

Huron University College

Financial Statements
April 30, 2019



Independent auditor's report

To the Executive Board of Huron University College

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Huron University College (the University) as at April 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The University's financial statements comprise:

- the statement of financial position as at April 30, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the University'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 the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 the University'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 the University'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 the University 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario

June 27, 2019

Huron University College

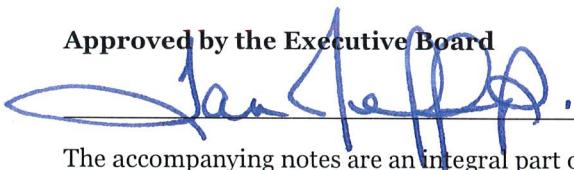
Statement of Financial Position

As at April 30, 2019

	2019 \$	2018 \$
Assets (note 6)		
Current assets		
Cash	3,359,554	2,989,895
Short-term investments	-	103,247
Accounts receivable (net of allowance of \$107,196 (2018 – \$293,548))	682,544	530,870
Prepaid expenses	18,450	31,398
Due from Huron University College Foundation	206,498	272,175
	<u>4,267,046</u>	<u>3,927,585</u>
Intangible assets (note 3)	152,451	164,722
Capital assets (note 4)	<u>16,080,384</u>	<u>15,694,710</u>
	<u>20,499,881</u>	<u>19,787,017</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,408,553	1,258,773
Advanced tuition and residence deposits	1,333,073	380,423
Current portion of employee future benefits (note 7)	22,457	85,978
Deferred contributions	1,190,069	858,717
	<u>4,954,152</u>	<u>2,583,891</u>
Deferred capital contributions (note 5)	4,768,659	4,253,184
Employee future benefits (note 7)	<u>2,379,939</u>	<u>2,151,320</u>
	<u>12,102,750</u>	<u>8,988,395</u>
Net Assets		
Invested in capital and intangible assets	13,546,534	12,334,621
Unrestricted	(5,149,403)	(1,535,999)
	<u>8,397,131</u>	<u>10,798,622</u>
	<u>20,499,881</u>	<u>19,787,017</u>

Commitments (note 14)

Approved by the Executive Board



The accompanying notes are an integral part of these financial statements.

Huron University College

Statement of Operations

For the year ended April 30, 2019

	2019 \$	2018 \$
Revenue		
Student fees	12,346,944	8,394,232
Government grants	4,921,630	4,970,616
	<hr/> 17,268,574	<hr/> 13,364,848
Ancillary revenue (note 8)	3,205,050	2,246,439
External trust	37,783	37,065
Research fund	184,376	100,808
Foundation transfer (note 9)	1,303,688	1,190,214
	<hr/> 4,730,897	<hr/> 3,574,526
Other revenue (note 10)	2,798,045	1,764,839
	<hr/> 24,797,516	<hr/> 18,704,213
Expenditures		
Salaries and benefits – faculty (note 7)	8,993,419	8,355,671
Salaries and benefits – staff	5,123,666	4,144,354
Registrarial	1,195,984	569,512
Academic instructional	928,776	743,534
UWO fees	1,520,721	1,612,511
	<hr/> 17,762,566	<hr/> 15,425,582
Ancillary expenditures (note 8)	2,172,839	1,734,156
Scholarship and bursaries	2,362,224	1,394,151
Building costs – academic (note 4)	1,650,277	557,842
General administration	1,485,957	1,349,532
Research grant expenditures	184,376	100,863
Alumni development	369,640	260,349
Amortization of intangible assets	38,113	-
Amortization of capital assets	1,140,789	1,152,117
	<hr/> 9,404,215	<hr/> 6,549,010
	<hr/> 27,166,781	<hr/> 21,974,592
Deficiency of revenue over expenditures	<hr/> (2,369,265)	<hr/> (3,270,379)

The accompanying notes are an integral part of these financial statements.

