

BRANDON UNIVERSITY

ANNUAL FINANCIAL REPORT

For the year ended March 31, 2025



**BRANDON
UNIVERSITY**

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Brandon University are the responsibility of management and have been approved by the Board of Governors of Brandon University.

The consolidated financial statements have been prepared by management in accordance Public Sector Accounting Standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Brandon University maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Brandon University's assets are appropriately accounted for and adequately safeguarded.

Brandon University is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian public sector accounting standards on behalf of the Governors. BDO Canada LLP has full and free access to the Board of Governors.

On behalf of Brandon University

Original signed by Kevan Sumner

Kevan Sumner
Chair, Board of Governors

Original signed by Peter Hickey

Peter Hickey
Vice-President (Administration & Finance)

June 21, 2025



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Independent Auditor's Report

To the Board of Directors of Brandon University

Opinion

We have audited the consolidated financial statements of Brandon University ("the Entity"), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net financial assets, the consolidated statement of rereasurement gains and losses, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brandon University as at March 31, 2025, and the consolidated results of its operations, consolidated rereasurement gains and losses, consolidated changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Consolidated Financial Statements section of our report. We are independent of Brandon University in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Brandon 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 an intention exists to liquidate Brandon University or to cease operations, or there is no realistic alternative but to do so. Those charged with governance are responsible for overseeing Brandon University's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Brandon 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 Brandon 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 consolidated 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 Brandon University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
June 21, 2025

Brandon University Consolidated Financial Statements

Consolidated Statement of Financial Position as at March 31, 2025

	2025	2024
Financial Assets (excluding portfolio investments restricted for endowments)		
Cash & cash equivalents (Note 3)	\$ 10,975,952	\$ 11,298,053
Accounts receivable (Note 4)	1,389,804	899,155
Inventories for resale (Note 5)	66,980	51,512
Other assets (Note 6)	36,119	52,087
Employee future benefits (Note 9)	4,311,000	5,507,000
Portfolio investments (Note 7)	<u>3,724,240</u>	<u>3,608,000</u>
	<u>20,504,095</u>	<u>21,415,807</u>
Liabilities		
Accounts payable & accrued liabilities (Note 8)	5,720,746	7,362,093
Unearned revenue	2,516,719	2,476,564
Employee future obligations (Note 9)	1,980,786	2,208,681
Deferred revenues (Note 13)	13,299,308	12,057,321
Long-term debt (Note 14)	30,085,142	27,952,111
Asset retirement obligation (Note 10)	<u>9,776,249</u>	<u>9,270,070</u>
	<u>63,378,950</u>	<u>61,326,840</u>
Net financial debt excluding portfolio investments restricted for endowments	<u>(42,874,855)</u>	<u>(39,911,033)</u>
Portfolio investments restricted for endowments (Note 7)	<u>92,586,632</u>	<u>84,138,666</u>
Net Financial Assets	<u>49,711,777</u>	<u>44,227,633</u>
Non-financial Assets		
Tangible capital assets (Notes 2(F) and 11)	56,437,815	52,462,118
Prepaid expenses	<u>510,593</u>	<u>500,211</u>
	<u>56,948,408</u>	<u>52,962,329</u>
Accumulated surplus	<u>\$ 106,660,185</u>	<u>\$ 97,189,962</u>
Accumulated surplus comprised of (Note 15):		
Accumulated operating surplus	103,871,345	98,840,642
Accumulated remeasurement gains (losses)	<u>2,788,840</u>	<u>(1,650,680)</u>
	<u>\$ 106,660,185</u>	<u>\$ 97,189,962</u>

Approved by the Brandon University
Board of Governors on June 21, 2025

Original signed by Kevan Sumner

Chair

Original signed by Peter Hickey

Vice-President (Administration & Finance)

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

Brandon University Consolidated Financial Statements

Consolidated Statement of Operations & Accumulated Surplus for the year ended March 31, 2025

	Budget	2025	2024
Revenues			
Tuition fees & other student fees	\$ 17,232,490	\$ 17,424,323	\$ 17,482,328
Grants			
Manitoba Advanced Education, Skills & Immigration	53,200,669	53,103,528	44,091,268
Province of Manitoba - Other	67,207	145,814	179,689
Government of Canada	2,454,523	2,258,150	2,179,952
Sales of goods & services	5,036,866	5,843,819	6,162,885
Donations	900,000	921,576	1,914,135
Miscellaneous	973,316	1,554,922	1,129,941
Investment income other than capitalized endowment income	<u>2,140,000</u>	<u>2,901,704</u>	<u>3,121,411</u>
	<u>82,005,071</u>	<u>84,153,836</u>	<u>76,261,609</u>
Expenses (Note 16)			
Learning	42,999,769	41,230,011	35,309,553
Academic & student support	16,051,205	15,007,482	14,909,785
Facility operations & maintenance	9,065,226	10,542,753	11,771,856
Ancillary operations	4,430,397	4,941,725	4,799,647
Institutional support	7,193,213	7,447,579	7,451,101
Research	<u>2,676,868</u>	<u>4,044,332</u>	<u>3,047,935</u>
	<u>82,416,678</u>	<u>83,213,882</u>	<u>77,289,877</u>
Annual operating surplus/(loss)	(411,607)	939,954	(1,028,268)
Endowment contributions & transfers	1,250,000	1,822,198	253,491
Capitalized endowment income/(loss)	<u>750,000</u>	<u>2,268,551</u>	<u>(172,627)</u>
Annual surplus/(loss)	1,588,393	5,030,703	(947,404)
Accumulated operating surplus, beginning of year	83,247,544	98,840,642	101,932,966
Transitional adjustment	<u>-</u>	<u>-</u>	<u>(2,144,920)</u>
Accumulated operating surplus, beginning of year, as restated	<u>83,247,544</u>	<u>98,840,642</u>	<u>99,788,046</u>
Accumulated operating surplus, end of year	<u>\$ 84,835,937</u>	<u>\$ 103,871,345</u>	<u>\$ 98,840,642</u>

