

Brescia University College

Financial statements

April 30, 2023



Independent auditor's report

To the Board of Trustees of
Brescia University College

Opinion

We have audited the financial statements of **Brescia University College** ["Brescia"], which comprise the statement of financial position as at April 30, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brescia as at April 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of Brescia in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Brescia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Brescia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Brescia's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Brescia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Brescia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Brescia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young LLP

London, Canada
June 29, 2023

Chartered Professional Accountants
Licensed Public Accountants

Brescia University College

Statement of financial position

As at April 30

	2023	2022
	\$	\$
Assets		
Current		
Cash and cash equivalents	2,211,554	5,137,424
Short-term investments <i>[note 3]</i>	326,464	143,281
Accounts receivable	324,910	1,443,529
Prepaid expenses and inventory	405,178	255,817
Total current assets	3,268,106	6,980,051
Investments <i>[note 3]</i>	9,921,635	9,473,292
Capital assets, net <i>[note 4]</i>	55,127,945	57,800,953
	68,317,686	74,254,296
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	2,238,647	2,193,087
Deferred revenue	721,528	934,672
Current portion of mortgage payable <i>[note 9]</i>	200,000	200,000
Current portion of advance from Western University <i>[note 10]</i>	100,000	100,000
Current portion of bank debt <i>[note 11]</i>	26,176,786	789,459
Total current liabilities	29,436,961	4,217,218
Deferred contributions <i>[note 6]</i>	1,651,042	1,636,828
Deferred capital contributions <i>[note 7]</i>	5,623,724	6,353,407
Pension benefit obligation <i>[note 8]</i>	353,324	451,762
Mortgage payable <i>[note 9]</i>	600,000	800,000
Advance from Western University <i>[note 10]</i>	300,000	400,000
Bank debt <i>[note 11]</i>	6,920,676	33,097,461
Total liabilities	44,885,727	46,956,676
Net assets		
Unrestricted <i>[note 17]</i>	15,147,307	18,986,245
Internally restricted <i>[note 5]</i>	1,777,873	2,071,025
Endowments	6,506,779	6,240,350
Total net assets	23,431,959	27,297,620
	68,317,686	74,254,296

Commitments and contingencies *[notes 8, 10, 15 and 16]*

See accompanying notes

Approved by the Board of Trustees:



Trustee



Trustee

Brescia University College

Statement of operations

Year ended April 30

	2023	2022
	\$	\$
Revenue		
Tuition and other student fees	11,704,190	13,793,242
Provincial government grants	8,438,502	8,438,502
Research and other grant revenue	125,754	105,572
Investment income <i>[note 3]</i>	602,356	290,104
Tuition revenue set aside for distribution as bursaries	423,106	400,763
Amortization of deferred capital contributions <i>[note 7]</i>	985,086	992,262
Donations	473,818	685,398
Miscellaneous	99,165	64,900
Ancillary revenue <i>[note 14]</i>	4,964,035	3,718,930
	27,816,012	28,489,673
Expenses		
Faculty salaries and benefits	8,594,533	8,837,896
Staff salaries and benefits	8,302,899	7,939,101
Service fee to Western University	2,562,415	2,815,804
Academic and student services	1,095,068	964,950
Marketing and external relations	1,040,024	829,901
Facilities	1,108,360	1,042,730
General administration	714,533	557,957
Scholarships and bursaries	2,222,527	2,515,473
Amortization of capital assets	3,354,408	3,310,789
Ancillary expenses <i>[note 14]</i>	1,413,198	1,105,581
Interest on long-term debt <i>[note 11]</i>	1,638,575	1,548,252
	32,046,540	31,468,434
Deficiency of revenue over expenses for the year	(4,230,528)	(2,978,761)

See accompanying notes

Brescia University College

Statement of changes in net assets

Year ended April 30

	Unrestricted	Internally restricted	Endowments	2023	2022
	\$	\$	\$	\$	\$
Net assets, beginning of year	18,986,245	2,071,025	6,240,350	27,297,620	30,168,788
Deficiency of revenue over expenses for the year	(4,230,528)	—	—	(4,230,528)	(2,978,761)
Endowment contributions	—	—	89,686	89,686	137,981
Increase (decrease) in accumulated investment income on endowments	—	—	176,743	176,743	(211,524)
Remeasurements of pension obligation <i>[note 8]</i>	98,438	—	—	98,438	181,136
Interfund transfers	293,152	(293,152)	—	—	—
Net assets, end of year	15,147,307	1,777,873	6,506,779	23,431,959	27,297,620