Huron University College
Statement of Changes in Net Assets
For the year ended April 30, 2019

	2019		2018	
	Invested in capital and intangible assets \$	Unrestricted \$	Invested in capital and intangible assets \$	Unrestricted \$
			Total \$	Total \$
Balance – Beginning of year	12,334,621	(1,535,999)	10,798,622	11,517,473
Deficiency of revenue over expenditures	(974,505)	(1,394,760)	(2,369,265)	(914,752)
Capital and intangible assets acquired from own funds	2,186,418	(2,186,418)	-	1,731,900
Remeasurements on employee future benefits (note 7)	-	(32,226)	(32,226)	-
	1,211,913	(3,613,404)	(2,401,491)	817,148
Balance – End of year	13,546,534	(5,149,403)	8,397,131	12,334,621
				2,457,281
				(2,355,627)
				(1,731,900)
				94,247
				(3,993,280)
				(1,535,999)
				13,974,754
				(3,270,379)
				-
				94,247
				(3,176,132)
				10,798,622

The accompanying notes are an integral part of these financial statements.

Huron University College

Statement of Cash Flows

For the year ended April 30, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Cash flows from operating activities		
Deficiency of revenue over expenditures	(2,369,265)	(3,270,379)
Items not involving cash		
Amortization of capital assets	1,140,789	1,152,117
Amortization of intangible assets	38,113	-
Impairment of capital assets	962,134	-
Amortization of deferred capital contributions	(204,397)	(237,365)
Change in employee future benefits, net of remeasurements	132,872	179,147
	<u>(299,754)</u>	<u>(2,176,480)</u>
Change in non-cash working capital items (note 11)	<u>2,360,733</u>	<u>425,994</u>
	<u>2,060,979</u>	<u>(1,750,486)</u>
Cash flows from investing activities		
Purchase of capital assets	(2,488,597)	(1,914,310)
Purchase of intangible assets	(25,842)	(164,722)
Sale (purchase) of short-term investments	103,247	851,151
Deferred capital contributions received	719,872	765,552
	<u>(1,691,320)</u>	<u>(462,329)</u>
Change in net cash for the year	369,659	(2,212,815)
Cash – Beginning of year	2,989,895	5,202,710
Cash – End of year	<u>3,359,554</u>	<u>2,989,895</u>

The accompanying notes are an integral part of these financial statements.

Huron University College

Notes to Financial Statements

April 30, 2019

1 Purpose of the university

Huron University College (the University) is a university institution with undergraduate programs in Arts and Social Sciences, and both undergraduate and graduate programs in theology. The University is affiliated with the University of Western Ontario (UWO). The University's mission is to offer elite, yet accessible, university education and to produce leaders with heart. The University is incorporated under the statutes of the Province of Ontario. The University is a not-for-profit organization under the Income Tax Act.

2 Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board and include the following significant accounting policies.

Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Grants approved but not yet received at the end of the year are accrued if the amount to be received can be reasonably estimated and collection is reasonably assured. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. Grants are received for the purposes of funding student education.

Intangible assets

Finite useful life intangible assets are accounted for at cost less amortization and are comprised of computer software that is amortized on a straight line basis over five years. Amortization on intangible assets commences when the asset is put in use.

Capital assets

Capital assets are carried at cost. When an asset is sold or otherwise disposed of, the related cost and accumulated amortization are removed from the respective accounts and any gain or loss on disposition is recognized in the statement of operations for the year.

The carrying amount of a capital asset not being amortized because it is under construction or development is classified as construction-in-progress. Amortization of capital assets is calculated upon completion of construction and allocation of the asset to its appropriate capital asset account.

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Amortization of capital assets is calculated on all amortizable assets based on the following methods:

Buildings	5% declining balance
Equipment and furniture	10 years straight line
Computer equipment	4 years straight line
Library books	5 years straight line
Food court	5% declining balance

Deferred capital contributions

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets.

