

**Brescia University College  
Foundation**

Financial Statements  
**April 30, 2008**

July 25, 2008

## **Auditors' Report**

### **To the Members of Brescia University College Foundation**

We have audited the balance sheet of **Brescia University College Foundation** (the "Foundation") as at April 30, 2008 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Brescia University College Foundation as at April 30, 2008 and the results of its operations and its cash flows for the then ended in accordance with Canadian generally accepted accounting principles.

**Chartered Accountants  
Licensed Public Accountants**

# Brescia University College Foundation

## Statement of Financial Position

As at April 30, 2008

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	Unrestricted \$	Externally Restricted \$	Endowments \$	2008 \$	2007 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash	35,211	86,572	205,782	327,565	338,981
Accounts receivable	554	-	-	554	19,422
Prepaid expenses	3,319	-	-	3,319	3,041
	39,084	86,572	205,782	331,438	361,444
<b>Investments</b> (note 3)	1,337,205	286,160	1,469,301	3,092,666	2,632,149
	1,376,289	372,732	1,675,083	3,424,104	2,993,593
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses (note 6)	9,557	179,477	-	189,034	87,794
<b>Fund balances</b>					
Unrestricted	1,366,732	-	-	1,366,732	1,379,257
Externally restricted	-	193,255	-	193,255	223,310
Endowments (note 4)	-	-	1,675,083	1,675,083	1,303,232
	1,366,732	193,255	1,675,083	3,235,070	2,905,799
	1,376,289	372,732	1,675,083	3,424,104	2,993,593

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, 2008**

	Unrestricted \$	Externally Restricted \$	Endowments \$	2008 \$	2007 \$
<b>Revenue</b>					
Donations in kind from the College (note 6)	250,000	-	-	250,000	250,000
Investment income	81,599	73,877	-	155,476	196,201
Realized gain (loss) on investments	28,130	(12,343)	7,500	23,287	33,531
(Decrease) increase in unrealized gain on investment	69,987	(227,954)	(8,834)	(166,801)	-
Contributions	-	636,906	348,282	985,188	633,285
Breakfast for Bursaries	-	-	44,555	44,555	48,250
	<u>429,716</u>	<u>470,486</u>	<u>391,503</u>	<u>1,291,705</u>	<u>1,161,267</u>
<b>Expenses</b>					
Salaries and benefits	330,291	-	-	330,291	263,732
Library campaign	-	-	-	-	6,643
Administrative	27,239	-	-	27,239	23,886
Special events	1,484	-	-	1,484	1,635
Professional fees	22,276	12,922	-	35,198	17,923
Contributions to student activities	5,795	-	-	5,795	4,578
Capital Contributions to College	-	720,749	-	720,749	612,325
Transfer to College for payment of awards	-	54,591	-	54,591	72,055
Breakfast for Bursaries expenses	-	-	21,846	21,846	20,871
	<u>387,085</u>	<u>788,262</u>	<u>21,846</u>	<u>1,197,193</u>	<u>1,023,648</u>
Excess (deficiency) of revenue over expenses	42,631	(317,776)	369,657	94,512	137,619
Inter-fund transfer	(64,586)	64,586	-	-	-
Increase (decrease) in fund balance	<u>(21,955)</u>	<u>(253,190)</u>	<u>369,657</u>	<u>94,512</u>	<u>137,619</u>
<b>Fund balances – Beginning of year</b>	1,379,257	223,310	1,303,232	2,905,799	2,768,180
Opening balance adjustment (note 8)	9,430	223,135	2,194	234,759	-
<b>Fund balances – Beginning of year (as restated)</b>	<u>1,388,687</u>	<u>446,445</u>	<u>1,305,426</u>	<u>3,140,558</u>	<u>2,768,180</u>
<b>Fund balances – End of year</b>	<u>1,366,732</u>	<u>193,255</u>	<u>1,675,083</u>	<u>3,235,070</u>	<u>2,905,799</u>

# Brescia University College Foundation

## Statement of Cash Flows

For the ended April 30, 2008

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	Unrestricted \$	Externally Restricted	Endowments \$	2008 \$	2007 \$
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Excess (deficiency) of revenue over expenses	42,631	(317,776)	369,657	94,512	137,619
Add (deduct) non-cash items: (Decrease) increase in unrealized gain	69,987	(227,954)	(8,834)	(166,801)	-
Change in non-cash working capital items:					
Decrease (increase) in accounts receivable	15,215	3,653	-	18,868	142,203
Decrease (increase) in prepaid expenses	278	-	-	278	(2,108)
Increase (decrease) in accounts payable and accrued expenses	1,860	99,380	-	101,240	80,052
	<u>129,971</u>	<u>(442,697)</u>	<u>360,823</u>	<u>48,097</u>	<u>357,766</u>
<b>Investing activities</b>					
Net decrease (increase) in investments	(147,605)	446,510	(358,418)	(59,513)	(277,356)
Inter-fund transfer	(64,586)	64,586	-	-	-
	<u>(212,191)</u>	<u>511,096</u>	<u>(358,418)</u>	<u>(59,513)</u>	<u>(277,356)</u>
<b>Net (decrease) increase in cash during the year</b>	(82,220)	68,399	2,405	(11,416)	80,410
<b>Cash – Beginning of year</b>	<u>117,431</u>	<u>18,173</u>	<u>203,377</u>	<u>338,981</u>	<u>258,571</u>
<b>Cash – End of year</b>	<u>35,211</u>	<u>86,572</u>	<u>205,782</u>	<u>327,565</u>	<u>338,981</u>

# Brescia University College Foundation

Notes to Financial Statements

April 30, 2008

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## 1 Purpose of the Foundation

The Foundation's 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 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 (note 9)

On May 1, 2007, the Foundation adopted CICA Section 3855, *Financial Instruments – Recognition and Measurements*). This standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related-party transactions.

