

# Brescia University College

Financial statements

April 30, 2024



# 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, 2024, 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, 2024, 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.

## Emphasis of matter – Transfer of Brescia University College assets and liabilities to Western University

We draw attention to note 1 in the financial statements, which describes the transfer of assets and liabilities of Brescia University College to Western University effective May 1, 2024. Our opinion is not modified in respect to this matter.

## 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.

London, Canada  
June 28, 2024

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants



## Brescia University College

### Statement of financial position

As at April 30

	2024	2023
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	12,124,705	2,211,554
Short-term investments <i>[note 3]</i>	—	326,464
Accounts receivable	128,294	324,910
Prepaid expenses and inventory	244,418	405,178
<b>Total current assets</b>	<b>12,497,417</b>	<b>3,268,106</b>
Investments <i>[note 3]</i>	—	9,921,635
Capital assets, net <i>[note 4]</i>	52,611,100	55,127,945
	<b>65,108,517</b>	<b>68,317,686</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,095,636	2,238,647
Deferred revenue	121,521	721,528
Current portion of mortgage payable <i>[note 9]</i>	600,000	200,000
Current portion of advance from Western University <i>[note 10]</i>	6,400,000	100,000
Current portion of bank debt <i>[note 11]</i>	32,536,028	26,176,786
<b>Total current liabilities</b>	<b>40,753,185</b>	<b>29,436,961</b>
Deferred contributions <i>[note 6]</i>	1,612,962	1,651,042
Deferred capital contributions <i>[note 7]</i>	4,887,252	5,623,724
Pension benefit obligation <i>[note 8]</i>	222,741	353,324
Mortgage payable <i>[note 9]</i>	—	600,000
Advance from Western University <i>[note 10]</i>	—	300,000
Bank debt <i>[note 11]</i>	—	6,920,676
<b>Total liabilities</b>	<b>47,476,140</b>	<b>44,885,727</b>
<b>Net assets</b>		
Unrestricted <i>[note 17]</i>	9,655,160	15,147,307
Internally restricted <i>[note 5]</i>	—	1,777,873
Endowments	7,977,217	6,506,779
<b>Total net assets</b>	<b>17,632,377</b>	<b>23,431,959</b>
	<b>65,108,517</b>	<b>68,317,686</b>
Commitment and contingencies <i>[notes 15 and 16]</i>		
Subsequent event <i>[notes 1, 11 and 12]</i>		

See accompanying notes

## Brescia University College

### Statement of operations

Year ended April 30

	2024	2023
	\$	\$
<b>Revenue</b>		
Tuition and other student fees	10,625,682	11,704,190
Provincial government grants	8,524,227	8,438,502
Research and other grant revenue	145,142	125,754
Investment income <i>[note 3]</i>	357,460	602,356
Tuition revenue set aside for distribution as bursaries	330,940	423,106
Amortization of deferred capital contributions <i>[note 7]</i>	997,610	985,086
Donations	530,111	473,818
Miscellaneous	350,354	99,165
Ancillary revenue <i>[note 14]</i>	6,016,124	4,964,035
	<u>27,877,650</u>	<u>27,816,012</u>
<b>Expenses</b>		
Faculty salaries and benefits	10,523,895	8,594,533
Staff salaries and benefits	9,419,063	8,302,899
Service fee to Western University	2,482,309	2,562,415
Academic and student services	1,104,363	1,095,068
Marketing and external relations	626,494	1,040,024
Facilities	1,104,940	1,108,360
General administration	1,071,685	714,533
Scholarships and bursaries	2,211,100	2,222,527
Amortization of capital assets	3,237,030	3,354,408
Ancillary expenses <i>[note 14]</i>	1,457,270	1,413,198
Interest on long-term debt <i>[notes 11 and 12]</i>	2,111,104	1,638,575
	<u>35,349,253</u>	<u>32,046,540</u>
<b>Deficiency of revenue over expenses for the year</b>	<u>(7,471,603)</u>	<u>(4,230,528)</u>

See accompanying notes

**Brescia University College**

**Statement of changes in net assets**

Year ended April 30

	Unrestricted	Internally restricted	Endowments	2024	2023
	\$	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	<b>15,147,307</b>	<b>1,777,873</b>	<b>6,506,779</b>	<b>23,431,959</b>	27,297,620
Deficiency of revenue over expenses for the year	<b>(7,471,603)</b>	—	—	<b>(7,471,603)</b>	(4,230,528)
Endowment contributions	—	—	<b>1,011,629</b>	<b>1,011,629</b>	89,686
Increase in accumulated investment income on endowments	—	—	<b>529,809</b>	<b>529,809</b>	176,743
Remeasurements of pension obligation <i>[note 8]</i>	<b>130,583</b>	—	—	<b>130,583</b>	98,438
Interfund transfers	<b>1,848,873</b>	<b>(1,777,873)</b>	<b>(71,000)</b>	—	—
<b>Net assets, end of year</b>	<b>9,655,160</b>	<b>—</b>	<b>7,977,217</b>	<b>17,632,377</b>	23,431,959