Employee future benefits

The University provides a Retirement Gratuity Plan (the DB plan), which is a defined benefit type plan. Benefits from the DB plan are provided only to participants who had benefits under the London Life and/or Standard Life Group or Group Annuity plan as of December 31, 1986, only if the participant invests his/her defined contribution account in accordance with plan provisions and meets all other conditions necessary for receiving such benefits. The service cost and accrued benefit obligation of the DB plan is actuarially determined using a modified form of the projected unit credit actuarial cost method pro-rated on services. The employees of the University are also eligible to be members of the UWO Academic and Staff/Management Pension Plan (the DC plan), which is a defined contribution plan. The University also provides an administrative leave to its president and other faculty members to be taken at the end of the respective terms.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Related party transactions

Transactions with related parties are measured at the exchange amount when the transactions are either: (a) in the normal course of business; or (b) not in the normal course of business but with commercial substance and where the exchange amount can be supported. All other related party transactions are recorded at the carrying amount.

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 University becomes a party to the contractual provisions of the financial instrument. Upon initial recognition financial instruments

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Notes to Financial Statements

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are measured at fair value. The fair value of a financial instrument is the estimated amount that the University 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.

Cash and short-term investments

Cash and short-term investments consist primarily of cash on hand and certificates of deposits with an original term of up to twelve months. These instruments have been accounted for at fair value. Carrying values approximate fair values for these instruments due to their short-term maturity.

Loans and receivables

Loans and receivables are non-derivative financial assets that represent amounts due from others with fixed or determinable payments that are not quoted in an active market including accounts receivable and due from Huron University College Foundation. 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 receivables are derecognized or impaired. Interest effects on the application of the effective interest method are also recognized in the statement of operations.

The carrying value of accounts receivable and due from Huron University College Foundation 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 payments or determinable payments that are not quoted in an active market including accounts payable and accrued liabilities. After initial recognition, other financial liabilities are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the statement of operations when other financial 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 University's exposure to interest rate risk relates to its cash and short-term investments.

Credit risk

Management monitors its credit risk related to its accounts receivable balances which are primarily from student and government sources.

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Foreign exchange risk

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

3 Intangible assets

	2019		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	190,564	38,113	152,451

	2018		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	164,722	-	164,722

Included in intangible assets in 2018 was \$164,722 of construction-in-progress related to computer software that was not yet put in use. In 2019 the computer software was put into use and amortization of intangible assets commenced.

4 Capital assets

	2019		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	325,459	-	325,459
Buildings	28,927,969	16,497,247	12,430,722
Equipment and furniture	7,666,680	6,174,691	1,491,989
Computer equipment	1,481,564	1,380,783	100,781
Library books	2,976,779	2,668,174	308,605
Food court	3,127,512	1,704,684	1,422,828
	44,505,963	28,425,579	16,080,384

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	2018		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	325,459	-	325,459
Buildings	28,333,814	15,881,709	12,452,105
Equipment and furniture	7,196,265	5,881,707	1,314,558
Computer equipment	1,428,105	1,330,132	97,973
Library books	2,877,412	2,561,444	315,968
Food court	2,818,445	1,629,798	1,188,647
	<u>42,979,500</u>	<u>27,284,790</u>	<u>15,694,710</u>

Included in buildings is \$735,487 (2018 – \$962,134) of construction in progress that has yet to commence amortization. Amortization of these amounts will commence once the construction is complete and the building is put into use.

During the year, architectural costs of \$962,134 (2018 – \$nil), previously included in buildings, were impaired and recorded as an expenditure within building costs – academic. Architectural costs were initially capitalized for a building project, but this project has since been cancelled. As a result, there is no future economic benefit associated with these costs.