See accompanying notes

Brescia University College

Statement of cash flows

Year ended April 30

	2023	2022
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(4,230,528)	(2,978,761)
Add (deduct) items not involving cash		
Amortization of capital assets	3,354,408	3,310,789
Amortization of deferred capital contributions	(985,086)	(992,262)
Unrealized investment loss (income)	(142,202)	569,721
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	1,118,619	(1,010,557)
Increase in prepaid expenses and inventory	(149,361)	(36,678)
Increase in accounts payable and accrued liabilities	45,560	251,166
Increase in deferred contributions	14,214	146,957
Decrease in deferred revenue	(213,144)	(106,313)
Cash used in operating activities	(1,187,520)	(845,938)
Financing activities		
Endowment contributions	89,686	137,981
Deferred capital contributions received	255,403	171,603
Advances from (repayments to) Western University	(100,000)	500,000
Repayment of mortgage payable	(200,000)	(200,000)
Repayment of bank debt	(789,458)	(750,090)
Cash used in financing activities	(744,369)	(140,506)
Investing activities		
Purchases of capital assets	(681,400)	(752,265)
Net purchases of investments	(312,581)	(811,076)
Cash used in investing activities	(993,981)	(1,563,341)
Net decrease in cash and cash equivalents during the year	(2,925,870)	(2,549,785)
Cash and cash equivalents, beginning of year	5,137,424	7,687,209
Cash and cash equivalents, end of year	2,211,554	5,137,424

See accompanying notes

Notes to financial statements

April 30, 2023

1. Purpose of the organization

Brescia University College ["Brescia"] is a Catholic university college for women, affiliated with Western University. Brescia offers undergraduate students a full range of liberal arts academic programming as well as specialist graduate and undergraduate programs in Food and Nutritional Sciences.

Brescia is incorporated without share capital under the *Corporations Act* (Ontario) and is a registered charity under the *Income Tax Act* (Canada). As a not-for-profit registered charity, Brescia is exempt from tax under the *Income Tax Act* pursuant to Section 149(1) [h.1] of the *Income Tax Act*.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada ["GAAP"] and includes the significant accounting policies summarized below.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 reporting period. Significant areas requiring the use of estimates include the useful lives of capital assets and the pension benefit obligation. Actual results could differ from those estimates.

Revenue recognition

Brescia accounts for contributions, which include government grants and donations, in accordance with the deferral method.

Externally restricted contributions received for:

- Purposes other than endowment or the acquisition of capital assets are initially recorded as deferred contributions and recognized as revenue in the year in which the related expenses are incurred.
- The acquisitions of capital assets having limited life are initially recorded as deferred contributions in the period in which they are received and recognized as revenue over the useful life of the related capital assets.
- The acquisition of unlimited-life assets such as land and collections are recorded as direct increases in net assets in the period in which they are received.

Endowment contributions and related investment income allocated to endowment capital preservation and growth are recorded as direct increases or decreases in net assets in the period in which they are received or earned.

Unrestricted contributions are recognized as revenue when received.

Revenue received for the provision of goods and services is recognized in the period in which the goods or services are provided by Brescia. Revenue received for a future period is deferred until the goods or services are provided.

Notes to financial statements

April 30, 2023

Tuition and other academic fees are recorded as revenue on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as revenue. Fees collected that relate to academic terms commencing after the end of the fiscal year are included in deferred revenue.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with original maturities of less than 90 days from the date of purchase.

Employee future benefits

Brescia recognizes the amount of the accrued benefit obligation net of the fair value of the assets of its defined benefit pension plan [the "DB plan"], adjusted for any valuation allowance, in the statement of financial position. Actuarial gains and losses and past service costs are recognized as a direct increase or decrease in net assets. The accrued benefit obligation is determined based on an actuarial valuation report prepared for funding purposes. This report is required to be prepared at least on a triennial basis by the applicable pension regulations. In the year where an actuarial valuation for funding purposes is not prepared, Brescia estimates the obligation.