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

Brandon University Consolidated Financial Statements

Consolidated Statement of Changes in Net Financial Assets for the year ended March 31, 2025

	Budget	2025	2024
Annual surplus/(deficit)	\$ 1,588,393	\$ 5,030,703	\$ (947,404)
Acquisition of tangible capital assets	(4,921,597)	(6,770,482)	(4,219,836)
Amortization of tangible capital assets	3,701,299	2,794,785	2,879,788
Tangible capital asset disposals	-	-	25,760
Tangible capital asset write-down	-	-	2,707,408
Change in prepaids	-	(10,382)	(77,366)
Change in accumulated remeasurement gains	<u>-</u>	<u>4,439,520</u>	<u>7,993,248</u>
Increase in net financial assets	368,095	5,484,144	8,361,598
Net financial assets, beginning of year	43,506,671	44,227,633	38,010,955
Transitional adjustment	<u>-</u>	<u>-</u>	<u>(2,144,920)</u>
Net financial assets, beginning of year, as restated	<u>43,506,671</u>	<u>44,227,633</u>	<u>35,866,035</u>
Net financial assets, end of year	<u>\$ 43,874,766</u>	<u>\$ 49,711,777</u>	<u>\$ 44,227,633</u>

Consolidated Statement of Remeasurement Gains and Losses for the year ended March 31, 2025

	2025	2024
Accumulated remeasurement losses, beginning of year	\$ (1,650,680)	\$ (9,643,928)
Unrealized gains attributed to:		
Portfolio investments - restricted to endowments	<u>4,439,520</u>	<u>7,993,248</u>
Accumulated remeasurement gains/(losses), end of year	<u>\$ 2,788,840</u>	<u>\$ (1,650,680)</u>

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

Brandon University Consolidated Financial Statements

Consolidated Statement of Cash Flows for the year ended March 31, 2025

	2025	2024
Cash Provided By (Used In) Operating Activities		
Net excess (shortfall) of revenues over expenses before interest	\$ 1,194,653	\$ (3,006,345)
Interest and other investment income received	5,170,255	2,948,784
Interest paid	<u>(1,334,205)</u>	<u>(889,843)</u>
Annual surplus (loss)	5,030,703	(947,404)
Items not affecting cash flow		
Change in portfolio investment restricted for endowments	(3,998,446)	(668,797)
Amortization of tangible capital assets	2,794,785	2,879,788
Loss on disposal of tangible capital assets	-	25,760
Loss on write-down of tangible capital assets	-	2,707,408
Gifts in kind and increase in life insurance policies	(10,000)	(25,070)
Net change in non-cash operating working capital		
Accounts receivable	(490,649)	(379,102)
Accounts payable and accrued liabilities	(1,641,347)	1,513,058
Deferred revenues	1,241,987	(19,443)
Employee future benefits	968,105	(2,255,444)
Other non-cash working capital	<u>536,452</u>	<u>350,368</u>
	<u>4,431,590</u>	<u>3,181,122</u>
Cash Used In Capital Activities		
Capital asset additions	<u>(6,770,482)</u>	<u>(4,219,836)</u>
Cash Used In Investing Activities		
Purchase of portfolio investments	<u>(116,240)</u>	<u>(108,000)</u>
Cash Provided By (Used In) Financing Activities		
Change in portfolio investments restricted for endowments		
Proceeds on new financing	3,250,000	12,252,000
Long-term debt principal received	<u>(1,116,969)</u>	<u>(879,726)</u>
	<u>2,133,031</u>	<u>11,372,274</u>
Increase (decrease) in cash and cash equivalents	(322,101)	10,225,560
Cash and cash equivalents, beginning of year	<u>11,298,053</u>	<u>1,072,493</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,975,952</u></u>	<u><u>\$ 11,298,053</u></u>

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

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

1. Authority and Purpose

Brandon University (the "University") operates under the authority of the Brandon University Act of the Province of Manitoba. Brandon University offers undergraduate programs in arts, science, education, music, and health studies; and offers graduate programs in education, music, health studies, environmental & life sciences and rural development. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

A. General

Brandon University's consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). The significant accounting policies of the University are as follows:

B. Consolidated Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the Brandon University Foundation, an organization controlled by Brandon University. Inter-organizational transactions and balances have been eliminated on consolidation.

i) The Brandon University Foundation is a registered charity operating under the authority of the Brandon University Foundation Incorporation Act. The Foundation is dedicated to promoting the advancement of higher education at Brandon University. The fund raising and fund management activities have been consolidated under an agreement between the Brandon University Foundation, Brandon University and the Brandon University Alumni Association which defines the responsibilities of each party. The parties to the agreement recognize and agree the University has exclusive and ultimate control over the assets and the eventual disposition of all funds collected on its behalf. The financial statements of the Foundation are audited on an annual basis for the year ending December 31. The Foundation information is stated to the University's March 31 year-end for the consolidation in these statements.

C. Revenue Recognition

Government transfers without terms as to use are recognized as revenue in the period received or receivable. Unrestricted non-government contributions and grants are recorded as revenue in the year received or receivable.