See accompanying notes

## Brescia University College

### Statement of cash flows

Year ended April 30

	2024	2023
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses for the year	(7,471,603)	(4,230,528)
Add (deduct) items not involving cash		
Amortization of capital assets	3,237,030	3,354,408
Amortization of deferred capital contributions	(997,610)	(985,086)
Unrealized investment income	—	(142,202)
Changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	196,616	1,118,619
Decrease (increase) in prepaid expenses and inventory	160,760	(149,361)
Increase (decrease) in accounts payable and accrued liabilities	(1,143,011)	45,560
Increase (decrease) in deferred contributions	(38,080)	14,214
Decrease in deferred revenue	(600,007)	(213,144)
<b>Cash used in operating activities</b>	<b>(6,655,905)</b>	<b>(1,187,520)</b>
<b>Financing activities</b>		
Endowment contributions	1,011,629	89,686
Deferred capital contributions received	261,138	255,403
Advances from (repayments to) Western University	6,000,000	(100,000)
Repayment of mortgage payable	(200,000)	(200,000)
Repayment of bank debt	(561,434)	(789,458)
<b>Cash provided by (used in) financing activities</b>	<b>6,511,333</b>	<b>(744,369)</b>
<b>Investing activities</b>		
Purchases of capital assets	(720,185)	(681,400)
Net sale (purchases) of investments	10,777,908	(312,581)
<b>Cash provided by (used in) investing activities</b>	<b>10,057,723</b>	<b>(993,981)</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>9,913,151</b>	<b>(2,925,870)</b>
Cash and cash equivalents, beginning of year	2,211,554	5,137,424
<b>Cash and cash equivalents, end of year</b>	<b>12,124,705</b>	<b>2,211,554</b>

See accompanying notes

## **Notes to financial statements**

April 30, 2024

### **1. Purpose of the organization**

Brescia University College ["Brescia"] is a Catholic university college for women, affiliated with Western University ["Western"]. 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*.

On January 10, 2024, Brescia entered into an agreement [the "Agreement"] to integrate with Western on May 1, 2024. As part of the integration, common academic offerings will be combined and Brescia's specialist programs will be transitioned to Western. Continuing students, faculty and staff will also transition to Western and Western will receive the assets and assume the liabilities of Brescia. The integration will enable investment by Western in new initiatives focused on student access, while honoring Brescia's core mission and legacy.

### **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 asset.
- 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.



## **Notes to financial statements**

April 30, 2024

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.

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.

## **Notes to financial statements**

April 30, 2024

### **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.

### **Other financial instruments**

Other financial instruments, including accounts receivable, accounts payable and accrued liabilities, advances from Western, 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.

## Notes to financial statements

April 30, 2024

### 3. Investments

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

	2024 \$	2023 \$
<b>Short-term income fund</b>	—	326,464
<b>Long-term investments</b>		
Equity pooled funds	—	6,147,442
Fixed income pooled funds	—	3,774,193
	—	9,921,635

In April 2024, Brescia's investments were liquidated into cash and cash equivalents.

[ii] Investment income consists of the following:

	2024			2023
	Operations \$	Endowment \$	Total \$	Total \$
Net realized investment income	261,661	1,052,204	1,313,865	656,719
Net increase (decrease) in unrealized investment income	(71,621)	(354,975)	(426,596)	122,380
	190,040	697,229	887,269	779,099
Investment income made available for spending	167,420	(167,420)	—	—
Increase in accumulated investment income on endowments	—	(529,809)	(529,809)	(176,743)
	357,460	—	357,460	602,356

### 4. Capital assets

	2024		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	15,042,167	—	15,042,167
Buildings	70,293,404	33,711,435	36,581,969
Furniture and equipment	4,549,222	3,683,799	865,423
Computer hardware and software	1,449,283	1,367,138	82,145
Automotive	23,366	23,366	—
Parking lots	552,371	512,975	39,396
	91,909,813	39,298,713	52,611,100

## Notes to financial statements

April 30, 2024

	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
	<u>91,189,628</u>	<u>36,061,683</u>	<u>55,127,945</u>

### 5. Internally restricted net assets

Brescia's Board of Trustees maintained a restriction on net assets for purposes of future capital projects. During 2024, this restriction was removed and the balance was transferred to unrestricted net assets [2023 – \$1,777,873].

