

**The Huron University  
College Corporation**  
(operating as Huron University College)

Financial Statements  
**April 30, 2020**



## *Independent auditor's report*

To the Executive Board of The Huron University College Corporation

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Huron University College Corporation (the University) as at April 30, 2020 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, 2020;
  - 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.
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### *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.

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### *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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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.

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### *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 26, 2020

# The Huron University College Corporation

(operating as Huron University College)

Statement of Financial Position

As at April 30, 2020

	2020 \$	2019 \$
<b>Assets</b> (note 7)		
<b>Current assets</b>		
Cash	805,674	3,359,554
Accounts receivable (net of allowance of \$171,142 (2019 – \$107,196))	401,786	682,544
Prepaid expenses	32,688	18,450
Due from Huron University College Foundation	28,428	206,498
	<u>1,268,576</u>	<u>4,267,046</u>
<b>Intangible assets</b> (note 3)	114,324	152,451
<b>Capital assets</b> (note 4)	<u>24,868,065</u>	<u>16,080,384</u>
	<u>26,250,965</u>	<u>20,499,881</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	3,996,981	2,408,553
Advanced tuition and residence deposits	523,824	1,333,073
Current portion of employee future benefits (note 8)	117,947	22,457
Deferred contributions	1,185,677	1,190,069
Construction loan (note 7)	6,197,878	-
	<u>12,022,307</u>	<u>4,954,152</u>
<b>Deferred capital contributions</b> (note 6)	5,675,026	4,768,659
<b>Employee future benefits</b> (note 8)	<u>5,088,782</u>	<u>2,379,939</u>
	<u>22,786,115</u>	<u>12,102,750</u>
<b>Net Assets</b>		
Invested in capital and intangible assets	21,389,721	13,546,534
Unrestricted	(17,924,871)	(5,149,403)
	<u>3,464,850</u>	<u>8,397,131</u>
	<u>26,250,965</u>	<u>20,499,881</u>
<b>Commitments</b> (note 15)		
<b>Subsequent event</b> (note 18)		

Approved by the Executive Board



Director

Director

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

# The Huron University College Corporation

(operating as Huron University College)

## Statement of Operations

For the year ended April 30, 2020

	2020 \$	2019 \$
<b>Revenue</b>		
Student fees	17,726,697	14,123,572
Government grants	4,892,651	4,921,630
	<u>22,619,348</u>	<u>19,045,202</u>
Ancillary (note 9)	3,170,669	3,205,050
Foundation transfer (note 10)	1,377,529	1,303,688
Research fund	287,020	184,376
External trust	52,607	37,783
	<u>4,887,825</u>	<u>4,730,897</u>
Other (note 11)	1,088,285	1,021,417
	<u>28,595,458</u>	<u>24,797,516</u>
<b>Expenditures</b>		
Salaries and benefits – faculty (note 8)	12,610,377	8,993,419
Salaries and benefits – staff	6,915,984	5,123,666
Registrarial	1,105,600	1,195,984
Academic instructional	1,089,027	928,776
UWO fees	1,998,026	1,520,721
	<u>23,719,014</u>	<u>17,762,566</u>
Scholarship and bursaries	2,904,537	2,362,224
Ancillary (note 9)	2,432,053	2,172,839
General administration	1,942,841	1,485,957
Building costs – academic (note 4)	712,907	1,650,277
Research grants	287,020	184,376
Alumni development	199,896	369,640
Amortization of intangible assets	38,109	38,113
Amortization of capital assets	1,209,491	1,140,789
	<u>9,726,854</u>	<u>9,404,215</u>
	<u>33,445,868</u>	<u>27,166,781</u>
<b>Deficiency of revenue over expenditures</b>	<u>(4,850,410)</u>	<u>(2,369,265)</u>

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

# The Huron University College Corporation

(operating as Huron University College)