Government transfers with stipulations as to use, and externally restricted contributions and grants, are recorded as deferred revenues if the terms for the use, or the terms along with the University's actions and communications as to use, create a liability. These transfers, contributions and grants are recognized as revenue in the year the stipulation or restriction on the contribution has been met.

The University must recognize revenues from transactions with performance obligations when it fulfills (at a specific time) or as it (progressively) fulfills the performance obligation, i.e., when the payer has control over the benefits associated with the goods or services promised. Amounts are recorded as unearned revenue until the recognition criteria are met.

i) The University accounts for tuition fees as courses are delivered and the performance obligation is met.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

C. Revenue Recognition (continued)

ii) The University shall recognize rental income for residences, halls, parking when services are rendered and the amount receivable is reasonably estimated and receipt is reasonably assured.

iii) Other revenues include, but are not limited to, miscellaneous fees (identification cards, insurance, fines, etc.), membership fees, and teaching materials.

The University accounts for miscellaneous expenses and teaching materials at the time of sale.

Investment income includes dividends, interest income and realized gains or losses on the sale of portfolio investments. Investment income from restricted grants and donations is recognized as deferred revenue when the terms for use create a liability and is recognized as investment income when the terms of the grant or donation are met. Realized investment income of endowments is recognized in the Statement of Operations as capitalized investment income.

D. Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, cash balances with Canadian banks and highly liquid temporary money market instruments convertible to cash within three months or less.

E. Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond one year and are not intended for sale in the ordinary course of business.

i) Tangible capital assets purchased by the University are recorded at cost. Donated assets are recorded at the fair market value on the date received. On the disposition of a capital asset, both the cost and any accumulated amortization are removed from the accounts. Tangible capital assets are amortized on a straight line basis over the estimated useful lives of the assets. Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. Assets under construction or development are not amortized until the asset is available for use. Amortization rates are as follows:

Buildings	50 years
Furniture & equipment	10 years
Library collections	10 years
Leasehold improvements	5 years
Computer equipment	5 years
Vehicles	5 years

ii) Collections of works of art, gemstones and rare books have been donated to the University. These collections are not recorded as assets in the consolidated financial statements.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

F. Inventories

Inventories for resale include paper products, merchandise and food. These inventories are measured at the lower of cost and net realizable value using a valuation allowance.

G. Endowment Funds

Endowment funds consist of restricted contributions to the Foundation, subject to externally initiated stipulations. The investment income from these funds must be used in accordance with the purposes specified by the donors.

H. Employee Future Benefits

i) Pension Plan

The University contributes to the Brandon University Retirement Plan which is a trustee-administered pension plan for University employees. The pension expense is determined actuarially using the projected unit credit actuarial cost method pro-rated on service and management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life of active employees (EARSL), commencing in the year following the year the respective annual actuarial gains or losses arise.

The accounts of the Brandon University Retirement Plan are not consolidated in the financial statements of the University. The financial statements of the Plan are audited on an annual basis for the year ending December 31. The University's pension liability is the net of pension obligations less Plan assets and adjusted for any unamortized actuarial gains or losses.

ii) Other Post-Employment Benefits and Compensated Absences

The University provides severance and retiring allowance benefits based on length of service and final earnings, payable on retirement. Accounting standards require the recognition of a liability and an expense for such post-employment benefits in the period in which the employee renders service in return for the benefits. The recognition date for rendered service begins on the hiring date, or the date when credited service begins, and runs until the date when full eligibility is attained. The cost of these post-employment benefits earned by employees is determined by an actuary using the projected benefit method pro-rated on service and management's best estimates for the discount rate, the rate of salary escalation and the retirement ages of employees. The discount rate used to determine the accrued benefit obligation was the same rate as used to value the University pension plan. There are no assets supporting the plan benefits. Actuarial gains and losses are amortized on a straight line basis over the expected average remaining service life (EARSL), commencing in the year following the year the respective annual actuarial gains or losses arise.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

H. Employee Future Benefits (continued)

The University provides for compensated absences to certain employee groups for sick leave benefits that accumulate but do not vest. The cost of this benefit is estimated using the discounted cash flows of the average of the cost of the excess sick leave taken over the annual entitlement earned, as a series of payments over the average remaining service life of employees (EARSL). The discount rate used was the same rate used to estimate the University pension liability.

Certain other employees are entitled to 180 days of sick leave that are non-vesting, non-accumulating and are event driven. The benefit expense and liability are recorded when the event occurs.

I. Use of Estimates

Preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards 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 revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful accounts, determination of useful lives of tangible capital assets for amortization, the estimated costs and applicability of the asset retirement obligations, and of the liabilities for pension, severance and retiring allowances, and other compensated absences. Where the actual results differ from the estimates, the impact will be recorded in future periods when the difference becomes known.

J. Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable & accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the consolidated statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

K. Expenses by Function

The University uses the following categories as functions in the Statement of Operations:

Learning: expenses related to academic functions, direct and indirect, for activities supporting teaching and the learning environment. These include the faculties, English for Academic Purposes, Conservatory and education programs.

Academic and student support: expenses related to functions supporting the academic and student functions of the University. These include the Library, Student Services, Athletics and Campus Recreation.

Facility operations and maintenance: expenses related to centralized management and maintenance of grounds, equipment and buildings. This category also includes the amortization expenses of the University and debt servicing with the exception of that for Ancillary Services properties.