5 Deferred capital contributions

Deferred capital contributions	2019 \$	2018 \$
Balance – Beginning of year	2,650,489	2,494,704
Facility renewal/infrastructure capital grant	108,536	108,647
Huron University College Foundation capital contribution	10,974	8,560
Other capital contributions	208,511	229,925
Total contributions received	<u>328,021</u>	<u>347,132</u>
Amortized to operations (note 10)	<u>(160,682)</u>	<u>(191,347)</u>
Balance – End of year	<u>2,817,828</u>	<u>2,650,489</u>

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	2019	2018
	\$	\$
Unapplied deferred capital contributions		
Balance – Beginning of year	728,372	309,952
Huron University College Foundation capital contribution	391,851	602,018
Contributions expended during year	-	(183,598)
	<hr/>	<hr/>
Balance – End of year	1,120,223	728,372
	<hr/>	<hr/>
	2019	2018
	\$	\$
Deferred Superbuild capital contributions		
Balance – Beginning of year	874,323	920,341
Amortized to operations (note 10)	(43,715)	(46,018)
	<hr/>	<hr/>
Balance – End of year	830,608	874,323
	<hr/>	<hr/>
Total deferred capital contributions	4,768,659	4,253,184
	<hr/>	<hr/>

Unapplied deferred capital contributions represent restricted contributions to fund capital projects. As at April 30, 2019, \$1,120,223 (2018 – \$728,372) of total deferred capital contribution are unspent.

6 Credit facility

The University has a credit facility in the amount of \$8,000,000 from Scotiabank. All borrowings are payable on demand and bear interest at a rate of prime minus 0.25% per annum interest payable monthly. The credit facility is secured by a general security agreement constituting a first ranking security interest in all personal property of the University. As at April 30, 2019 and 2018, no amounts were drawn on this credit facility.

7 Employee future benefits

The University operates a retirement gratuity plan and participates in a defined contribution pension plan operated by UWO. The University does not provide any other material post retirement non-pension benefits or post-employment benefits to its employees, aside from the administrative leave compensation that will be provided based on individual employment contracts as described below.

Employer contributions made to the DC plan during the year amounted to \$705,090 (2018 – \$617,683) which are included within salaries and benefits – faculty.

Retirement Gratuity Plan

Benefits under the DB plan are not funded in advance, but are paid from operating revenues as benefits come due. Individuals in the DB plan remain in the DB plan and are not part of the DC plan. However, a separate calculation is performed to determine the estimated obligation to a member of the DB plan had they switched to

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the DC plan. If, at the time of retirement, the calculated DC plan obligation is greater than the DB plan liability, the shortfall will be paid by the University.

On January 1, 1987, the University commenced the DC plan and all employees hired after this date were not eligible to participate in the DB plan. As at April 30, 2019, the DB plan has five participants (2018 – five).

The DB plan has no assets. The accrued benefit obligation included in employee future benefits as at April 30, 2019 is \$2,171,554 (2018 – \$2,042,599). Benefit payments of \$nil (2018 – \$nil) were paid during the year by the University.

Information about the DB plan which was measured as at April 30 is as follows:

	2019 \$	2018 \$
Change in accrued benefit obligation		
Accrued benefit obligation – May 1	2,042,599	2,040,310
Current service cost	34,430	43,488
Interest cost	62,299	53,048
Benefit payments	-	-
Actuarial loss (gain)	32,226	(94,247)
Gain on settlements	-	-
	<hr/>	<hr/>
Accrued benefit obligation – April 30	2,171,554	2,042,599

The University's net benefit plan expenditure includes the following components:

	2019 \$	2018 \$
Current service cost	34,430	43,488
Interest cost	62,299	53,048
	<hr/>	<hr/>
Net pension costs recognized	96,729	96,536

The significant assumptions used are as follows:

	2019 %	2018 %
Accrued benefit obligation as at April 30		
Discount rate	2.40	3.05
Rate of compensation increase	3.00	3.00
Benefit costs for the year ended April 30		
Discount rate	3.05	2.60
Rate of compensation increase	3.00	3.00

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Administrative Leave

Upon completion of the current president's term on June 30, 2021, the University's president is entitled to an earned administrative leave of one year to be taken at the end of the term as partial compensation for the services rendered to the University during the term. It has been mutually agreed by the University and the president, that the administrative leave be deferred and taken by the president at a later date. During the period of administrative leave, the president will be paid an amount as set out in his employment contract. This payment includes a base amount and additional incremental amounts which are based upon years of service beyond the initial five-year term of the president. Included in employee future benefits is \$170,360 (2018 – \$108,721) relating to earned future post-employment benefits.