Statement of Changes in Net Assets

For the year ended April 30, 2020

	2020		2019			
	Invested in capital and intangible assets \$	Unrestricted \$	Total \$	Invested in capital and intangible assets \$	Unrestricted \$	Total \$
<b>Balance – Beginning of year</b>	13,546,534	(5,149,403)	8,397,131	12,334,621	(1,535,999)	10,798,622
Deficiency of revenue over expenditures	(1,046,981)	(3,803,429)	(4,850,410)	(974,505)	(1,394,760)	(2,369,265)
Capital and intangible assets acquired from own funds	8,890,168	(8,890,168)	-	2,186,418	(2,186,418)	-
Remeasurements on employee future benefits (note 8)	-	(81,871)	(81,871)	-	(32,226)	(32,226)
	7,843,187	(12,775,468)	(4,932,281)	1,211,913	(3,613,404)	(2,401,491)
<b>Balance – End of year</b>	21,389,721	(17,924,871)	3,464,850	13,546,534	(5,149,403)	8,397,131

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

# The Huron University College Corporation

(operating as Huron University College)

## Statement of Cash Flows

For the year ended April 30, 2020

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	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenditures	(4,850,410)	(2,369,265)
Items not involving cash		
Amortization of intangible assets	38,127	38,113
Amortization of capital assets	1,209,473	1,140,789
Impairment of capital assets	-	962,134
Amortization of deferred capital contributions	(200,619)	(204,397)
Change in employee future benefits, net of remeasurements	2,722,462	132,872
	<u>(1,080,967)</u>	<u>(299,754)</u>
Change in non-cash working capital items (note 12)	729,838	2,360,733
	<u>(351,129)</u>	<u>2,060,979</u>
<b>Investing activities</b>		
Purchase of intangible assets	-	(25,842)
Purchase of capital assets	(9,507,615)	(2,488,597)
Proceeds from sale of short-term investments	-	103,247
Deferred capital contributions received	1,106,986	719,872
	<u>(8,400,629)</u>	<u>(1,691,320)</u>
<b>Financing activities</b>		
Proceeds from construction loan	6,197,878	-
	<u>(2,553,880)</u>	<u>369,659</u>
<b>Change in cash during the year</b>	<b>(2,553,880)</b>	<b>369,659</b>
<b>Cash – Beginning of year</b>	<b>3,359,554</b>	<b>2,989,895</b>
<b>Cash – End of year</b>	<b>805,674</b>	<b>3,359,554</b>

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



# **The Huron University College Corporation**

(operating as Huron University College)

Notes to Financial Statements

**April 30, 2020**

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## **1 Purpose of the University**

The Huron University College Corporation, operating as 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.

### **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 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.

# The Huron University College Corporation

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Notes to Financial Statements

April 30, 2020

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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

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.

## 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 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.

# The Huron University College Corporation

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Notes to Financial Statements

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## 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 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*

Cash consist primarily of cash on hand and deposits held with banks.

### *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 credit facilities.

# The Huron University College Corporation

(operating as Huron University College)

Notes to Financial Statements

April 30, 2020

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## *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.

### **3 Intangible assets**

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net book</b>
	<b>\$</b>	<b>amortization</b>	<b>value</b>
		<b>\$</b>	<b>\$</b>
Software	190,564	76,240	114,324

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

### **4 Capital assets**

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net book</b>
	<b>\$</b>	<b>amortization</b>	<b>value</b>
		<b>\$</b>	<b>\$</b>
Land	325,459	-	325,459
Buildings	29,022,458	17,123,508	11,898,950
Equipment and furniture	8,203,941	6,502,192	1,701,749
Computer equipment	1,638,083	1,447,330	190,753
Library books	3,078,531	2,772,125	306,406
Food court	3,409,297	1,789,897	1,619,400
Construction-in-process	8,825,348	-	8,825,348
	<b>54,503,117</b>	<b>29,635,052</b>	<b>24,868,065</b>

# The Huron University College Corporation

(operating as Huron University College)

Notes to Financial Statements

April 30, 2020

	2019		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	325,459	-	325,459
Buildings	28,192,482	16,497,247	11,695,235
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
Construction-in-process	735,487	-	735,487
	<u>44,505,963</u>	<u>28,425,579</u>	<u>16,080,384</u>

Construction-in progress relates to a building in progress, thus, 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 \$nil (2019 – \$962,134), 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 Government remittances payable

Included in accounts payable and accrued liabilities is \$140,704 (2019 – \$65,162) of government remittances which consist of employee payroll deductions required to be paid to government authorities.