Brescia has a defined contribution pension plan covering substantially all of its employees. Brescia's contribution to the pension plan are expensed as incurred.

Investments and investment income

All investments are recorded at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Short-term investments are readily convertible to cash and are recorded at cost plus accrued income, which approximates fair value. Pooled funds are valued based on reported unit values.

Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income, composed of interest, dividends, realized and unrealized gains (losses), is recorded as revenue in the statement of operations, except for investment income earned on endowments, for which only the amount made available for spending is recorded as revenue. Investment income earned in excess of the amount made available for spending is recorded as a direct increase in endowments. In years where the investment income earned is below the amount made available for spending, the shortfall is recorded as a direct decrease in endowments.

Derivative financial instruments

Brescia follows hedge accounting for its interest rate swap to manage the cash flow risk associated with its long-term debt obligation. In order for a derivative to qualify for hedge accounting, the hedge relationship must be identified, designated and formally documented at its inception. Change in the cash flows on the interest rate swaps must be highly effective in offsetting changes in the amount of cash flows on the hedged long-term debt. Interest rate swaps in qualifying hedging relationships are not recognized until their maturity.

Notes to financial statements

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Other financial instruments

Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, mortgage payable, and bank debt are recorded at amortized cost.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at the following rates:

Buildings	20–30 years
Furniture and equipment	10 years
Parking lots	10 years
Computer hardware and software	3 years
Automotive	3 years

Construction-in-progress is not amortized until the asset is complete.

Inventories

Inventories are valued at the lower of cost and net realizable value on a first-in, first-out basis.

Endowments

Endowed investments consist of donations with externally imposed restrictions stipulating that the principal be maintained intact in perpetuity. The use of investment income earned from endowments is restricted to provide for scholarships for academic achievement and bursaries for financial need, or other awards to further Brescia's mission, as stipulated by the donor. Brescia's endowment management policies follow the general principle of maintaining the purchasing power of all endowment funds by limiting the amount made available for spending and reinvesting an amount commensurate with inflation into the principal portion of the endowment each year. Brescia ensures that all funds received for restricted purposes are expended for those purposes for which they were provided.

3. Investments

[i] Total investments at fair value consist of the following:

	2023	2022
	\$	\$
Short-term income fund	326,464	143,281
Long-term investments		
Equity pooled funds	6,147,442	5,750,107
Fixed income pooled funds	3,774,193	3,723,185
	9,921,635	9,473,292

Notes to financial statements

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[ii] Investment income consists of the following:

	2023			2022
	Operations	Endowment	Total	Total
	\$	\$	\$	\$
Net realized investment income	387,886	268,833	656,719	581,415
Net increase (decrease) in unrealized investment income	20,622	101,758	122,380	(502,835)
	408,508	370,591	779,099	78,580
Investment income made available for spending	193,848	(193,848)	—	—
Decrease (increase) in accumulated investment income on endowments	—	(176,743)	(176,743)	211,524
	602,356	—	602,356	290,104

4. Capital assets

	2023		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	15,042,167	—	15,042,167
Buildings	69,673,856	30,999,304	38,674,552
Furniture and equipment	4,450,948	3,382,698	1,068,250
Computer hardware and software	1,446,920	1,198,577	248,343
Automotive	23,366	23,366	—
Parking lots	552,371	457,738	94,633
	91,189,628	36,061,683	55,127,945

	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Land	15,042,167	—	15,042,167
Buildings	69,069,677	28,282,028	40,787,649
Furniture and equipment	4,427,814	3,001,421	1,426,393
Computer hardware and software	1,392,832	997,959	394,873
Automotive	23,366	23,366	—
Parking lots	552,371	402,500	149,871
	90,508,227	32,707,274	57,800,953

Notes to financial statements

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5. Internally restricted net assets

Brescia's Board of Trustees maintains restrictions on net assets for purposes of future capital projects. This restricted amount of \$1,777,873 [2022 – \$2,071,025] is not available for other purposes without approval of the Board of Trustees.