There are two other faculty members which have a similar agreement. The first of these faculty members has a term which ended on June 30, 2018. A separate agreement was made to begin the administrative leave effective January 1, 2018 which is still in effect until June 30, 2019 and as a result, included in current portion of employee future benefits is \$22,457 (2018 – \$85,978). The second of these faculty members has a term which ends on June 30, 2023. Included in employee future benefits is \$38,025 (2018 – \$nil) relating to earned future post-employment benefits.

8 Ancillary operations

Ancillary operations include the operations of residence, conference facilities and parking facilities. The operations of these facilities are included in the statement of operations and are summarized as follows. The summary below does not include amortization of capital and intangible assets related to ancillary operations.

	2019	2018
	\$	\$
Ancillary revenue		
Residence fees and rentals	2,680,377	1,668,921
Conference	145,401	201,132
Parking	370,797	367,911
Food court	8,475	8,475
	<hr/>	<hr/>
	3,205,050	2,246,439
Ancillary expenditures		
Residence salary and benefits	539,885	339,150
Conference salary and benefits	26,323	22,240
Building costs	1,451,120	1,178,659
Conference food costs	17,728	28,517
Other costs	137,783	165,590
	<hr/>	<hr/>
	2,172,839	1,734,156
Excess of revenue over expenditures for ancillary operations	<hr/>	<hr/>
	1,032,211	512,283

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April 30, 2019

9 Related party transactions

a) Huron University College Foundation

The purpose of Huron University College Foundation (the foundation) is to administer money received for the benefit of the University. The foundation was incorporated in Ontario on June 12, 1979 as a not-for-profit organization and is a registered charity under the Income Tax Act. The foundation administers certain trust and endowment funds on behalf of the University for the purposes of pooling investment funds to maximize return and minimize costs. The decision-making as to the use of the University trust and endowment income rests with the Executive Board of the University.

During the foundation's fiscal year ended December 31, 2018, the Board of Directors of the foundation approved the transfer to the University of \$1,713,000 (2018 – \$1,675,000). Of the amounts approved for transfer, the University has received the following during the University's fiscal year ended April 30:

	2019 \$	2018 \$
Trust and Endowment Fund	155,526	151,381
Foundation Fund	1,148,162	1,038,833
Capital contributions	402,825	610,578
	<u>1,706,513</u>	<u>1,800,792</u>
Deferred capital contributions	(402,825)	(610,578)
	<u>1,303,688</u>	<u>1,190,214</u>

The foundation has not been combined in the University's financial statements. A financial summary of the foundation as at December 31, 2018 and December 31, 2017 and for the years then ended is as follows:

	2019 \$	2018 \$
Balance sheet		
Assets		
Investments, at market	19,758,862	21,107,585
Other assets	456,753	646,623
	<u>20,215,615</u>	<u>21,754,208</u>
Liabilities		
	<u>200,640</u>	<u>435,343</u>
Fund balances		
Huron University College Trust and Endowment	2,982,662	3,190,896
Foundation	17,032,313	18,127,969
	<u>20,014,975</u>	<u>21,318,865</u>
	<u>20,215,615</u>	<u>21,754,208</u>

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	2019 \$	2018 \$
Statement of operations		
Donations and investment income	1,807,167	1,707,974
Expenditures	(99,724)	(144,151)
	<hr/>	<hr/>
Excess of revenue over expenditures	1,707,443	1,563,823
Disbursed to Huron University College	(1,965,466)	(1,976,993)
Net realized and unrealized capital gain/loss	(1,045,867)	1,050,176
	<hr/>	<hr/>
Net increase/decrease in fund balances	(1,303,890)	637,006

b) Huron University College Foundation U.S.A.

The purpose of the Huron University College Foundation U.S.A. (the U.S.A. foundation) is to administer money received for the benefit of the University. The U.S.A. foundation was incorporated in New York on August 1, 2006 as a not-for-profit organization and is a registered charity under 501(c)(3) of the Internal Revenue Code. There has been no funding related activity since inception.

