

Huron University College

Financial Statements

April 30, 2023



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, 2023 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, 2023;
- 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 significant accounting policies and other explanatory information.

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

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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 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
July 26, 2023

Huron University College

Statement of Financial Position

As at April 30, 2023

	2023 \$	2022 \$
Assets (notes 7 and 8)		
Current assets		
Cash (note 8)	6,930,701	6,557,960
Accounts receivable (net of allowance of \$278,452 (2022 – \$247,352))	382,989	3,104,614
Short-term investments (note 18)	37,236,591	65,150,493
Prepaid expenses	20,929	13,173
Due from Huron University College Foundation	683,699	970,204
	<u>45,254,909</u>	<u>75,796,444</u>
Intangible assets (note 3)	149,689	93,090
Financial derivative (note 17)	928,876	952,137
Long-term investments (note 18)	13,410,457	-
Capital assets (note 4)	<u>47,824,297</u>	<u>38,341,972</u>
	<u>107,568,228</u>	<u>115,183,643</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	6,350,448	4,786,077
Advanced tuition and residence deposits	964,579	1,001,543
Current portion of employee future benefits (note 9)	1,780,147	1,312,669
Deferred contributions	4,721,468	4,265,521
	<u>13,816,642</u>	<u>11,365,810</u>
Long-term debt (note 7)	13,200,000	13,200,000
Deferred capital contributions (note 6)	8,557,092	7,535,102
Employee future benefits (note 9)	881,069	2,799,481
Debenture payable (note 8)	<u>84,342,048</u>	<u>84,307,419</u>
	<u>120,796,851</u>	<u>119,207,812</u>
Net Assets		
Invested in capital and intangible assets	41,499,252	32,982,318
Unrestricted	<u>(54,727,875)</u>	<u>(37,006,487)</u>
	<u>(13,228,623)</u>	<u>(4,024,169)</u>
	<u>107,568,228</u>	<u>115,183,643</u>

Commitments (note 15)

Approved by the Board of Governors

_____ Director _____ Director

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

Huron University College

Statement of Operations

For the year ended April 30, 2023

	2023 \$	2022 \$
Revenue		
Student fees	25,530,095	24,291,356
Government grants	5,041,511	5,117,254
	<u>30,571,606</u>	<u>29,408,610</u>
Ancillary (note 10)	3,529,502	3,442,780
Foundation transfer (note 11)	2,087,329	2,093,291
Research fund	331,276	249,779
External trust	43,921	47,028
	<u>5,992,028</u>	<u>5,832,878</u>
Other (note 12)	4,321,592	1,444,524
	<u>40,885,226</u>	<u>36,686,012</u>
Expenditures		
Salaries and benefits – faculty (note 9)	12,579,498	11,213,238
Salaries and benefits – staff	9,646,647	8,938,957
UWO fees	3,161,055	3,021,830
Academic instructional	2,763,218	1,790,030
Registrarial	1,801,137	1,164,603
	<u>29,951,555</u>	<u>26,128,658</u>
Interest	5,450,579	1,518,546
Scholarship and bursaries	4,946,347	4,451,933
General administration	3,185,296	2,781,454
Amortization of capital assets	2,921,636	2,794,809
Building costs – academic	1,875,501	1,683,264
Ancillary (note 10)	1,175,074	1,154,287
Research grants	331,277	249,779
Alumni development	181,976	254,167
Amortization of intangible assets	81,021	53,496
	<u>20,148,707</u>	<u>14,941,735</u>
	<u>50,100,262</u>	<u>41,070,393</u>
Operating deficiency of revenue over expenditures	(9,215,036)	(4,384,381)
(Loss) gain on derivative financial instrument	(23,261)	1,060,173
Deficiency of revenue over expenditures for the year	<u>(9,238,297)</u>	<u>(3,324,208)</u>