6. Deferred contributions

Deferred contributions represent unspent externally restricted grants [including research grants], donations and other contributions. The balance consists of the following:

	2023 \$	2022 \$
Balance, beginning of year	1,636,828	1,489,871
Contributions received during the year	446,105	717,672
Contributions recognized in revenue during the year	(496,278)	(507,632)
Transfers to other funds	113,667	(24,947)
Net investment loss	(49,280)	(38,136)
Balance, end of year	1,651,042	1,636,828

Of the \$496,278 [2022 – \$507,632] in contributions recognized in revenue during the year, \$148,270 [2022 – \$105,877] related to research and other grants.

7. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The changes in the deferred capital contributions are as follows:

	2023 \$	2022 \$
Balance, beginning of year	6,353,407	7,174,066
Contributions received and spent during the year	255,403	171,603
Amounts amortized to revenue	(985,086)	(992,262)
Balance, end of year	5,623,724	6,353,407

8. Pension benefit obligation

As at January 1, 1994, Brescia changed from a DB plan to a defined contribution plan [the "DC plan"]. For all employees who were under the DB plan, Brescia has provided a guarantee that the value of their DC plan at retirement will not be less than it would have been under the previous DB plan.

Brescia measures its accrued benefit obligation for the DB plan as at April 30 each year for accounting purposes.

The DB plan has no assets. Cash contributions are made upon benefits becoming payable.

Brescia University College

Notes to financial statements

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	2023	2022
	\$	\$
Change in accrued benefit obligation		
Accrued benefit obligation – May 1	451,762	632,898
Net benefit recovery	(98,438)	(181,136)
Accrued benefit obligation – April 30	353,324	451,762

Brescia's net benefit plan recovery includes the following components:

	2023	2022
	\$	\$
Current service cost	8,605	13,547
Interest cost	16,803	10,666
Actuarial gains	(123,846)	(205,349)
Net benefit recovery recognized	(98,438)	(181,136)

The significant assumptions used for the benefit obligation are as follows:

	2023	2022
	%	%
Discount rate	4.90	3.65
Salary escalation	3.00	3.00

9. Mortgage payable

During 2007, Brescia entered into an agreement of purchase and sale with the Ursuline Religious of the Diocese of London in Ontario to purchase certain land and buildings at a negotiated exchange amount. Pursuant to the agreement, Brescia has agreed to pay the vendor take-back mortgage in equal annual instalments commencing on the first anniversary of the closing date and on each anniversary thereafter until paid in full. The mortgage has an interest rate of nil. The purchase agreement was completed on February 15, 2008.

The minimum principal payments required over the next four years are as follows:

	\$
2024	200,000
2025	200,000
2026	200,000
2027	200,000
	800,000

Brescia University College

Notes to financial statements

April 30, 2023

10. Advance from Western University

During 2021, Brescia negotiated an agreement with its affiliate partner Western University. Pursuant to the agreement, Western has agreed to reduce its service fee to Brescia for the year ended April 30, 2022 by \$500,000 to be paid back over five years in equal installments. The loan has an interest rate of 0%.

The principal payments required over the next four years are as follows:

	\$
2024	100,000
2025	100,000
2026	100,000
2027	100,000
	<u>400,000</u>

11. Bank debt

Bank debt consists of the following:

- [i] A \$4,000,000 [2022 - \$4,000,000] operating line of credit to finance general operating requirements. Repayable upon demand, bearing interest payable monthly at prime minus 0.25% per annum. As at April 30, 2023, no amounts have been drawn.
- [ii] A \$31,100,000 long-term non-revolving loan to finance the Clare Hall residence, bearing interest at one-month bankers' acceptances plus a fee of 1.15%, repayable in 35 monthly blended installments of principal and interest, commencing February 2021 with the balance of principal and interest due in January 2024. The term of the loan is three years and the original amortization is 30 years. As at April 30, 2023, \$26,062,368 [2022 - \$26,740,725] was outstanding and is due in January 2024.