### 6. Deferred contributions

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

	2024	2023
	\$	\$
<b>Balance, beginning of year</b>	<b>1,651,042</b>	1,636,828
Contributions received during the year	<b>642,946</b>	446,105
Contributions recognized in revenue during the year	<b>(624,346)</b>	(496,278)
Transfers (to) from other funds	<b>(69,302)</b>	113,667
Net investment gain (loss)	<b>12,622</b>	(49,280)
<b>Balance, end of year</b>	<b><u>1,612,962</u></b>	<u>1,651,042</u>

Of the \$624,346 [2023 – \$496,278] in contributions recognized in revenue during the year, \$248,744 [2023 – \$148,270] related to research and other grants.

## Notes to financial statements

April 30, 2024

### 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:

	2024	2023
	\$	\$
<b>Balance, beginning of year</b>	<b>5,623,724</b>	6,353,407
Contributions received and spent during the year	<b>261,138</b>	255,403
Amounts amortized to revenue	<b>(997,610)</b>	(985,086)
<b>Balance, end of year</b>	<b>4,887,252</b>	5,623,724

### 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.

	2024	2023
	\$	\$
<b>Change in accrued benefit obligation</b>		
Accrued benefit obligation – May 1	<b>353,324</b>	451,762
Net benefit recovery	<b>(130,583)</b>	(98,438)
<b>Accrued benefit obligation – April 30</b>	<b>222,741</b>	353,324

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

	2024	2023
	\$	\$
Current service cost	<b>6,079</b>	8,605
Interest cost	<b>17,611</b>	16,803
Actuarial gains	<b>(154,273)</b>	(123,846)
<b>Net benefit recovery recognized</b>	<b>(130,583)</b>	(98,438)

**Notes to financial statements**

April 30, 2024

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

	<b>2024</b>	<b>2023</b>
	%	%
Discount rate	<b>5.20</b>	4.90
Salary escalation	<b>3.00</b>	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 remaining mortgage payable of \$600,000 was settled by Western on May 1, 2024 and, as such, has been presented as a current liability.

**10. Advance from Western University**

During 2021, Brescia negotiated an agreement with its affiliate partner Western University. Pursuant to the agreement, Western 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. No principal repayments were made during the year and the remaining balance as at April 30, 2024 is \$400,000. During April 2024, Western advanced a further \$6,000,000 to fund commitments made in the Agreement. The advances from Western have an interest rate of nil.

Advances have been presented as a current liability as a result of the integration with Western on May 1, 2024.

**11. Bank debt**

Bank debt consists of the following:

- [i] A \$4,000,000 [2023 – \$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, 2024, no amounts have been drawn.
- [ii] A \$31,100,000 long-term non-revolving loan to finance the Clare Hall residence, bearing interest monthly from Compounded Canadian Overnight Repo Rate Average [“CORRA”] advances plus a fee of 1.15%, repayable in monthly blended installments of principal and interest, commencing January 2024 with the balance of principal and interest due in May 2024. The term of the loan is four months and the amortization is 30 years. As at April 30, 2024, \$25,560,153 [2023 – \$26,062,368] was outstanding.

## Notes to financial statements

April 30, 2024

[iii] A \$4,000,000 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest monthly from CORRA advances 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, 2024, \$3,544,575 [2023 – \$3,620,829] was outstanding.

[iv] A \$3,414,265 long-term non-revolving loan to partially repay the construction loan used to finance the Academic Pavilion, bearing interest monthly from CORRA advances plus a fee of 1.2%, repayable in full on or before October 31, 2024. As at April 30, 2024, \$3,431,300 [2023 – \$3,414,265] was outstanding.

The bank requires that Brescia maintain certain financial covenants. On January 24, 2024, Brescia obtained an amendment to waive these covenants for any reporting period between May 1, 2023 and April 30, 2024. The loans were settled by Western on May 1, 2024 in accordance with the Agreement and, as such, have been presented as current liabilities.

### 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 are held with major financial institutions.

#### Currency risk

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

Brescia has assessed its exposure to currency risk and has determined that such risk is minimal.

