benefits	366,609	-	-	366,609	326,702
Administrative	84,765	-	-	84,765	43,375
Special events	421	-	-	421	902
Other fundraising expenses	1,500	-	-	1,500	16,158
Professional fees	20,683	23,206	-	43,889	38,800
Transfer to College for payment of awards	78,151	86,024	-	164,175	125,830
Breakfast for Bursaries	-	17,635	-	17,635	21,874
	<u>552,129</u>	<u>126,865</u>	<u>-</u>	<u>678,994</u>	<u>573,641</u>
Excess (deficiency) of revenue over expenses before undernoted	(221,724)	178,446	146,145	102,867	325,576
Realized and unrealized (loss) gain on investments					
Realized (loss) gain on investments	13,299	12,795	(3,953)	22,141	(2,814)
Increase in unrealized gain on investment	40,340	9,211	29,141	78,692	199,375
Excess (deficiency) of revenue over expenses	(168,085)	200,452	171,333	203,700	522,137
Fund balances - Beginning of year	1,130,192	232,978	2,176,635	3,539,805	3,017,668
Inter-fund transfer (note 7)	-	(20,874)	20,874	-	-
Fund balances - End of year	<u>962,107</u>	<u>412,556</u>	<u>2,368,842</u>	<u>3,743,505</u>	<u>3,539,805</u>

Brescia University College Foundation

Statement of Cash Flows

For the year ended April 30, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	203,700	522,137
Add (deduct) non-cash items:		
(Increase) in unrealized gain	(78,692)	(199,375)
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	194	(8,670)
(Increase) decrease in prepaid expenses	(2,091)	953
Increase (decrease) in accounts payable	(647)	8,972
Increase (decrease) in deferred revenue	(3,500)	3,400
Increase (decrease) in due to Brescia University College	128,505	13,272
	<hr/> 247,469	<hr/> 340,689
Investing activities		
Net (increase) in investments	<hr/> (408,049)	<hr/> (789,419)
Net (decrease) in cash during the year	(160,580)	(448,730)
Cash - Beginning of year	<hr/> 319,005	<hr/> 767,735
Cash - End of year	<hr/> <hr/> 158,425	<hr/> <hr/> 319,005

Brescia University College Foundation

Notes to Financial Statements

April 30, 2011

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 (the "College") 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.

2 Accounting policies

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 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.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2011

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 net earnings.

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 receivables approximate 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 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.

Credit risk

The Foundation has no significant exposure to credit risk.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2011

Foreign exchange risk

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

3 Investments

	2011		2010	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Common stocks and equivalents	667,603	735,985	681,051	709,988
Fixed income securities	2,998,588	3,048,994	2,577,090	2,588,250
	<u>3,666,191</u>	<u>3,784,979</u>	<u>3,258,141</u>	<u>3,298,238</u>

4 Endowments

All of the net assets for Endowment 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 Foundation has recorded the following amounts under the OSOTF I program:

	2011	2010
	\$	\$
Balance - Beginning of year	310,861	309,529
Recapitalization of capital gains (losses)	(599)	1,332
	<u>310,262</u>	<u>310,861</u>

Brescia University College Foundation

Notes to Financial Statements

April 30, 2011

	2011	2010
	\$	\$
Expendable funds available for awards - Beginning of year	13,100	33,170
Investment income, net of management fees	13,549	15,109
Net capital gains (losses)	929	(179)
Bursaries	(10,000)	(35,000)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	17,578	13,100

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

	2011	2010
	\$	\$
Balance - Beginning of year	161,588	159,606
Recapitalization of capital gains (losses)	(309)	1,982
	<hr/>	<hr/>
Balance - End of year	161,279	161,588

	2011	2010
	\$	\$
Expendable funds available for awards - Beginning of year	15,146	27,809
Investment income, net of management fees	7,430	8,487
Net capital (losses) gains	1,002	(150)
Bursaries	(7,000)	(21,000)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	16,578	15,146

OSOTF I and OSOTF II programs had approximate market values of \$334,943 (2010 - \$326,987) and \$181,709 (2010 - \$178,392) respectively as at April 30, 2011.

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

	2011	2010
	\$	\$
Balance - Beginning of year	1,033,271	781,646
Donations received	74,473	137,367
Matching contribution	65,930	110,891
Recapitalization of capital (losses)gains	(1,943)	3,367
	<hr/>	<hr/>
Balance - End of year	1,171,731	1,033,271

Brescia University College Foundation

Notes to Financial Statements

April 30, 2011

	2011	2010
	\$	\$
Expendable funds available for awards - Beginning of year	39,687	29,033
Investment income, net of management fees	48,058	35,395
Net capital gains (losses)	2,115	(156)
Bursaries	(30,562)	(24,585)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	59,298	39,687

Investments under the OTSS program had an approximate market value of \$1,257,698 (2010 - \$1,082,976) as at April 30, 2011.

6 Due to Brescia University College

Amount due to the College at April 30, 2011 for awards funded by the Foundation and for expenses of the Foundation in excess of \$250,000 that have been paid out by the College amount to \$212,095 (2010 - \$83,590).

During the year, the College paid \$250,000 (2010 - \$250,000) for expenses on behalf of the Foundation. The amount has been recorded as a donation in-kind as the College will not be reimbursed.

7 Restrictions on net assets

The Foundation's Board of Directors endowed the net proceeds of the Breakfast for Bursaries fundraising event in accordance with the goal of the event. The net amount of \$20,874 (2010 - \$17,707) was transferred from the restricted fund to the endowment fund.