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, 2023

	2023			2022		
	Invested in capital and intangible assets \$	Unrestricted \$	Total \$	Invested in capital and intangible assets \$	Unrestricted \$	Total \$
Balance – Beginning of year	32,982,318	(37,006,487)	(4,024,169)	33,458,011	(34,245,076)	(787,065)
Deficiency of revenue over expenditures for the year	(2,548,131)	(6,690,166)	(9,238,297)	(2,414,027)	(910,181)	(3,324,208)
Capital and intangible assets acquired from own funds	11,065,065	(11,065,065)	-	1,938,334	(1,938,334)	-
Remeasurements on employee future benefits (note 9)	-	33,843	33,843	-	87,104	87,104
	<u>8,516,934</u>	<u>(17,721,388)</u>	<u>(9,204,454)</u>	<u>(475,693)</u>	<u>(2,761,411)</u>	<u>(3,237,104)</u>
Balance – End of year	<u>41,499,252</u>	<u>(54,727,875)</u>	<u>(13,228,623)</u>	<u>32,982,318</u>	<u>(37,006,487)</u>	<u>(4,024,169)</u>

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

Huron University College

Statement of Cash Flows

For the year ended April 30, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	(9,238,297)	(3,324,208)
Items not involving cash		
Amortization of intangible assets	81,021	53,496
Amortization of capital assets	2,921,636	2,794,809
Amortization of deferred capital contributions	(454,526)	(434,278)
Amortization of deferred finance costs	34,629	7,291
Change in employee future benefits – net of remeasurements	(1,417,091)	(723,428)
Loss (gain) on derivative financial instrument	23,261	(1,060,173)
	<hr/>	<hr/>
	(8,049,367)	(2,686,491)
Change in non-cash working capital items	4,983,728	143,701
	<hr/>	<hr/>
	(3,065,639)	(2,542,790)
Investing activities		
Purchase of short-term and long-term investments	14,503,445	(65,150,493)
Purchase of intangible assets	(137,620)	(44,109)
Purchase of capital assets	(12,403,961)	(3,425,253)
Deferred capital contributions received	1,476,516	1,531,028
	<hr/>	<hr/>
	3,438,380	(67,088,827)
Financing activities		
Proceeds from debenture	-	85,000,000
Deferred financing costs paid	-	(699,872)
Repayment of long-term debt	-	(4,500,000)
	<hr/>	<hr/>
	-	79,800,128
Change in cash during the year	372,741	10,168,511
Cash (bank indebtedness) – Beginning of year	6,557,960	(3,610,551)
Cash – End of year	<hr/>	<hr/>
	6,930,701	6,557,960

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

Huron University College

Notes to Financial Statements

April 30, 2023

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 registered charity under the Income Tax Act (Canada).

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.

Cash and bank indebtedness

Cash consists primarily of cash on hand and deposits held with banks. Bank indebtedness consists of drawn amounts on operating facilities.

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.

Huron University College

Notes to Financial Statements

April 30, 2023

Capital assets

Capital assets are carried at cost less amortization. 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.

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

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 on completion of construction and allocation of the asset to its appropriate capital asset account.

Deferred capital contributions

Contributions received for capital assets are deferred and amortized over the same term and 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 their 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 their 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.

Huron University College

Notes to Financial Statements

April 30, 2023

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. On initial recognition, financial instruments 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 bank indebtedness

Cash and bank indebtedness are measured at amortized cost.

Short-term and long-term investments

Short-term and long-term investments are measured at amortized cost.

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.

Huron University College

Notes to Financial Statements

April 30, 2023

Derivative financial instruments

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each statement of financial position date. Changes in fair value are recorded in deficiency of revenue over expenditures.

The University enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates. These contracts are classified as derivative instruments and are measured at fair value. The Company has not adopted hedge accounting; accordingly, any outstanding contracts are recorded at their fair value.

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, debenture payable and long-term debt. 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.

3 Intangible assets

	2023		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	405,103	255,414	149,689

	2022		
	Cost \$	Accumulated amortization \$	Net book value \$
Software	267,483	174,393	93,090

Huron University College

Notes to Financial Statements

April 30, 2023

4 Capital assets

	2023		
	Cost	Accumulated	Net book
	\$	amortization	value
		\$	\$
Land	325,459	-	325,459
Buildings	52,151,943	21,587,960	30,563,983
Equipment and furniture	10,910,495	8,009,323	2,901,172
Computer equipment	3,882,470	2,736,285	1,146,185
Library books	3,256,939	3,024,408	232,531
Food court	3,435,836	2,023,278	1,412,558
Construction-in-process	11,242,409	-	11,242,409
	<u>85,205,551</u>	<u>37,381,254</u>	<u>47,824,297</u>
			2022
	Cost	Accumulated	Net book
	\$	amortization	value
		\$	\$
Land	325,459	-	325,459
Buildings	51,571,232	19,979,330	31,591,902
Equipment and furniture	10,315,988	7,446,795	2,869,193
Computer equipment	3,233,899	2,136,058	1,097,841
Library books	3,196,883	2,948,502	248,381
Food court	3,420,867	1,948,933	1,471,934
Construction-in-process	737,262	-	737,262
	<u>72,801,590</u>	<u>34,459,618</u>	<u>38,341,972</u>

Construction-in progress relates to a building in progress and thus has yet to commence amortization. Amortization of these amounts will commence once the construction is complete and the building is put into use.