Expected principal repayments based on the original repayment schedule over each of the next five years and thereafter are as follows:

	\$
2024	715,839
2025	755,390
2026	797,126
2027	841,169
2028	887,644
Thereafter	22,065,200
	<u>26,062,368</u>

Notes to financial statements

April 30, 2023

- [iii] A \$4,000,000 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest at prime or one-month bankers' acceptances plus a fee of 1.2%, fully drawn down on October 1, 2019, repayable in 60 monthly blended installments of principal and interest, with the balance of principal and interest due on October 1, 2024, amortized over 25 years. As at April 30, 2023, \$3,620,829 [2022 – \$3,731,930] was outstanding and is due on October 1, 2024.

Expected principal repayments based on the original repayment schedule over each of the next five years and thereafter are as follows:

	\$
2024	114,418
2025	118,906
2026	123,227
2027	127,084
2028	132,646
Thereafter	3,004,548
	<u>3,620,829</u>

- [iv] A \$3,414,265 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest payable monthly at prime or one-month bankers' acceptances plus a fee of 1.2% per annum, repayable in full on or before October 31, 2024. As at April 30, 2023, \$3,414,265 [2022 – \$3,414,265] was outstanding.

The bank requires that Brescia maintain certain financial covenants. On January 24, 2023, Brescia obtained an amendment to waive these covenants for any reporting period between May 1, 2022 and April 30, 2023.

12. Financial instruments and risk management

Credit risk

Credit risk is the risk of potential loss to Brescia if a counterparty to a financial instrument fails to meet its contractual obligations. Brescia's credit risk is primarily attributable to its cash and cash equivalents, investments and accounts receivable.

Brescia has assessed its exposure to credit risk and has determined that such risk is minimal. The majority of Brescia's cash and cash equivalents and investments are held with major financial institutions.

Currency risk

Foreign currency risk is the risk that the fair value of or future cash flows from Brescia's financial instruments will fluctuate because of changes in foreign exchange rates.

Notes to financial statements

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Brescia's investments are denominated in Canadian dollars. Certain investments such as United States and other international equities include investments in foreign jurisdictions and are therefore subject to foreign currency fluctuations. Brescia mitigates the currency risk exposure of its foreign securities through diversification of its investments.

Market risk

Market risk is the risk that the value of an investment will decrease due to changes in market factors.

Equity and fixed income securities are held within pooled funds. Risk and volatility of investment returns are mitigated through diversification of investments in different countries, business sectors and corporation sizes.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on Brescia's financial instruments.

To manage the exposure to fluctuating prime interest rates on its variable interest rate debt, Brescia has entered into interest rate swap contracts, the terms of which are as follows:

	Swap Contract 1	Swap Contract 2
Term of agreement	October 29, 2013 – October 29, 2043	October 1 2019 – October 1, 2044
Notional amount	\$26,062,368	\$3,620,829
Interest rate	4.41%	2.87%

All-in interest rate for both swap contracts includes a 1% stamping fee in addition to the interest rates noted above.

Swap Contract 1: Hedge accounting has been applied to the Swap Contract 1 derivative financial instrument. As such, the change in the fair value has not been recognized in the statement of operations or on the statement of financial position. As at April 30, 2023, the unrealized loss related to this swap agreement was \$2,550,829 [2022 – \$2,955,972].

Swap Contract 2: Hedge accounting has been applied to the Swap Contract 2 derivative financial instrument. As such, the change in the fair value has not been recognized in the statement of operations or on the statement of financial position. As at April 30, 2023, the unrealized gain related to this swap agreement was \$193,061 [2022 – \$166,848].

13. 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.

Brescia University College

Notes to financial statements

April 30, 2023

Brescia has recorded the following amounts under the OSOTF I program:

	2023	2022
	\$	\$
Endowed fund balance, beginning of year	437,199	427,046
Recapitalization of restricted expendable funds	2,339	10,153
Endowed fund balance, end of year	439,538	437,199

	2023	2022
	\$	\$
Expendable funds available for awards, beginning of year	19,533	19,533
Investment income, net of management fees	19,446	25,869
Net capital gains	243	1,784
Recapitalization to capital portion	(2,339)	(10,153)
Bursaries	(17,350)	(17,500)
Expendable funds available for awards, end of year	19,533	19,533