Ancillary operations: expenses related to the University's business operations providing sales of goods and services to external individuals and organizations. These include student residences, food services, parking, the bookstore, rental properties and the Healthy Living Centre.

Institutional support: expenses related to functions supporting institution wide administrative services including those of the Brandon University Foundation. This includes Executive Offices, Advancement & External Relations, Marketing & Communications, IT Services, Financial & Registration Services and Human Resources.

Research: all research expenses whether externally or internally funded.

L. Budget Figures

Budget figures have been provided for comparative purposes and have been derived from the Brandon University-wide budget approved by the Board of Governors of the University. The budget is included in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

M. Internally Restricted Funds and Reserves

The University sets aside certain accumulated surpluses to be used for future operating and capital activities. Additions to and from these funds and reserves are recorded as adjustments to the respective funds.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

2. Summary of Significant Accounting Policies and Reporting Practices (continued)

N. Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The University does not have and is not responsible for any such sites and therefore no liability for remediation of contamination has been recognized.

O. Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

3. Cash & Cash Equivalents

	2025	2024
Cash	\$ 10,890,808	\$ 11,297,220
Cash equivalents	<u>85,144</u>	<u>833</u>
	<u>\$ 10,975,952</u>	<u>\$ 11,298,053</u>

4. Accounts Receivable

	2025	2024
Student receivables	\$ 883,718	\$ 540,239
Research Manitoba grant receivable	49,939	-
Employee Payroll Deductions receivable	8,958	23,680
GST receivable	82,402	102,435
Health Living Centre receivables	14,242	30,268
Knowles-Douglas Commission receivable	100,423	40,953
Canada West Travel Subsidy receivable	31,109	-
CIBC Wood Gundy interest receivable	94,449	-
Miscellaneous	329,564	366,580
Less: allowance for doubtful accounts	<u>(205,000)</u>	<u>(205,000)</u>
	<u>\$ 1,389,804</u>	<u>\$ 899,155</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

5. Inventories

Inventories are measured at the lower of cost and net realizable value. The year end carrying values and the amounts recognized as expense during the year were as follows:

	2025	2024	2025	2024
	Cost of Sales		Carrying Values	
Athletics	\$ 94,459	\$ 75,927	\$ 14,212	\$ 4,549
Food Services	972,786	861,344	47,164	43,560
Print Shop	<u>-</u>	<u>-</u>	<u>5,604</u>	<u>3,403</u>
	<u>\$ 1,067,245</u>	<u>\$ 937,271</u>	<u>\$ 66,980</u>	<u>\$ 51,512</u>

6. Other Assets

Other assets consist of the following:

	2025	2024
Cash value of life insurance policies	<u>\$ 36,119</u>	<u>\$ 52,087</u>

7. Portfolio Investments

Non-endowed guaranteed investment certificates

	2025	2024
Maturity		
Less than 1 year	\$ 2,000,000	\$ 2,084,000
1 - 5 years	<u>1,724,240</u>	<u>1,524,000</u>
	<u>\$ 3,724,240</u>	<u>\$ 3,608,000</u>

Restricted endowment investments

	2025	2024
Restricted endowment investments carried at cost:		
Cash & short term notes	\$ 979	\$ 674
Restricted endowment investments carried at fair value:		
Bond fund	19,554,602	19,179,993
Equities fund	56,962,834	53,274,469
Real Estate fund	7,434,280	6,199,566
Infrastructure fund	<u>8,633,937</u>	<u>5,483,964</u>
	<u>\$ 92,586,632</u>	<u>\$ 84,138,666</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

8. Accounts Payable and Accrued Liabilities

	2025	2024
Accounts payable	\$ 4,717,094	\$ 6,181,051
Accrued vacation pay	973,692	1,152,932
Accrued property taxes	<u>29,960</u>	<u>28,110</u>
	<u>\$ 5,720,746</u>	<u>\$ 7,362,093</u>

9. Employee Future Benefits (Obligations)

	2025	2024
Pension plan (asset)/liability (i)	\$ <u>(4,311,000)</u>	\$ <u>(5,507,000)</u>
Post-employment benefits (ii)	\$ 1,427,000	\$ 1,467,000
Compensated absences (iii)	<u>553,786</u>	<u>741,681</u>
Employee Future Obligations	<u>\$ 1,980,786</u>	<u>\$ 2,208,681</u>

i) **Pension Plan**

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets according to the terms of an agreement with the trustees and as required by law. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada).

Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees. The Plan receives its funds from the contributions of members, the required and special contributions of Brandon University and the income from investments.

An actuarial valuation of the plan, as required by The Pension Benefits Act of Manitoba, was conducted by Eckler Ltd., a firm of consulting actuaries, as at December 31, 2022. Plan improvements were made during the fiscal year, effective April 1, 2024. A second actuarial valuation was prepared at December 31, 2022 and extrapolated to December 31, 2024 to determine the present value of accrued pension benefits as at December 31, 2024. The next actuarial valuation is as at December 31, 2024 and will be completed in 2025.

The defined benefit obligation has been calculated pursuant to CPA Canada Handbook section PS3250, using the projected unit credit actuarial method, prorated on service, and assumptions developed using management's best estimates of investment performance, salary escalation, retirement ages of employees and member mortality.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

9. Employee Future Benefits (Obligations) (continued)

The University uses a December 31 measurement date for reporting plan assets and obligations.