5 Government remittances payable

Included in accounts payable and accrued liabilities is \$216,353 (2022 – \$274,984) of government remittances, which consist of employee payroll deductions required to be paid to government authorities.

Huron University College

Notes to Financial Statements

April 30, 2023

6 Deferred capital contributions

	2023 \$	2022 \$
Deferred capital contributions		
Balance – Beginning of year	6,824,931	5,688,727
Facility renewal/infrastructure capital grant	181,710	115,301
Huron University College Foundation capital contribution	13,336	15,998
Capital contributions related to academic building	1,281,470	1,399,729
Total contributions received	1,476,516	1,531,028
Amortized to operations (note 12)	(415,072)	(394,824)
Balance – End of year	7,886,375	6,824,931
Deferred Superbuild capital contributions		
Balance – Beginning of year	710,171	749,625
Amortized to operations (note 12)	(39,454)	(39,454)
Balance – End of year	670,717	710,171
Total deferred capital contributions	8,557,092	7,535,102

7 Credit facilities

The University has the following credit facilities:

- a) credit facility in the amount of \$12,000,000 from Scotiabank. All borrowings are payable on demand and bear interest at a rate of prime per annum, interest payable monthly. As at April 30, 2023, \$nil (2022 – \$nil) was drawn on this credit facility and is included in bank indebtedness; and
- b) term loan in the amount of \$13,200,000, bearing interest at bankers' acceptance rate of 1.75% per annum (2022 – \$13,200,000) with interest-only payments until the loan is due on April 30, 2025. The loan has an amortization period of 25 years.

8 Debenture payable

On February 18, 2022, the University entered into an \$85,000,000 5.50% Series A Senior Unsecured Debenture (the Debenture) maturing on April 30, 2042. The first pro-rated interest payment of \$909,000 was made on April 26, 2022. On an annual basis, the University will be required to make coupon payments equal to \$2,337,500 (2.75% of principal) on October 31 and April 30 of each year.

Huron University College

Notes to Financial Statements

April 30, 2023

	2023 \$	2022 \$
5.50% Series A Senior Unsecured Debenture – due April 30, 2042	85,000,000	85,000,000
Less: Deferred financing costs	657,952	692,581
	<hr/>	<hr/>
Debenture payable	84,342,048	84,307,419

In conjunction with the terms of the Debenture, the University is required to maintain cash reserves of \$4,675,000, equivalent to one year's coupon payment.

9 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 and voluntary retirement incentives that will be provided based on individual employment contracts as described below.

Employer contributions made to the DC plan during the year amounted to \$1,148,040 (2022 – \$1,069,851), 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 revenue 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 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, 2023, the DB plan had three participants (2022 – three).

The DB plan has no assets. The accrued benefit obligation included in employee future benefits as at April 30, 2023 was \$1,624,951 (2022 – \$1,583,951). Benefit payments of \$nil (2022 – \$nil) were paid during the year by the University.

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

	2023 \$	2022 \$
Change in accrued benefit obligation		
Accrued benefit obligation – May 1	1,583,950	1,631,768
Current service cost	20,989	23,784
Interest cost	53,855	15,502
Actuarial loss	(33,843)	(87,104)
	<hr/>	<hr/>
Accrued benefit obligation – April 30	1,624,951	1,583,950

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Notes to Financial Statements

April 30, 2023

The significant assumptions used are as follows:

	2023 %	2022 %
Accrued benefit obligation as at April 30		
Discount rate	5.25	3.40
Benefit costs for the year ended April 30		
Discount rate	3.40	0.95

Administrative leave

The University's president and two faculty members have contractual arrangements wherein they are eligible to earn paid administrative leaves over the term of the arrangements. Included in employee future benefits is \$621,068 (2022 – \$872,196) relating to these earned future post-employment benefits.

