

**Brescia University College
Foundation**

Financial Statements
April 30, 2009

July 24, 2009

Auditors' Report

To the Directors of Brescia University College Foundation

We have audited the balance sheet of **Brescia University College Foundation** (the "Foundation") as at April 30, 2009 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, 2009 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, 2009

	Unrestricted \$	Externally Restricted \$	Endowments \$	2009 \$	2008 \$
Assets					
Current assets					
Cash	134,765	-	632,970	767,735	327,565
Accounts receivable	1,084	-	-	1,084	554
Prepaid expenses	12,858	-	-	12,858	3,319
	148,707	-	632,970	781,677	331,438
Investments (note 3)	906,501	209,067	1,193,876	2,309,444	3,092,666
	1,055,208	209,067	1,826,846	3,091,121	3,424,104
Liabilities and fund balances					
Current liabilities					
Accounts payable and accrued expenses (note 6)	-	73,453	-	73,453	189,034
Fund balances					
Unrestricted	1,055,208	-	-	1,055,208	1,366,732
Externally restricted	-	135,614	-	135,614	193,255
Endowments (note 4)	-	-	1,826,846	1,826,846	1,675,083
	1,055,208	135,614	1,826,846	3,017,668	3,235,070
	1,055,208	209,067	1,826,846	3,091,121	3,424,104

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, 2009

	Unrestricted \$	Externally Restricted \$	Endowments \$	2009 \$	2008 \$
Revenue					
Donations in kind from the College (note 6)	250,000	-	-	250,000	250,000
Investment income	52,884	81,050	-	133,934	155,476
Contributions	17,070	73,405	161,605	252,080	985,188
Breakfast for Bursaries	-	-	44,720	44,720	44,555
	<u>319,954</u>	<u>154,455</u>	<u>206,325</u>	<u>680,734</u>	<u>1,435,219</u>
Expenses					
Salaries and benefits	349,698	-	-	349,698	330,291
Administrative	38,747	-	-	38,747	27,239
Special events	1,338	-	-	1,338	1,484
Professional fees	19,155	17,432	-	36,587	35,198
Contributions to student activities	-	-	-	-	5,795
Capital Contributions to College	-	65,915	-	65,915	720,749
Transfer to College for payment of awards	893	71,163	-	72,056	54,591
Breakfast for Bursaries expenses	-	-	22,699	22,699	21,846
	<u>409,831</u>	<u>154,510</u>	<u>22,699</u>	<u>587,040</u>	<u>1,197,193</u>
	(89,877)	(55)	183,626	93,694	238,026
Realized and unrealized (loss) gain on investments					
Realized gain (loss) on investments	(47,687)	(27,957)	(619)	(76,263)	23,287
(Decrease) increase in unrealized gain on investment	(173,960)	(29,629)	(31,244)	(234,833)	(166,801)
Excess (deficiency) of revenue over expenses	(311,524)	(57,641)	151,763	(217,402)	94,512
Fund balances – Beginning of year	1,366,732	193,255	1,675,083	3,235,070	2,905,799
Opening balance adjustment (note 8)	-	-	-	-	234,759
Fund balances – Beginning of year (as restated)	1,366,732	193,255	1,675,083	3,235,070	3,140,558
Fund balances – End of year	<u>1,055,208</u>	<u>135,614</u>	<u>1,826,846</u>	<u>3,017,668</u>	<u>3,235,070</u>

Brescia University College Foundation

Statement of Cash Flows

For the ended April 30, 2009

	2009 \$	2008 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenue over expenses	(217,402)	94,512
Add (deduct) non-cash items:		
Decrease (increase) in unrealized gain	234,833	(166,801)
Change in non-cash working capital items:		
(Increase) decrease in accounts receivable	(530)	18,868
(Increase) decrease in prepaid expenses	(9,539)	278
(Decrease) increase in accounts payable and accrued expenses	(115,581)	101,240
	<u>(108,219)</u>	<u>48,097</u>
Investing activities		
Net decrease (increase) in investments	<u>548,389</u>	<u>(59,513)</u>
	<u>548,389</u>	<u>(59,513)</u>
Net (decrease) increase in cash during the year	440,170	(11,416)
Cash – Beginning of year	<u>327,565</u>	<u>338,981</u>
Cash – End of year	<u><u>767,735</u></u>	<u><u>327,565</u></u>

Brescia University College Foundation

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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 8)

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

Brescia University College Foundation

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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 equivalents consist 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 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 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