Net assets available for benefits are comprised of:

	(in thousands of dollars)	
	December 31	December 31
	2024	2023
Accounts receivable and other	\$ 28	\$ 407
Cash and short-term investments	985	530
Bonds and debentures	56,674	64,753
Canadian equities	49,218	43,454
Real estate equities	36,012	20,985
Foreign equities	119,663	103,197
Account payable	<u>(755)</u>	<u>(577)</u>
Total net assets	<u>\$ 261,825</u>	<u>\$ 232,749</u>

The fair value of plan assets and the actuarial present value of benefits, as of December 31, were as follows:

	(in thousands of dollars)	
	December 31	December 31
	2024	2023
Reconciliation of Plan Assets		
Fair value, beginning of year	\$ 232,749	\$ 212,910
Employer contributions	3,577	3,437
Employee contributions	2,563	2,708
Transfers from other plans	129	793
Benefit payments	(11,611)	(11,659)
Actual return/(loss) on plan assets (net of expenses)	<u>34,418</u>	<u>24,560</u>
Market value of assets, end of year	<u>\$ 261,825</u>	<u>\$ 232,749</u>

	(in thousands of dollars)	
	December 31	December 31
	2024	2023
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	\$ 226,718	\$ 209,804
Employer service cost	7,979	6,489
Interest cost	12,373	11,419
Benefit payments	(11,611)	(11,659)
Transfers from other plans	129	793
Plan Amendment	-	9,872
Actuarial (gains)/losses	<u>618</u>	<u>-</u>
Accrued benefit obligation, end of year	<u>\$ 236,206</u>	<u>\$ 226,718</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

9. Employee Future Benefits (Obligations) (continued)

	(in thousands of dollars)	
	December 31 2024	December 31 2023
Unamortized Actuarial (Gains)/Losses		
Net unamortized actuarial (gains)/losses, beginning of year	\$ (1,338)	\$ 1,967
Net actuarial gain/(loss)	(21,146)	(12,980)
Amortization of actuarial loss	<u>134</u>	<u>9,675</u>
Net unamortized actuarial (gains)/losses, end of year	<u>\$ (22,350)</u>	<u>\$ (1,338)</u>

The accrued pension liability and the net pension plan expense, as at March 31, are as follows:

	(in thousands of dollars)	
	March 31 2025	March 31 2024
Accrued Pension Asset/(Liability)		
Accrued pension asset/(liability), beginning of year	\$ 5,507	\$ 2,847
Employer contributions	3,805	3,337
Net pension plan expense	<u>(5,001)</u>	<u>(677)</u>
Accrued pension asset/(liability), end of year	<u>\$ 4,311</u>	<u>\$ 5,507</u>

	(in thousands of dollars)	
	March 31 2025	March 31 2024
Net Benefit Plan Expense		
Current service cost, net of employee contributions	\$ 5,416	\$ 3,781
Interest accrued on benefits	12,373	11,419
Expected return on plan assets	(12,654)	(11,580)
Amortization of actuarial gain	(134)	(9,675)
Past service cost	-	9,872
Increase/(decrease) in valuation allowance	<u>-</u>	<u>(3,140)</u>
Net pension plan expense	<u>\$ 5,001</u>	<u>\$ 677</u>

Significant Long-term Actuarial Assumptions Used in Measurement of the Pension Expense

	2025	2024
Discount rate	5.50 %	5.50 %
Rate of salary increase	3.00 %	3.00 %
Mortality rates	2021 VitaCurves Table projected with Scale CPM-B	

Significant Long-term Actuarial Assumptions Used in Measurement of the End of Year Obligations

	2025	2024
Discount rate	5.50 %	5.50 %
Rate of salary increase	3.00 %	3.00 %
Mortality rates	2021 VitaCurves Table projected with Scale CPM-B	

The unamortized net actuarial gains will be amortized over the expected average remaining service life (EARSL) which is 2025 - 10.0 years (2024 - 10.0 years).

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

9. Employee Future Benefits (Obligations) (continued)

Solvency Deficiency Exemption

The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allowed the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) an employer in relation to a university plan may, by filing an election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions." On January 19, 2009 the University filed such an election.

Funding of Going-Concern Deficiencies

With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act. The University will be required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. The financial position calculated on this basis is in a surplus position of \$16,261,000 (\$24,022,000 prior to the 2024 improvements). Special payments are not currently required to be made. When the solvency ratio fall below 85%, the Plan is required to be valued annually. Otherwise, valuations are required every three years at minimum, or more often if determined by the Pension Trustees. The next going-concern valuation will be effective as at December 31, 2024 and will be completed in 2025.

ii) **Post-employment Benefits**

Brandon University provides certain severance and retiring allowance benefits payable upon retirement. An actuarial valuation, using the accrued benefit method, to determine the value of severance pay and retiring allowance benefits is carried out every four years. The most recent actuarial valuation was as at March 31, 2025 with the next valuation due as at March 31, 2029.