Brescia has recorded the following amounts under the OSOTF II program:

	2023	2022
	\$	\$
Endowed fund balance, beginning of year	242,464	236,779
Recapitalization of restricted expendable funds	1,238	5,685
Endowed fund balance, end of year	243,702	242,464

	2023	2022
	\$	\$
Expendable funds available for awards, beginning of year	12,477	12,477
Investment income, net of management fees	10,852	14,440
Net capital gains	136	995
Recapitalization to capital portion	(1,238)	(5,685)
Bursaries	(9,750)	(9,750)
Expendable funds available for awards, end of year	12,477	12,477

OSOTF I and OSOTF II programs had approximate fair values of \$484,502 [2022 – \$475,566] and \$270,371 [2022 – \$265,454] respectively, as at April 30, 2023.

Brescia University College

Notes to financial statements

April 30, 2023

Brescia has recorded the following amounts under the OTSS program:

	2023 \$	2022 \$
Endowed fund balance, beginning of year	1,633,633	1,586,441
Recapitalization of restricted expendable funds	38,571	47,192
Endowed fund balance, end of year	1,672,204	1,633,633

	2023 \$	2022 \$
Expendable funds available for awards, beginning of year	125,221	106,622
Investment income, net of management fees	75,975	99,542
Net capital gains	924	6,801
Recapitalization to capital portion	(38,571)	(47,192)
Bursaries	(38,375)	(40,552)
Expendable funds available for awards, end of year	125,174	125,221

Investments under the OTSS program had an approximate fair value of \$1,896,949 [2022 – \$1,832,164] as at April 30, 2023.

14. Ancillary operations

	2023 \$	2022 \$
Ancillary revenue		
Residence fees	2,550,914	2,171,378
Food services	1,912,164	1,313,959
Conference services	163,091	25,332
Parking	220,398	161,379
Other ancillary revenue	117,468	46,882
	4,964,035	3,718,930
Ancillary expenses		
Residence expenses	387,000	391,879
Food services expenses	989,795	686,731
Conference services expenses	36,403	13,587
Other ancillary costs	—	13,384
	1,413,198	1,105,581
Other ancillary expenses included in the statement of operations		
Direct ancillary salaries and benefits [i]	1,775,196	1,488,347
Interest on long-term bank debt [ii]	1,355,224	1,371,033
	4,543,618	3,964,961
Excess (deficiency) of ancillary revenue over expenses	420,417	(246,031)

Notes to financial statements

April 30, 2023

- [i] Direct ancillary salaries and benefits are included in staff salaries and benefits expenses in the statement of operations.
- [ii] Interest on long-term bank debt is presented as a separate line item in the statement of operations, but relates to the Clare Hall residence.

15. Commitments

[a] Operating lease commitments

The current operating lease expires on April 30, 2024. The minimum lease payment required under the current operating lease is \$30,657.

[b] Canadian Universities Reciprocal Insurance Exchange

On May 1, 2013, Brescia entered a membership with the Canadian Universities Reciprocal Insurance Exchange. All members pay annual deposit premiums, which are actuarially determined and may be subject to further assessment in the event members' premiums are insufficient to cover losses and expenses.

16. Contingencies

Brescia is involved in, and potentially subject to, various claims by third parties arising from the normal course and conduct of its business. Management assesses such claims and where it is considered likely that the claim will result in a material loss and where the amount of the loss is quantifiable, provisions for losses are made based on management's assessment of the likely outcome. Brescia does not provide for claims that are considered unlikely to result in significant loss, claims for which the outcome is not determinable or claims where the amount of the loss cannot be reasonably estimated. Any settlements or awards under such claims are provided for when reasonably determinable. Although such matters cannot be predicted with certainty, management currently considers the exposure to such claims and litigation not to be significant to these financial statements.

17. Unrestricted net assets

The components of unrestricted net assets reflected in the statement of financial position are as follows:

	2023	2022
	\$	\$
Unrestricted deficit	(3,812,777)	(1,026,142)
Invested in capital assets	15,606,760	16,560,625
Operating reserve	3,000,000	3,000,000
Provision for employee benefits	353,324	451,762
	15,147,307	18,986,245