

Brescia University College Foundation

Financial Statements
**April 30, 2013, April 30, 2012 and
May 1, 2011**



June 26, 2013

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, 2013, April 30, 2012 and May 1, 2011 and the statement of operations and changes in fund balances and cash flows for the years ended April 30, 2013 and April 30, 2012, 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 audits. We conducted our audits 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.

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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, 2013, April 30, 2012 and May 1, 2011 and the results of its operations, changes in fund balances and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Brescia University College Foundation

Statement of Financial Position

	Unrestricted \$	Externally restricted \$	Endowments \$	April 30, 2013 \$	April 30, 2012 \$	May 1, 2011 \$
Assets						
Current assets						
Cash	-	81,800	230,772	312,572	410,393	158,425
Accounts receivable	7,639	-	-	7,639	3,751	9,560
Prepaid expenses	4,074	-	-	4,074	3,720	13,996
	11,713	81,800	230,772	324,285	417,864	181,981
Investments (note 3)	1,009,566	690,080	2,641,202	4,340,848	3,925,307	3,784,979
	1,021,279	771,880	2,871,974	4,665,133	4,343,171	3,966,960
Liabilities and fund balances						
Current liabilities						
Accounts payable and accrued liabilities (note 8)	8,701	-	-	8,701	12,715	9,860
Deferred revenue	-	-	-	-	-	1,500
Due to Brescia University College (note 6)	209,320	86,926	-	296,246	273,179	212,095
	218,021	86,926	-	304,947	285,894	223,455
Fund balances						
Unrestricted	803,258	-	-	803,258	840,333	962,107
Externally restricted	-	684,954	-	684,954	530,075	412,556
Endowments (note 4)	-	-	2,871,974	2,871,974	2,686,869	2,368,842
	803,258	684,954	2,871,974	4,360,186	4,057,277	3,743,505
	1,021,279	771,880	2,871,974	4,665,133	4,343,171	3,966,960

Approved by the Board of Directors

_____ Director _____ Director

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

Brescia University College Foundation
Statements of Operations and Changes in Fund Balances
For the years ended April 30, 2013 and April 30, 2012

	Unrestricted \$	Externally restricted \$	Endowments \$	2013 \$	2012 \$
Revenue					
Donations in-kind from Brescia (note 6)	250,000	-	-	250,000	250,000
Investment income	38,469	107,171	-	145,640	144,444
Contributions	81,335	221,969	25,746	329,050	378,743
Breakfast for Bursaries	-	-	-	-	60,400
	<u>369,804</u>	<u>329,140</u>	<u>25,746</u>	<u>724,690</u>	<u>833,587</u>
Expenses					
Salaries and benefits	379,642	-	-	379,642	374,640
Administrative	35,403	-	-	35,403	52,423
Other fundraising expenses	22,764	-	-	22,764	12,576
Professional fees	18,586	24,986	-	43,572	42,889
Transfer to Brescia for payment of awards	13,875	183,827	-	197,702	177,469
Breakfast for Bursaries	-	-	-	-	19,987
	<u>470,270</u>	<u>208,813</u>	<u>-</u>	<u>679,083</u>	<u>679,984</u>
Excess (deficiency) of revenue over expenses before undernoted	(100,466)	120,327	25,746	45,607	153,603
Realized and unrealized gain (loss) on investments					
Realized gain (loss) on investments	(15,241)	(2,070)	21,865	4,554	94,967
Increase in unrealized gain on investment	78,632	36,622	137,494	252,748	65,202
Excess (deficiency) of revenue over expenses	(37,075)	154,879	185,105	302,909	313,772
Fund balances - Beginning 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>
Fund balances - End of year	<u>803,258</u>	<u>684,954</u>	<u>2,871,974</u>	<u>4,360,186</u>	<u>4,057,277</u>