	2009		2008	
	Cost \$	Market value \$	Cost \$	Market value \$
Common stocks and equivalents	822,417	689,442	821,921	881,912
Fixed income securities	1,653,902	1,620,002	2,202,787	2,210,754
	<u>2,476,319</u>	<u>2,309,444</u>	<u>3,024,708</u>	<u>3,092,666</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:

	2009 \$	2008 \$
Endowed funds	1,821,523	1,637,897
Available capital gains	5,323	37,186
	<u>1,826,846</u>	<u>1,675,083</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 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:

	2009	2008
	\$	\$
Balance – Beginning of year	309,601	307,394
Recapitalization of capital (losses) gains	(3,009)	2,207
	<hr/>	<hr/>
Balance – End of year	306,592	309,601

	2009	2008
	\$	\$
Expendable funds available for awards – Beginning of year	23,472	19,598
Investment income, net of management fees	12,635	13,874
Bursaries	-	(10,000)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	36,107	23,472

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

	2009	2008
	\$	\$
Balance – Beginning of year	159,643	162,148
Recapitalization of capital (losses)	(3,075)	(2,505)
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Balance – End of year	156,568	159,643

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	2009 \$	2008 \$
Expendable funds available for awards – Beginning of year	24,250	14,473
Investment income, net of management fees	7,581	10,777
Bursaries	(500)	(1,000)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	31,331	24,250

Investments under the OSOTF I and OSOTF II programs had approximate market values of \$336,636 (2008 - \$333,073) and \$184,110 (2008 - \$183,893) respectively as at April 30, 2009.

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

	2009 \$	2008 \$
Balance – Beginning of year	625,225	283,400
Donations received	78,382	172,024
Matching contribution	78,381	172,024
Recapitalization of capital (losses)	(414)	(2,223)
	<hr/>	<hr/>
Balance – End of year	781,574	625,225

	2009 \$	2008 \$
Expendable funds available for awards – Beginning of year	19,252	3,423
Investment income, net of management fees	25,531	22,479
Bursaries	(12,214)	(6,650)
	<hr/>	<hr/>
Expendable funds available for awards – End of year	32,569	19,252

Investments under the OTSS program had an approximate market value of \$798,317 (2008 – \$643,517) as at April 30, 2009.

6 Transfer from Brescia University College

Accounts payable and accrued expenses includes \$70,318 (2008 - \$179,477) 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 (2008 - \$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.

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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 a 2007 opening balance adjustment due to unrealized gains on investments at the beginning of the year, as investments were previously carried at cost.

In its financial statement as at April 30, 2008 the Foundation disclosed its intent to adopt CICA 3862, *Financial Instruments - Disclosure* and Section 3863 *Financial Instruments – Presentation* effective May 1, 2008, which would replace Section 3861, *Financial Instruments – Disclosure and Presentation*. In September 2008, the Accounting Standards Board decided that the adoption of Sections 3862 and 3863 was optional for not-for-profits, and correspondingly Brescia University College Foundation has elected not to adopt.

9 Recent Accounting Pronouncement issued and not yet adopted

Section 4400, *Financial Statement Presentation by Not-for-profit Organizations*. This section has been amended to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and instead, permit such an amount as a category of internally restricted net assets. The amended section requires that all revenues and expenses be presented on a gross basis when a not-for-profit organization is acting as a principal in transactions. Additionally, the amended section requires that the statement of cash flows be prepared in accordance with Section 1540, *Cash Flow Statements*. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4460, *Disclosure of Related Party Transactions by Not-for-profit Organizations*. This section established disclosure standards for related party transactions in the financial statements of not-for-profit organizations. The section has been amended to be consistent with the disclosure requirements of Section 3840, *Related Party Transactions*. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations*. This new section establishes disclosure standards for non-for-profit organizations that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. Organizations which allocate fundraising and general support expenses to other functions within the organization require disclosure of the policies for allocation of expenses, nature of the expenses being allocated and the basis on which the allocations have been made. Additionally, the amounts allocated and the functions to which they have been allocated must also be disclosed. This section will be applicable to financial statement relating to fiscal years beginning on or after January 1, 2009.

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Section 1540, *Cash Flow Statements*. This standard requires the disclosure of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement that classifies cash flows during the period arising from operating, investing and financing activities. The standard has been amended to require that interim and annual financial statements of not-for-profit organizations be prepared in accordance with the requirements of this section effective with fiscal years beginning on or after January 1, 2009.

The Foundation is currently evaluating the impact of the adoption of these new or amended sections on the financial statements for the year ending April 30, 2010.