#### 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 entered into interest rate swap contracts, the terms of which were 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	\$25,560,153	\$3,544,575
Interest rate	4.41%	2.87%

## Notes to financial statements

April 30, 2024

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

Hedge accounting has been historically applied to the swap contracts, where the change in fair value has not been recognized in the statement of operations or on the statement of financial position. Brescia exited both contracts on April 29, 2024 which resulted in a payable of \$666,500 on Swap Contract 1, and a receivable of \$388,250 on Swap Contract 2. The net interest payable of \$278,250 has been recorded in the statement of operations as interest on long-term debt, and in the statement of financial position as an accrued liability. The amount was settled by Western on May 1, 2024 in accordance with the Agreement.

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

	2024	2023
	\$	\$
<b>Endowed fund balance, beginning of year</b>	<b>439,538</b>	437,199
Recapitalization of restricted expendable funds	<b>17,904</b>	2,339
<b>Endowed fund balance, end of year</b>	<b>457,442</b>	439,538
	2024	2023
	\$	\$
<b>Expendable funds available for awards, beginning of year</b>	<b>19,533</b>	19,533
Investment income, net of management fees	<b>20,112</b>	19,446
Net capital gains	<b>32,301</b>	243
Recapitalization to capital portion	<b>(17,904)</b>	(2,339)
Bursaries	<b>(17,000)</b>	(17,350)
<b>Expendable funds available for awards, end of year</b>	<b>37,042</b>	19,533



**Brescia University College**

**Notes to financial statements**

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

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Endowed fund balance, beginning of year</b>	<b>243,702</b>	242,464
Recapitalization of restricted expendable funds	<b>9,992</b>	1,238
<b>Endowed fund balance, end of year</b>	<b>253,694</b>	243,702
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Expendable funds available for awards, beginning of year</b>	<b>12,477</b>	12,477
Investment income, net of management fees	<b>11,246</b>	10,852
Net capital gains	<b>18,079</b>	136
Recapitalization to capital portion	<b>(9,992)</b>	(1,238)
Bursaries	<b>(8,750)</b>	(9,750)
<b>Expendable funds available for awards, end of year</b>	<b>23,060</b>	12,477

OSOTF I and OSOTF II programs had approximate fair values of \$494,484 [2023 – \$484,502] and \$276,754 [2023 – \$270,371] respectively, as at April 30, 2024.

Brescia has recorded the following amounts under the OTSS program:

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Endowed fund balance, beginning of year</b>	<b>1,672,204</b>	1,633,633
Recapitalization of restricted expendable funds	<b>70,097</b>	38,571
<b>Endowed fund balance, end of year</b>	<b>1,742,301</b>	1,672,204
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Expendable funds available for awards, beginning of year</b>	<b>125,174</b>	125,221
Investment income, net of management fees	<b>80,001</b>	75,975
Net capital gains	<b>128,441</b>	924
Recapitalization to capital portion	<b>(70,097)</b>	(38,571)
Bursaries	<b>(40,033)</b>	(38,375)
<b>Expendable funds available for awards, end of year</b>	<b>223,486</b>	125,174

Cash under the OTSS program had an approximate fair value of \$1,956,787 [2023 – investments of \$1,896,949] as at April 30, 2024.

## Notes to financial statements

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### 14. Ancillary operations

	2024 \$	2023 \$
<b>Ancillary revenue</b>		
Residence fees	3,131,645	2,550,914
Food services	2,055,414	1,912,164
Conference services	321,254	163,091
Parking	213,707	220,398
Other ancillary revenue	294,104	117,468
	<b>6,016,124</b>	<b>4,964,035</b>
<b>Ancillary expenses</b>		
Residence expenses	460,056	387,000
Food services expenses	956,161	989,795
Conference services expenses	41,053	36,403
	<b>1,457,270</b>	<b>1,413,198</b>
Other ancillary expenses included in the statement of operations		
Direct ancillary salaries and benefits [i]	1,634,335	1,775,196
Interest on long-term bank debt [ii]	2,127,187	1,355,224
	<b>5,218,792</b>	<b>4,543,618</b>
<b>Excess of ancillary revenue over expenses</b>	<b>797,332</b>	<b>420,417</b>

[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. Included in the balance above is interest settlement cost of \$666,500 from Swap Contract 1 [note 12].

### 15. Commitment

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.

## Notes to financial statements

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### 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 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:

	<b>2024</b>	<b>2023</b>
	\$	\$
Unrestricted deficit	<b>(8,477,151)</b>	(3,812,777)
Invested in capital assets	<b>14,909,570</b>	15,606,760
Operating reserve	<b>3,000,000</b>	3,000,000
Provision for employee benefits	<b>222,741</b>	353,324
	<b>9,655,160</b>	15,147,307