

**Brescia University College
Foundation**

Financial Statements
April 30, 2012



June 26, 2012

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, 2012 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.

*PricewaterhouseCoopers LLP, Chartered Accountants
465 Richmond Street, Suite 300, London, Ontario, Canada N6A 5P4
T: +1 519 640 8000, F: +1 519 640 8015*



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, 2012 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, 2012

	Unrestricted \$	Externally restricted \$	Endowments \$	2012 \$	2011 \$
Assets					
Current assets					
Cash	55,199	142,914	212,280	410,393	158,425
Accounts receivable	3,751	-	-	3,751	9,560
Prepaid expenses	3,720	-	-	3,720	13,996
	62,670	142,914	212,280	417,864	181,981
Investments (note 3)	994,531	456,187	2,474,589	3,925,307	3,784,979
	1,057,201	599,101	2,686,869	4,343,171	3,966,960
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued liabilities	12,715	-	-	12,715	9,860
Deferred revenue	-	-	-	-	1,500
Due to Brescia University College (note 6)	204,153	69,026	-	273,179	212,095
	216,868	69,026	-	285,894	223,455
Fund balances					
Unrestricted	840,333	-	-	840,333	962,107
Externally restricted	-	530,075	-	530,075	412,556
Endowments (note 4)	-	-	2,686,869	2,686,869	2,368,842
	840,333	530,075	2,686,869	4,057,277	3,743,505
	1,057,201	599,101	2,686,869	4,343,171	3,966,960

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, 2012

	Unrestricted \$	Externally restricted \$	Endowments \$	2012 \$	2011 \$
Revenue					
Donations in-kind from the College (note 6)	250,000	-	-	250,000	250,000
Investment income	37,958	106,486	-	144,444	164,056
Contributions	74,207	201,697	102,839	378,743	329,296
Breakfast for Bursaries	-	60,400	-	60,400	38,509
	<u>362,165</u>	<u>368,583</u>	<u>102,839</u>	<u>833,587</u>	<u>781,861</u>
Expenses					
Salaries and benefits	374,640	-	-	374,640	366,609
Administrative	52,423	-	-	52,423	84,765
Special events	1,825	-	-	1,825	421
Other fundraising expenses	10,751	-	-	10,751	1,500
Professional fees	19,052	23,837	-	42,889	43,889
Transfer to College for payment of awards	17,651	159,818	-	177,469	164,175
Breakfast for Bursaries	-	19,987	-	19,987	17,635
	<u>476,342</u>	<u>203,642</u>	<u>-</u>	<u>679,984</u>	<u>678,994</u>
Excess (deficiency) of revenue over expenses before undernoted	(114,177)	164,941	102,839	153,603	102,867
Realized and unrealized (loss) gain on investments					
Realized gain on investments	8,285	1,564	85,118	94,967	22,141
Increase (decrease) in unrealized gain on investment	(15,882)	(8,573)	89,657	65,202	78,692
Excess (deficiency) of revenue over expenses	(121,774)	157,932	277,614	313,772	203,700
Fund balances - Beginning of year	962,107	412,556	2,368,842	3,743,505	3,539,805
Inter-fund transfer (note 7)	-	(40,413)	40,413	-	-
Fund balances - End of year	<u>840,333</u>	<u>530,075</u>	<u>2,686,869</u>	<u>4,057,277</u>	<u>3,743,505</u>

Brescia University College Foundation

Statement of Cash Flows

For the year ended April 30, 2012

	2012 \$	2011 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	313,772	203,700
Add (deduct) non-cash items:		
(Increase) in unrealized gain	(65,202)	(78,692)
Change in non-cash working capital items:		
Decrease in accounts receivable	5,809	194
Decrease (increase) in prepaid expenses	10,276	(2,091)
(Decrease) increase in accounts payable	2,855	(647)
(Decrease) in deferred revenue	(1,500)	(3,500)
Increase in due to Brescia University College	61,084	128,505
	<hr/> 327,094	<hr/> 247,469
Investing activities		
Net (increase) in investments	<hr/> (75,126)	<hr/> (408,049)
Net increase (decrease) in cash during the year	251,968	(160,580)
Cash - Beginning of year	<hr/> 158,425	<hr/> 319,005
Cash - End of year	<hr/> <hr/> 410,393	<hr/> <hr/> 158,425

Brescia University College Foundation

Notes to Financial Statements

April 30, 2012

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.

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.

Brescia University College Foundation

Notes to Financial Statements

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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.

Foreign exchange risk

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

Brescia University College Foundation

Notes to Financial Statements

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Accounting standards for not-for-profit organizations

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Foundation is currently considering the impact of the adoption of these standards, but does not expect any material impact on the financial statements as a result of this change.

3 Investments

	2012		2011	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	1,834,876	1,922,783	667,603	735,985
Fixed income securities	1,906,440	2,002,524	2,998,588	3,048,994
	<u>3,741,316</u>	<u>3,925,307</u>	<u>3,666,191</u>	<u>3,784,979</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 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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The Foundation has recorded the following amounts under the OSOTF I program:

	2012 \$	2011 \$
Balance - Beginning of year	310,262	310,861
Recapitalization of capital gains (losses)	11,555	(599)
	<hr/>	<hr/>
Balance - End of year	321,817	310,262
	<hr/>	<hr/>
	2012 \$	2011 \$
Expendable funds available for awards - Beginning of year	17,578	13,100
Investment income, net of management fees	10,454	13,549
Net capital gains (losses)	106	929
Bursaries	(11,600)	(10,000)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	16,538	17,578
	<hr/>	<hr/>

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

	2012 \$	2011 \$
Balance - Beginning of year	161,279	161,588
Recapitalization of capital gains (losses)	5,970	(309)
	<hr/>	<hr/>
Balance - End of year	167,249	161,279
	<hr/>	<hr/>
	2012 \$	2011 \$
Expendable funds available for awards - Beginning of year	16,578	15,146
Investment income, net of management fees	5,694	7,430
Net capital (losses) gains	93	1,002
Bursaries	(4,590)	(7,000)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	17,775	16,578
	<hr/>	<hr/>

OSOTF I and OSOTF II programs had approximate market values of \$357,283 (2011 - \$334,943) and \$195,375 (2011 - \$181,709) respectively as at April 30, 2012.

Brescia University College Foundation

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

	2012 \$	2011 \$
Balance - Beginning of year	1,171,731	1,033,271
Donations received	47,905	74,473
Matching contribution	50,458	65,930
Recapitalization of capital (losses) gains	46,388	(1,943)
	<hr/>	<hr/>
Balance - End of year	1,316,482	1,171,731
	<hr/>	<hr/>
	2012 \$	2011 \$
Expendable funds available for awards - Beginning of year	59,298	39,687
Investment income, net of management fees	41,715	48,058
Net capital gains (losses)	403	2,115
Bursaries	(41,723)	(30,562)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	59,693	59,298
	<hr/>	<hr/>

Investments under the OTSS program had an approximate market value of \$1,448,801 (2011 - \$1,257,698) as at April 30, 2012.

6 Due to Brescia University College

Amount due to the College at April 30, 2012 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 \$273,179 (2011 - \$212,095).

During the year, the College paid \$250,000 (2011 - \$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 \$40,413 (2011 - \$20,874) was transferred from the restricted fund to the endowment fund.