### *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

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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 and cash equivalents*

Cash and cash equivalent consist primarily of cash on hand and cash held in the investments account. These instruments have been accounted for using the cost basis. Carrying values approximate fair values for these instruments due to their short-term maturity.

## *Investments (note 8)*

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 and liabilities with fixed or determinable payments that are not quoted in an active market including accounts receivable 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 and, due from/to related parties 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 related parties approximates their fair values due to the short-term maturity of these financial instruments.

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## *Interest rate risk*

The Foundation's exposure to interest rate risk lies in its fixed income securities.

## *Credit risk*

Management monitors its credit risk related to diversified sources.

## *Foreign exchange risk*

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

### 3 Investments

	2008		2007	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	821,921	881,912	731,539	930,344
Fixed income securities	2,202,787	2,210,754	1,900,610	1,936,551
	<u>3,024,708</u>	<u>3,092,666</u>	<u>2,632,149</u>	<u>2,866,895</u>

### 4 Endowments

- (a) 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.

At April 30 the Foundation has the following restricted for endowment:

	2008 \$	2007 \$
Endowed funds	1,637,897	1,266,906
Available capital gains	37,186	36,326
	<u>1,675,083</u>	<u>1,303,232</u>

- (b) Investment income earned on endowed funds is restricted for future use for payment of scholarships and bursaries.



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## 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 OSOTFI and June 30, 2003 for OSOTFII. On April 1, 2006 the Government of Ontario introduced 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:

	<b>2008</b>	<b>2007</b>
	\$	\$
Balance – Beginning of year	307,394	304,406
Recapitalization of capital gains	2,207	2,988
	<hr/>	<hr/>
Balance – End of year	309,601	307,394

	<b>2008</b>	<b>2007</b>
	\$	\$
Expendable funds available for awards – Beginning of year	19,598	34,015
Investment income, net of management fees	13,874	17,159
Bursaries	(10,000)	(31,576)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	23,472	19,598

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

	<b>2008</b>	<b>2007</b>
	\$	\$
Balance – Beginning of year	162,148	160,578
Recapitalization of capital (losses) gains	(2,505)	1,570
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Balance – End of year	159,643	162,148

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	<b>2008</b>	<b>2007</b>
	\$	\$
Expendable funds available for awards – Beginning of year	14,473	5,457
Investment income, net of management fees	10,777	9,016
Bursaries	(1,000)	-
	<hr/>	<hr/>
Expendable funds available for awards – End of year	<u>24,250</u>	<u>14,473</u>

Investments under the OSOTF I and OSOTF II programs had approximate market values of \$333,073 (2007 - \$326,992) and \$183,893 (2007 - \$176,621) respectively as at April 30, 2008.

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

	<b>2008</b>	<b>2007</b>
	\$	\$
Balance – Beginning of year	283,400	119,637
Donations received	172,024	81,300
Matching contribution	172,024	81,300
Recapitalization of capital (losses) gains	(2,223)	1,163
	<hr/>	<hr/>
Balance – End of year	<u>625,225</u>	<u>283,400</u>

	<b>2008</b>	<b>2007</b>
	\$	\$
Expendable funds available for awards – Beginning of year	3,423	-
Investment income, net of management fees	22,479	8,673
Bursaries	(6,650)	(5,250)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	<u>19,252</u>	<u>3,423</u>

Investments under the OTSS program had an approximate market value of \$643,517 (2007 – \$288,280) as at April 30, 2008.

# Brescia University College Foundation

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## 6 Transfer from Brescia University College

Accounts payable and accrued expenses includes \$179,477 (2007 - \$80,097) due to the College for awards funded by the Foundation and paid out by the college, net of administrative expenses and for expenses of the Foundation that have been paid by the College.

During the year the College paid \$250,000 (2007 - \$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 Comparative figures

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

## 8 Change in accounting policy

On May 1, 2007, Brescia University College Foundation adopted CICA Section 3855, *Financial Instruments – Recognition and Measurements*. This change in accounting policy was applied prospectively as prescribed by the standard and therefore had no impact on the comparative financial statements. In accordance with Section 3855 \$234,759 was recorded as an opening balance adjustment due to unrealized gains on investments at the beginning of the year, as investments were previously carried at cost.

## 9 Recent Accounting Pronouncement issued and not yet adopted

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation replaces Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing the Foundation's disclosure requirement, and carrying forward unchanged, presentation requirements. These recommendations are effective for fiscal years beginning on or after October 1, 2007. The Foundation is currently evaluating the impact of this standard but does not expect the adoption of this standard to have a material impact on its financial position and results of operation