## 6 Deferred capital contributions

Deferred capital contributions	2020 \$	2019 \$
Balance – Beginning of year	2,817,828	2,650,489
Facility renewal/infrastructure capital grant	103,300	108,536
Huron University College Foundation capital contribution	32,625	10,974
Other capital contributions	55,229	208,511
Total contributions received	<u>191,154</u>	<u>328,021</u>
Amortized to operations (note 11)	<u>(159,089)</u>	<u>(160,682)</u>
Balance – End of year	<u>2,849,893</u>	<u>2,817,828</u>

# The Huron University College Corporation

(operating as Huron University College)

Notes to Financial Statements

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	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Unapplied deferred capital contributions</b>		
Balance – Beginning of year	1,120,223	728,372
Huron University College Foundation capital contribution	915,832	391,851
Balance – End of year	<u>2,036,055</u>	<u>1,120,223</u>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Deferred Superbuild capital contributions</b>		
Balance – Beginning of year	830,608	874,323
Amortized to operations (note 11)	(41,530)	(43,715)
Balance – End of year	<u>789,078</u>	<u>830,608</u>
<b>Total deferred capital contributions</b>	<u>5,675,026</u>	<u>4,768,659</u>

Unapplied deferred capital contributions represent restricted contributions to fund capital projects. As at April 30, 2020, \$2,036,055 (2019 – \$1,120,223) of total deferred capital contribution are unspent.

## 7 Credit facility

The University has the following credit facilities:

- 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, 2020 and 2019, no amounts were drawn on this credit facility;
- Non-revolving construction loan in the amount of \$17,700,000 bearing interest at bankers' acceptance rate of 1.50% per annum, repayable in full on or before December 31, 2020. As at April 30, 2020, \$6,197,878 (2019 – \$nil) was drawn on this credit facility;
- Non-revolving construction take-out in the amount of \$17,700,000 bearing interest at bankers' acceptance rate of 1.50% per annum to be fully drawn down upon the earlier of construction completion and December 31, 2020. Upon drawdown of this facility, the non-revolving construction loan is to be repaid in full and cancelled.

# The Huron University College Corporation

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## 8 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 \$853,287 (2019 – \$705,090) 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 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, 2020, the DB plan has four participants (2019 – five).

The DB plan has no assets. The accrued benefit obligation included in employee future benefits as at April 30, 2020 is \$1,985,786 (2019 – \$2,171,554). Benefit payments of \$353,973 (2019 – \$nil) were paid during the year by the University.

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

	2020	2019
	\$	\$
<b>Change in accrued benefit obligation</b>		
Accrued benefit obligation – May 1	2,171,554	2,042,599
Current service cost	34,217	34,430
Interest cost	52,117	62,299
Benefit payments	(353,973)	-
Actuarial loss	81,871	32,226
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Accrued benefit obligation – April 30	1,985,786	2,171,554

# The Huron University College Corporation

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

	2020 \$	2019 \$
Current service cost	34,217	34,430
Interest cost	52,117	62,299
Net pension costs recognized	<u>86,334</u>	<u>96,729</u>

The significant assumptions used are as follows:

	2020 %	2019 %
Accrued benefit obligation as at April 30		
Discount rate	1.70	2.40
Rate of compensation increase	3.00	3.00
Benefit costs for the year ended April 30		
Discount rate	2.40	3.05
Rate of compensation increase	3.00	3.00

### *Administrative leave*

Upon completion of the University president's term on June 30, 2026, 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 \$291,524 (2019 – \$170,360) 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 was in effect until June 30, 2019, as such, included in current portion of employee future benefits is \$nil (2019 – \$22,457). The second of these faculty members has a term which ends on June 30, 2023. Included in employee future benefits is \$83,655 (2019 – \$38,025) relating to earned future post-employment benefits.



# The Huron University College Corporation

(operating as Huron University College)

Notes to Financial Statements

April 30, 2020

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## *Voluntary retirement incentives*

Included in salaries and benefits - faculty is \$2,845,764 (2019 – \$nil) in accrued expenses related to voluntary retirement packages agreed to during the year that will be paid out over a period of 8 to 38 months subsequent to year end. As at April 30, 2020, \$2,845,764 (2019 – \$nil) is outstanding.