10 Other revenue

	2019 \$	2018 \$
Amortization of deferred capital contributions (note 5)	204,397	237,365
Diocesan grant	96,714	116,596
Other academic revenue	478,303	251,979
Miscellaneous revenue	242,003	158,899
Summer course revenue	1,776,628	1,000,000
	<hr/>	<hr/>
	2,798,045	1,764,839

11 Change in non-cash working capital items

	2019 \$	2018 \$
(Increase) decrease in:		
Accounts receivable	(151,674)	126,311
Prepaid expenses	12,948	12,695
Due from Huron University College Foundation	65,677	(112,311)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,149,780	(587,122)
Advance tuition and residence deposits	952,650	321,826
Deferred contributions	331,352	664,595
	<hr/>	<hr/>
	2,360,733	425,994

Huron University College

Notes to Financial Statements

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12 Trust Funds

The University is the beneficiary of the income from certain trusts administered on its behalf. The University equally shares the beneficiary of the Colonel Leonard Trust with Upper Canada College. The amounts below have not been recorded in the financial statements of the University.

	2019		2018	
	Cost \$	Market value \$	Cost \$	Market value \$
Colonel Leonard	636,610	689,235	638,839	680,226
Sarah Leonard	815,199	864,129	815,291	854,048
Diocese of Huron	170,696	259,242	170,696	278,903
Trusts administered on behalf of the University	1,622,505	1,812,206	1,624,826	1,813,177

13 Ontario Student Opportunity Trust Funds

The Ontario Student Opportunity Trust Funds (OSOTF) program was established by the Government of Ontario during 1997 to encourage companies and individuals to contribute funds for Ontario's college and University students. Prior to March 31, 2000, all eligible donations made to the University were matched by the Province on a dollar for dollar basis as cash was received. The matching donations ceased as of March 31, 2000. The foundation allocates investment income to the fund based on its annual opening balance. Activity in this fund is included in the foundation

The Ministry of Training, Colleges and Universities no longer requires institutions to submit a separate audit report with respect to the OSOTF program, however, it requires that the year-end OSOTF report must be included in the institution's financial statements. Therefore, these OSOTF schedules for the years ended December 31, 2018 and 2017 have been included with the University's financial statements.

Schedule of Changes in Endowment Fund Balance For the year ended December 31	2018 \$	2017 \$
Fund balance – Beginning of year	478,500	469,655
Net return on investment	(12,305)	26,845
Bursaries awarded	(18,000)	(18,000)
Fund balance – End of year	448,195	478,500
Number of awards	11	11

Huron University College

Notes to Financial Statements

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14 Commitments

The University has entered into a lease agreement for communication equipment.

The following minimum lease payments are required for the above mentioned commitment:

	\$
2020	16,437
2021	16,437
2022	16,437
2023	16,437
2024	12,328
	<hr/>
	78,076
	<hr/>

15 Capital management

The University's objectives, when managing capital, are to safeguard the University's ability to continue as a going concern in order to pursue the delivery of a variety of services. In the definition of capital, the University includes the net assets, as well as the cash and restricted cash. The University manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the University may consider raising additional funds or reducing expenditures. In order to facilitate the management of its capital requirements, the University prepares annual and multi-year expenditure budgets that are updated as necessary depending on various factors, including fundraising campaigns and general governmental conditions. The annual and multi-year budgets are approved by the Board of Directors. The University has not changed its approach to capital management during the current year. The University is not subject to any external capital restrictions.

16 Subsequent events

The University has planned a significant capital project to build an academic building. The Executive Board approved the \$18,600,000 project in January 2019 and subsequently approved financing of \$17,600,000 in March 2019. The construction and loan agreements are expected to be finalized prior to the commencement of construction which is planned to occur between June 2019 and July 2020.

17 Comparative figures

Certain comparative figures have been adjusted to conform to the current year presentation.