Information about the University's employee future benefits is as follows:

	2025	2024
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	\$ 1,352,000	\$ 1,199,000
Employer service cost	76,000	72,000
Interest cost	74,000	69,000
Benefit payments	(179,000)	(37,000)
Actuarial (gains)/losses	<u>12,000</u>	<u>49,000</u>
Accrued benefit obligation, end of year	<u>\$ 1,335,000</u>	<u>\$ 1,352,000</u>
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	\$ 1,467,000	\$ 1,380,000
Employer contributions	(179,000)	(37,000)
Benefit expense	<u>139,000</u>	<u>124,000</u>
Accrued benefit liability, end of year	<u>\$ 1,427,000</u>	<u>\$ 1,467,000</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

9. Employee Future Benefits (Obligations) (continued)

	2025	2024
Benefit Plan Expense		
Employer service cost	\$ 76,000	\$ 72,000
Interest cost	74,000	69,000
Amortization of net actuarial loss	<u>(11,000)</u>	<u>(17,000)</u>
Benefit plan expense	<u>\$ 139,000</u>	<u>\$ 124,000</u>

The significant actuarial assumptions adopted in measuring the University's accrued benefit liability and benefit costs are as follows:

	2025	2024
Discount rate (accrued benefit obligation)	5.50%	5.50%
Rate of compensation increase (weighted average)	5.75%	4.11%

The unamortized net actuarial gains of \$92,000 (2024 - \$115,000) will be amortized over the expected average remaining service life (EARSL) which is 10.46 years (2024 - 10.4 years).

iii) **Compensated Absences**

The University provides certain employee groups with a sick leave entitlement that accumulates but does not vest. These plans accumulate at a rate of 1/2 day for each pay period to a maximum of 12 days per year. Each plan has a total accumulation allowed. Accumulated sick days may be used in future years. Sick leave, when paid, is paid at the salary in effect at the time of usage. The sick leave benefit is a consideration of the expectation of future benefit utilization. The expected cost of the liability is estimated using the discounted cash flows of the average cost of the excess sick leave taken over the annual entitlement earned, as a series of payments, over EARSL which is 10 years.

	2025	2024
Accrued benefit liability	\$ 536,304	\$ 480,698
Net benefit cost	\$ 55,606	\$ 67,803
Discount rate	5.50%	5.50%

The University provides certain other employees with their maximum sick leave entitlement of 180 days upon start of employment. This sick leave neither vests nor accumulates. The expected cost of the liability is recognized in the period in which the event occurs and is based on the salary that will be paid for the sick leave.

	2025	2024
Accrued benefit liability and benefit cost	<u>\$ 17,482</u>	<u>\$ 260,983</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

10. Asset Retirement Obligation

The University recognized an estimated liability for asset retirement obligation (ARO) of \$9,776,249 (2024 - \$9,270,070) for the removal and disposal of asbestos. The nature of the liability is related to asbestos containing materials within several of the University's facilities that will be required to be properly disposed of when the building is disposed of, or remediation work is undertaken. The assumptions used in estimating the liability include the various types of asbestos containing materials within each of the University's buildings, along with the standard of work that will be required to safely remove the asbestos containing materials. Additionally, assumptions were made around the remaining useful life of all the University buildings that contain asbestos materials to determine amortization of the asset and when remediation costs may be incurred.

The following is a reconciliation of the total liability for asset retirement obligations:

	2025	2024
Balance, beginning of year	\$ 9,270,070	\$ 8,903,023
Accretion expense	370,803	367,047
Change in assumptions (c)	<u>135,376</u>	<u>-</u>
Balance, end of year	<u>\$ 9,776,249</u>	<u>\$ 9,270,070</u>

The following is a summary of the key assumptions on which the carrying amount of the asset retirement obligation is based:

- a. Total undiscounted amount of the estimated cash flows - \$13,599,912 (2024 - \$13,333,247)
- b. Expected timing of payment of the cash flows - based on estimated remaining useful life of buildings. The majority is expected to be incurred after 2042.
- c. Discount rate - 4.00% (4.30% in 2024)
- d. Inflation rate - 2.00%

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

11. Tangible Capital Assets

The University received \$4,131 of donated tangible capital assets in the year. The total book value of donated capital assets is \$2,502,181.

For the year ended March 31, 2025	Land	Buildings	Vehicles	Furniture and equipment	Library collections	Leasehold improvements	Assets under construction/ development	Total
Cost, beginning of year	\$ 501,755	\$ 99,261,204	\$ 48,281	\$ 24,132,611	\$ 14,617,479	\$ 2,423,236	\$ 3,031,539	\$ 144,016,105
Additions	-	587,099	-	448,160	184,679	-	5,550,544	6,770,482
Cost, end of year	501,755	99,848,303	48,281	24,580,771	14,802,158	2,423,236	8,582,083	150,786,587
Accumulated amortization, beginning of year	-	58,722,314	48,281	18,835,436	13,162,788	785,168	-	91,553,987
Amortization	-	1,730,473	-	717,266	298,581	48,465	-	2,794,785
Accumulated amortization, end of year	-	60,452,787	48,281	19,552,702	13,461,369	833,633	-	94,348,772
Net carrying amount, end of year	\$ 501,755	\$ 39,395,516	\$ -	\$ 5,028,069	\$ 1,340,789	\$ 1,589,603	\$ 8,582,083	\$ 56,437,815

For the year ended March 31, 2024	Land	Buildings	Vehicles	Furniture and equipment	Library collections	Leasehold improvements	Assets under construction/ development	Total
Cost, beginning of year	\$ 501,755	\$ 97,813,315	\$ 48,281	\$ 26,728,195	\$ 14,374,587	\$ 736,703	\$ 3,024,877	\$ 143,227,713
Additions	-	1,447,889	-	835,862	242,892	1,686,533	6,662	4,219,838
Disposals	-	-	-	(34,757)	-	-	-	(34,757)
Write-down	-	-	-	(3,396,689)	-	-	-	(3,396,689)
Cost, end of year	501,755	99,261,204	48,281	24,132,611	14,617,479	2,423,236	3,031,539	144,016,105
Accumulated amortization, beginning of year	-	56,987,854	48,281	18,752,593	12,847,045	736,703	-	89,372,476
Amortization	-	1,734,460	-	781,120	315,743	48,465	-	2,879,788
Disposals	-	-	-	(8,997)	-	-	-	(8,997)
Write-down	-	-	-	(689,280)	-	-	-	(689,280)
Accumulated amortization, end of year	-	58,722,314	48,281	18,835,436	13,162,788	785,168	-	91,553,987
Net carrying amount, end of year	\$ 501,755	\$ 40,538,890	\$ -	\$ 5,297,175	\$ 1,454,691	\$ 1,638,068	\$ 3,031,539	\$ 52,462,118