## **9 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.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Ancillary revenue</b>		
Residence fees and rentals	2,664,445	2,680,377
Conference	81,322	145,401
Parking	416,427	370,797
Food court	8,475	8,475
	<hr/>	<hr/>
	3,170,669	3,205,050
	<hr/>	<hr/>
<b>Ancillary expenditures</b>		
Residence salary and benefits	597,051	539,885
Conference salary and benefits	24,271	26,323
Building costs	1,682,638	1,451,120
Conference food costs	-	17,728
Other costs	128,093	137,783
	<hr/>	<hr/>
	2,432,053	2,172,839
	<hr/>	<hr/>
<b>Excess of revenue over expenditures for ancillary operations</b>	738,616	1,032,211

# The Huron University College Corporation

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## 10 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 and is a registered charity under the Income Tax Act (Canada). 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, 2019, the Board of Directors of the Foundation approved the transfer to the University of \$2,255,000 (2018 – \$1,713,000). 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	155,548	155,526
Foundation Fund	1,221,981	1,148,162
Capital contributions	948,457	402,825
	<hr/> 2,325,986	<hr/> 1,706,513
Deferred capital contributions	(948,457)	(402,825)
	<hr/> 1,377,529	<hr/> 1,303,688

### 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.

## 11 Other revenue

	2020 \$	2019 \$
Amortization of deferred capital contributions (note 6)	200,619	204,397
Diocesan grant	95,998	96,714
Other academic	571,908	478,303
Miscellaneous	219,760	242,003
	<hr/> 1,088,285	<hr/> 1,021,417

# The Huron University College Corporation

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## 12 Change in non-cash working capital items

	2020	2019
	\$	\$
(Increase) decrease in:		
Accounts receivable	280,758	(151,674)
Prepaid expenses	(14,238)	12,948
Due from Huron University College Foundation	178,070	65,677
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,098,889	1,149,780
Advance tuition and residence deposits	(809,249)	952,650
Deferred contributions	(4,392)	331,352
	<u>729,838</u>	<u>2,360,733</u>

## 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.

	2020		2019	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Colonel Leonard	624,186	638,351	636,610	689,235
Sarah Leonard	796,937	803,705	815,199	864,129
Diocese of Huron	170,696	286,706	170,696	259,242
Trusts administered on behalf of the University	<u>1,591,819</u>	<u>1,728,762</u>	<u>1,622,505</u>	<u>1,812,606</u>

## 14 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.

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The Ministry, 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, 2020 and 2019 have been included within the Foundation's financial statements:

<b>Schedule of Changes in Endowment Fund Balance For the year ended December 31</b>	<b>2020 \$</b>	<b>2019 \$</b>
Fund balance – Beginning of year	448,195	478,500
Net return on investment	53,329	(12,305)
Bursaries awarded	(18,000)	(18,000)
Fund balance – End of year	483,524	448,195
Number of awards	11	11

## 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:

	<b>\$</b>
2021	16,437
2022	16,437
2023	16,437
2024	12,328
2025 and thereafter	-
	<u>61,639</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.

# **The Huron University College Corporation**

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Notes to Financial Statements

**April 30, 2020**

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## **17 Comparative amounts**

Certain comparative amounts have been reclassified to conform to the current year financial statement presentation.

## **18 Subsequent event**

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. As a result of the COVID-19 outbreak, on March 23, 2020, the government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020. In addition, the Canadian government has imposed travel restrictions to Canada until further notice.

On March 24, 2020, the University closed its physical campus and it remained closed up to the date of the auditor's report. The plan for continuing education throughout the summer and fall terms offered by the University will be through remote learning which could have implications on enrolment, residence occupancy and ancillary revenues.

Further, a significant portion of the University's tuition revenue is derived from international students. If the travel restrictions to Canada remain in place, the University may be impacted by the ability to earn revenue from international students who choose to defer their studies until in-class sessions resume and travel restrictions are lifted.

As the impacts of COVID-19 continue, there could be further impacts on the University, its students and funding sources. Management is actively monitoring the effect on the University's financial condition, liquidity, operations, suppliers and workforce. As it is not yet known when public health restrictions will be fully removed, nor the long-term impact of COVID-19, it is not possible to estimate the financial impact of this event on the University's financial results subsequent to April 30, 2020.

As at April 30, 2020, the COVID-19 global pandemic had not yet had a significant impact on the University's operations, therefore no significant adjustments have been recorded in the financial statements relating to this crisis for the year then ended.