Voluntary retirement incentives

As at April 30, 2023, \$415,196 (2022 – \$1,656,004) was outstanding relating to expenses for voluntary retirement packages agreed to during 2020 that will be paid over a period of 26 months subsequent to year-end.

10 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.

	2023 \$	2022 \$
Ancillary revenue		
Residence fees and rentals – net of recoveries	3,231,678	3,105,997
Conference	17,319	15,827
Parking	272,030	312,481
Food court	8,475	8,475
	<hr/> 3,529,502	<hr/> 3,442,780
Ancillary expenditures		
Building costs	1,063,385	932,043
Other costs	111,689	222,244
	<hr/> 1,175,074	<hr/> 1,154,287
Excess of revenue over expenditures for ancillary operations	<hr/> 2,354,428	<hr/> 2,288,493

Huron University College

Notes to Financial Statements

April 30, 2023

11 Related party transactions

a) Huron University College Foundation

The purpose of Huron University College Foundation (the Foundation) is to receive funds and hold them in trust for the benefit of the University. The Foundation was incorporated in Ontario on June 12, 1979 and is a registered charity under the Income Tax Act (Canada). The Foundation administers certain trust funds on behalf of the University for the purpose of pooling investment funds to maximize return and minimize costs.

During the Foundation's fiscal year ended December 31, 2023, the Board of Directors of the Foundation approved the transfer to the University of \$4,530,000 (2022 – \$3,974,000). Of the amounts approved for transfer, the University has received the following during its fiscal year ended April 30:

	2023 \$	2022 \$
Trust Fund	160,612	157,727
Foundation Fund	1,926,717	1,935,564
Capital contributions	13,336	15,998
	<hr/>	<hr/>
	2,100,665	2,109,289
Deferred capital contributions	(13,336)	(15,998)
	<hr/>	<hr/>
	2,087,329	2,093,291
	<hr/>	<hr/>

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.

12 Other revenue

	2023 \$	2022 \$
Amortization of deferred capital contributions (note 6)	454,526	434,278
Diocesan grant	114,295	104,161
Reznet fees	134,265	140,859
Other academic	605,394	348,670
Interest income	2,697,615	156,852
Miscellaneous	315,497	259,704
	<hr/>	<hr/>
	4,321,592	1,444,524
	<hr/>	<hr/>

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Notes to Financial Statements

April 30, 2023

13 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 and represent the University's share in the trust fund.

	2023		2022	
	Cost \$	Market value \$	Cost \$	Market value \$
Colonel Leonard	607,806	632,704	656,718	614,570
Sarah Leonard	779,722	796,646	789,236	819,143
Diocese of Huron	170,696	273,913	170,696	316,540
Trusts administered on behalf of the University	1,558,224	1,703,263	1,616,650	1,750,253

14 Ontario Student Opportunity Trust Funds

The Ontario Student Opportunity Trust Funds (OSOTF) program was established by the Government of Ontario in 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 at 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 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, 2022 and 2021 have been included within the Foundation's financial statements:

	2022 \$	2021 \$
Schedule of Changes in Endowment Fund Balance		
Fund balance – Beginning of year	514,704	487,884
Net return on investment	(34,581)	44,820
Bursaries awarded	(18,000)	(18,000)
Fund balance – End of year	462,123	514,704
Number of awards	11	11

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15 Commitments

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

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

	\$
2024	<u>12,328</u>

16 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.

17 Financial instruments and financial risk factors

Interest rate risk

The University's exposure to interest rate risk relates to its cash and credit facilities.

Credit risk

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

Foreign exchange risk

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

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Derivative financial instruments

The University has entered into a derivative financial instrument contract in order to reduce its risk against interest rate fluctuations. The fair market value of the interest rate swap as at April 30, 2023 was \$928,876 (2022 – \$952,137). The following summarizes the terms of the interest rate swap as at April 30, 2023:

Notional amount	Interest rate	Term of agreement
\$9,923,896	2.24%	September 1, 2020 – September 1, 2035

18 Investments

Short-term investments include business investment accounts and guaranteed investment certificates bearing interest at 5.47%-6.05%, maturing between June 28, 2023 and March 28, 2024.

Long-term investments include guaranteed investment certificates bearing interest at 5.8%-5.88%, maturing between June 28, 2024 and September 30, 2024.