The University holds collections of works of art, gemstones and rare books which have been donated. These collections are not included in the tangible capital assets as future benefits associated with these assets cannot reasonably be made. They are irreplaceable, not for sale, and their use is restricted to exhibition, research and academic purposes.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

12. Financial Risk Management

The carrying value of each class of the University's financial instruments is provided in the following table.

	Fair Value	Amortized Cost	2025 Total	2024 Total
Cash	\$ -	\$ 10,975,952	\$ 10,975,952	\$ 11,298,053
Accounts Receivable	-	1,389,804	1,389,804	899,155
Portfolio Investments	92,586,632	3,724,240	96,310,872	87,746,666
Accounts payable and accrued liabilities	-	5,720,746	5,720,746	7,362,093
	<u>\$ 92,586,632</u>	<u>\$ 21,810,742</u>	<u>\$ 114,397,374</u>	<u>\$ 107,305,967</u>

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value hierarchy requires the use of observable market data whenever such data exists. A financial instrument is classified at the lowest level of the hierarchy for which significant data has been taken into account in measuring fair value.

	Level 1	Level 2	Level 3	2025 Total
Portfolio Investments	\$ 3,724,240	\$ -	\$ -	\$ 3,724,240
Endowment Investments	-	76,518,415	16,068,217	92,586,632
	<u>\$ 3,724,240</u>	<u>\$ 76,518,415</u>	<u>\$ 16,068,217</u>	<u>\$ 96,310,872</u>
	Level 1	Level 2	Level 3	2024 Total
Portfolio Investments	\$ 3,608,000	\$ -	\$ -	\$ 3,608,000
Endowment Investments	-	72,455,136	11,683,530	84,138,666
	<u>\$ 3,608,000</u>	<u>\$ 72,455,136</u>	<u>\$ 11,683,530</u>	<u>\$ 87,746,666</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

12. Financial Risk Management (continued)

Investment Policy

The University in the normal course of its operations, is exposed to various risks, including credit risk, market risk, and foreign exchange risk. The University's objectives in terms of risk management is to promote the optimization of the risk-return relationship, within defined limits, by applying strategies, policies as well as risk management and control process risks integrated into all of its activities.

Credit risk

Credit risk is the risk of loss incurred by the University when a counterparty to a financial instrument fails to meet its contractual obligations. The University is exposed primarily to credit risk with respect to cash, accounts receivable and investments. The carrying amount of financial assets on the statement of financial position represents the maximum credit risk at the statement of financial position date.

The credit risk linked to cash is considered negligible since the counterparties are recognized financial institutions with good external credit ratings.

The credit risk related to grant accounts receivable is considered negligible since the amounts are receivable from the provincial and federal governments.

The credit risk associated with tuition and other receivables is limited, since the amounts come from a large customer base and payment is typically made in full when due. The University has established an allowance for doubtful accounts which represents its assessment of potential credit losses. The allowance for doubtful accounts is based on management's assessments and assumptions regarding current market conditions, customer analysis and historical payment trends.

Concentration of investment risk occurs when a significant portion of the portfolio is made up of investments whose values have similar characteristics or are sensitive to the same economic, political or other factors. Generally speaking, credit risk comes from investments in fixed income securities. The University's investment policy statements and procedures, which are reviewed annually, specify eligible investments as well as guidelines and restrictions for each category of eligible investments in order to reduce risk.

The University monitors the financial health of its investments on an ongoing basis with the help of its finance and audit committee, its investment subcommittee and its investment advisors.

Market risk

Market risk corresponds to the risk of variation in the fair value of financial instruments resulting from a fluctuation in parameters affecting this value, in particular interest rates, exchange rates, stock market indices and the volatility of these rates and clues.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

12. Financial Risk Management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates may an impact on cash flows or the fair value of financial instruments. The University is exposed to this risk when it invests in financial instruments bearing an interest rate. Investments are then exposed to the risk that their fair value fluctuates due to changes in market interest rates. The table below presents the University's exposure to related interest rate risk to investments recognized at fair value, classified by maturity:

	2025	2024
Investments associated with an interest rate	\$ 23,278,842	\$ 22,787,290
Investments not associated with an interest rate	<u>73,032,030</u>	<u>64,959,376</u>
Balance at year end	<u>\$ 96,310,872</u>	<u>\$ 87,746,666</u>

As of March 31, 2025, a 10% change of interest rates, with all other variables held constant would have an estimated impact on the interest revenue and/or expenses of \$9,684 (\$8,942 as of March 31, 2024).

Currency risk

Fluctuations in the value of the Canadian dollar relative to foreign currencies will affect the Canadian dollar value of any marketable securities held by the University. As of March 31, 2025, the University is exposed to foreign exchange risk due to investments in American dollars. If the Canadian dollar had appreciated or depreciated by 1% compared to the American dollar and all other variables had remained constant, the remeasurement gain or loss would have decreased or increased by approximately \$422,190 (\$382,214 as of March 31, 2024)

In the failures, the results could be different from that of the sensitivity analysis.

