

**Brescia University College
Foundation**

Financial Statements
April 30, 2010

July 22, 2010

Auditors' Report

To the Directors of Brescia University College Foundation

We have audited the statement of financial position of **Brescia University College Foundation** (the "Foundation") as at April 30, 2010 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, 2010 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, 2010

	Unrestricted \$	Externally restricted \$	Endowments \$	2010 \$	2009 \$
Assets					
Current assets					
Cash	71,274	19,408	228,323	319,005	767,735
Accounts receivable	2,615	7,139	-	9,754	1,084
Prepaid expenses	7,905	4,000	-	11,905	12,858
	81,794	30,547	228,323	340,664	781,677
Investments (note 3)	1,072,140	277,786	1,948,312	3,298,238	2,309,444
	1,153,934	308,333	2,176,635	3,638,902	3,091,121
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued liabilities	10,507	-	-	10,507	1,535
Deferred revenue	-	5,000	-	5,000	1,600
Due to Brescia University College (note 6)	13,235	70,355	-	83,590	70,318
	23,742	75,355	-	99,097	73,453
Fund balances					
Unrestricted	1,130,192	-	-	1,130,192	1,055,208
Externally restricted	-	232,978	-	232,978	135,614
Endowments (note 4)	-	-	2,176,635	2,176,635	1,826,846
	1,130,192	232,978	2,176,635	3,539,805	3,017,668
	1,153,934	308,333	2,176,635	3,638,902	3,091,121

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, 2010

	Unrestricted \$	Externally restricted \$	Endowments \$	2010 \$	2009 \$
Revenue					
Donations in-kind from the College (note 6)	250,000	-	-	250,000	250,000
Investment income	48,881	109,446	-	158,327	133,934
Contributions	24,464	84,772	272,973	382,209	252,080
Other fundraising income	69,100	-	-	69,100	-
Breakfast for Bursaries	-	39,581	-	39,581	44,720
	<u>392,445</u>	<u>233,799</u>	<u>272,973</u>	<u>899,217</u>	<u>680,734</u>
Expenses					
Salaries and benefits	326,702	-	-	326,702	349,698
Administrative	43,375	-	-	43,375	38,747
Special events	902	-	-	902	1,338
Other fundraising expenses	16,158	-	-	16,158	-
Professional fees	19,153	19,647	-	38,800	36,587
Capital Contributions to College	-	-	-	-	65,915
Transfer to College for payment of awards	11,020	114,810	-	125,830	72,056
Breakfast for Bursaries	-	21,874	-	21,874	22,699
	<u>417,310</u>	<u>156,331</u>	<u>-</u>	<u>573,641</u>	<u>587,040</u>
Realized and unrealized (loss) gain on investments	(24,865)	77,468	272,973	325,576	93,694
Realized (loss) gain on investments	(9,433)	(1,132)	7,751	(2,814)	(76,263)
Increase (decrease) in unrealized gain on investment	109,282	38,735	51,358	199,375	(234,833)
Excess (deficiency) of revenue over expenses	<u>74,984</u>	<u>115,071</u>	<u>332,082</u>	<u>522,137</u>	<u>(217,402)</u>
Fund balances – Beginning of year	1,055,208	135,614	1,826,846	3,017,668	3,235,070
Inter-fund transfer (note 7)	-	(17,707)	17,707	-	-
Fund balances – End of year	<u>1,130,192</u>	<u>232,978</u>	<u>2,176,635</u>	<u>3,539,805</u>	<u>3,017,668</u>

Brescia University College Foundation

Statement of Cash Flows

For the year ended April 30, 2010

	2010 \$	2009 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	522,137	(217,402)
Add (deduct) non-cash items:		
(Increase) decrease in unrealized gain	(199,375)	234,833
Change in non-cash working capital items:		
(Increase) in accounts receivable	(8,670)	(530)
Decrease (increase) in prepaid expenses	953	(9,539)
Increase in accounts payable	8,972	-
Increase in deferred revenue	3,400	-
Increase (decrease) in due to Brescia University College	13,272	(115,581)
	<hr/> 340,689	<hr/> (108,219)
Investing activities		
Net (increase) decrease in investments	<hr/> (789,419)	<hr/> 548,389
	<hr/> (789,419)	<hr/> 548,389
Net (decrease) increase in cash during the year	(448,730)	440,170
Cash – Beginning of year	<hr/> 767,735	<hr/> 327,565
Cash – End of year	<hr/> <hr/> 319,005	<hr/> <hr/> 767,735

Brescia University College Foundation

Notes to Financial Statements

April 30, 2010

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 (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, 2010

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

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Foreign exchange risk

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

3 Investments

	2010		2009	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Common stocks and equivalents	681,051	709,988	822,417	689,442
Fixed income securities	2,577,090	2,588,250	1,653,902	1,620,002
	<u>3,258,141</u>	<u>3,298,238</u>	<u>2,476,319</u>	<u>2,309,444</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:

	2010	2009
	\$	\$
Balance – Beginning of year	309,529	309,601
Recapitalization of capital gains (losses)	1,332	(72)
	<u>310,861</u>	<u>309,529</u>

Brescia University College Foundation

Notes to Financial Statements

April 30, 2010

	2010	2009
	\$	\$
Expendable funds available for awards – Beginning of year	33,170	23,472
Investment income, net of management fees	15,109	12,635
Net capital losses	(179)	(2,937)
Bursaries	(35,000)	-
	<hr/>	<hr/>
Expendable funds available for awards – End of year	13,100	33,170

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

	2010	2009
	\$	\$
Balance – Beginning of year	159,606	159,643
Recapitalization of capital gains (losses)	1,982	(37)
	<hr/>	<hr/>
Balance – End of year	161,588	159,606

	2010	2009
	\$	\$
Expendable funds available for awards – Beginning of year	27,809	24,250
Investment income, net of management fees	8,487	7,094
Net capital losses	(150)	(3,034)
Bursaries	(21,000)	(500)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	15,146	27,810

OSOTF I and OSOTF II programs had approximate market values of \$326,987 (2009 - \$336,636) and \$178,392 (2009 - \$184,110) respectively as at April 30, 2010.

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

	2010	2009
	\$	\$
Balance – Beginning of year	781,646	625,265
Donations received	137,367	78,383
Matching contribution	110,891	78,381
Recapitalization of capital gains (losses)	3,367	(383)
	<hr/>	<hr/>
Balance – End of year	1,033,271	781,646

Brescia University College Foundation

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	2010	2009
	\$	\$
Expendable funds available for awards – Beginning of year	29,033	19,502
Investment income, net of management fees	35,395	24,185
Net capital losses	(156)	(2,440)
Bursaries	(24,585)	(12,214)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	39,687	29,033

Investments under the OTSS program had an approximate market value of \$1,082,976 (2009 - \$798,317) as at April 30, 2010.

6 Due to Brescia University College

Amount due to College at April 30, 2010 for awards funded by Foundation and for expenses of the Foundation in excess of \$250,000 that have been paid out by the College \$83,590 (2009 - \$70,318).

During the year, the College paid \$250,000 (2009 - \$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 \$17,707 (2009 - \$22,021) was transferred from the restricted fund to the endowment fund.

8 Comparative figures

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