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

Brescia University College Foundation

Statements of Cash Flows

For the years ended April 30, 2013 and April 30, 2012

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	302,909	313,772
Add (deduct) non-cash items:		
(Increase) in unrealized gain	(252,748)	(65,202)
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(3,888)	5,809
(Increase) decrease in prepaid expenses	(354)	10,276
(Decrease) increase in accounts payable	(4,014)	2,855
(Decrease) in deferred revenue	-	(1,500)
Increase in due to Brescia University College	23,067	61,084
	<hr/> 64,972	<hr/> 327,094
Investing activities		
Net (increase) in investments	<hr/> (162,793)	<hr/> (75,126)
Net (decrease) increase in cash during the year	(97,821)	251,968
Cash - Beginning of year	<hr/> 410,393	<hr/> 158,425
Cash - End of year	<hr/> <hr/> 312,572	<hr/> <hr/> 410,393

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

Brescia University College Foundation

Notes to Financial Statements

April 30, 2013 and 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 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

Effective May 1, 2012, the Foundation elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The transition from Canadian generally accepted accounting principles to ASNPO did not result in any adjustments to opening net assets at May 1, 2011, the statement of financial position at April 30, 2013 and April 30, 2012 or the statement of operations and change in fund balances for the years ended April 30, 2013 and April 30, 2012.

These financial statements have been prepared in accordance with 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, 2013 and April 30, 2012

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 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.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2013 and April 30, 2012

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.

3 Investments

	2013		2012	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	1,906,693	2,201,784	1,834,876	1,922,783
Fixed income securities	1,997,416	2,139,064	1,906,440	2,002,524
	<u>3,904,109</u>	<u>4,340,848</u>	<u>3,741,316</u>	<u>3,925,307</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

Notes to Financial Statements

April 30, 2013 and April 30, 2012

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

	2013	2012
	\$	\$
Balance - Beginning of year	321,817	310,262
Recapitalization of capital gains	2,763	11,555
	<hr/>	<hr/>
Balance - End of year	324,580	321,817
	<hr/>	<hr/>
	2013	2012
	\$	\$
Expendable funds available for awards - Beginning of year	16,538	17,578
Investment income, net of management fees	9,253	10,454
Net capital (losses) gains	(99)	106
Bursaries	(11,550)	(11,600)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	14,142	16,538
	<hr/>	<hr/>

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

	2013	2012
	\$	\$
Balance - Beginning of year	167,249	161,279
Recapitalization of capital gains	1,428	5,970
	<hr/>	<hr/>
Balance - End of year	168,677	167,249
	<hr/>	<hr/>
	2013	2012
	\$	\$
Expendable funds available for awards - Beginning of year	17,775	16,578
Investment income, net of management fees	5,106	5,694
Net capital (losses) gains	(102)	93
Bursaries	(6,435)	(4,590)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	16,344	17,775
	<hr/>	<hr/>

OSOTF I and OSOTF II programs had approximate market values of \$377,053 (2012 - \$357,283) and \$205,958 (2012 - \$195,375) respectively as at April 30, 2013.

Brescia University College Foundation

Notes to Financial Statements

April 30, 2013 and April 30, 2012

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

	2013 \$	2012 \$
Balance - Beginning of year	1,316,482	1,171,731
Donations received	4,346	47,905
Matching contribution	-	50,458
Recapitalization of capital gains	10,081	46,388
	<hr/>	<hr/>
Balance - End of year	1,330,909	1,316,482
	<hr/>	<hr/>
	2013 \$	2012 \$
Expendable funds available for awards - Beginning of year	59,693	59,298
Investment income, net of management fees	33,627	41,715
Net capital (losses) gains	(414)	403
Bursaries	(38,731)	(41,723)
	<hr/>	<hr/>
Expendable funds available for awards - End of year	54,175	59,693
	<hr/>	<hr/>

Investments under the OTSS program had an approximate market value of \$1,541,824 (2012 - \$1,448,801) as at April 30, 2013.

6 Due to Brescia University College

Amount due to Brescia at April 30, 2013 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 \$296,246 (2012 - \$273,179).

During the year, Brescia paid \$250,000 (2012 - \$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 Restrictions on net assets

In fiscal 2012, 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 was transferred from the restricted fund to the endowment fund. No such transfer was made in fiscal 2013 as the Breakfast for Bursaries event was discontinued.

8 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 2013 or 2012.