Other price risk

Other price risk represents the potential loss that may be caused by a variation in the fair value of the financial instrument. The University's investments are subject to normal market fluctuations and the risks inherent in investing in the markets.

The University is exposed to other price risk due to the securities in its investment portfolio, as changes in market prices would result in changes in the fair value of these instruments.

The majority of investments are maintained for the long term to support general operations and endowments. These investments are mainly stocks, bonds and money market securities and are therefore exposed to other price risk by their nature.

The University manages other price risk through its investment policy, which specifies guidelines and restrictions for each category of eligible investments, in order to reduce risk while achieving long-term investment returns that meet their needs.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

12. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the University will encounter difficulty in meeting obligations associated with financial liabilities. The University is exposed to liquidity risk through its accounts payable and long-term debt.

The University manages its liquidity risk by monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash flows arise. The University measures its exposure to liquidity risk based on a forecast of cash flows, the maturity analysis of financial liabilities, and the availability of liquid assets relative to projected obligations. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	2025	2024
Less than 1 year	\$ 2,200,564	\$ 3,510,171
One to five years	8,304,538	6,077,894
Five to ten years	7,287,930	8,887,585
Over ten years	<u>5,485,810</u>	<u>4,311,640</u>
	<u>\$ 23,278,842</u>	<u>\$ 22,787,290</u>

13. Deferred Revenues

Deferred revenues represent restricted funds received for research and special project purposes. Changes in the deferred revenues are as follows:

	2025	2024
Balance, beginning of year	\$ 12,057,321	\$ 12,076,764
Contributions received and receivable		
Province of Manitoba - Advanced Education, Skills and Immigration	955,000	955,000
Province of Manitoba - Other	168,595	107,285
Government of Canada	2,486,426	2,058,267
Donations	942,127	858,760
Investment income	2,907,541	2,256,463
Miscellaneous	<u>579,583</u>	<u>565,667</u>
	8,039,272	6,801,442
Recognized as revenue	(6,333,356)	(6,050,882)
Transfers to endowment	<u>(463,929)</u>	<u>(770,003)</u>
Balance, end of year	<u>\$ 13,299,308</u>	<u>\$ 12,057,321</u>
Balance consists of:		
Endowment	\$ 9,975,235	\$ 8,868,604
Research	2,308,409	2,276,002
Special purpose accounts	<u>1,015,664</u>	<u>912,715</u>
Deferred revenues	<u>\$ 13,299,308</u>	<u>\$ 12,057,321</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

14. Long-term Debt

The long-term debt of the University includes building mortgages and promissory notes with the Province of Manitoba. The buildings form part of the security for the full amount of the monies secured by the mortgage. Grants are received from the Province of Manitoba, Advanced Education, Skills and Immigration Department to offset the principal payments and interest expense of the promissory notes.

	Maturity Date	Interest Rate	2025	2024
Mortgages Payable				
215 & 223 18th Street, Province of Manitoba	2054	4.50 %	\$ 438,294	\$ 445,371
1718 Princess Avenue, Province of Manitoba	2045	4.00 %	<u>199,089</u>	<u>208,722</u>
			<u>\$ 637,383</u>	<u>\$ 654,093</u>
Promissory Notes - Province of Manitoba, Advanced Education, Skills & Immigration				
Advance 1 - Physical Plant Building	2049	5.65 %	\$ 2,317,791	\$ 2,415,039
Advance 2 - Deferred Maintenance	2049	5.65 %	506,459	527,709
Advance 3 - Deferred Maintenance	2049	5.45 %	984,676	1,003,017
Advance 5 - Deferred Maintenance	2050	4.85 %	788,929	819,667
Advance 7 - Knowledge Infrastructure Program	2051	5.00 %	361,883	375,801
Advance 9 - Deferred Maintenance	2054	4.50 %	1,036,094	1,071,719
Advance 11 - Healthy Living Centre	2054	4.50 %	3,860,810	3,993,563
Advance 12 - Deferred Maintenance	2055	3.35 %	570,631	589,705
Advance 14 - Deferred Maintenance	2056	3.75 %	545,312	562,762
Advance 15 - Deferred Maintenance	2061	3.25 %	412,500	423,750
Advance 16 - Nursing Expansion	2032	2.50 %	2,553,250	2,918,000
Advance 17 - Deferred Maintenance	2062	4.65 %	424,688	435,938
Advance 18 - Deferred Maintenance	2063	5.30 %	6,980,048	7,161,348
Advance 19 - Brodie Building	2064	5.00 %	4,875,002	5,000,000
Advance 20 - Brodie Building & Deferred Maintenance	2064	4.55 %	<u>3,229,686</u>	<u>-</u>
			<u>\$ 29,447,759</u>	<u>\$ 27,298,018</u>
Total Long-term Debt			<u>\$ 30,085,142</u>	<u>\$ 27,952,111</u>

Interest expense for the year on debt is \$1,334,205 (2024 - \$889,843) and is included in the Statement of Operations.

Principal and interest payments in the next five years and thereafter are as follows:

	Principal	Interest
2026	\$ 1,179,256	\$ 1,392,400
2027	1,180,679	1,343,277
2028	1,182,177	1,297,383
2029	1,183,756	1,244,798
2030	1,185,419	1,195,435
Thereafter	<u>24,173,855</u>	<u>16,917,418</u>
	<u>\$ 30,085,142</u>	<u>\$ 23,390,711</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

15. Net Assets

Net assets are comprised of the following:

	2025	2024
Accumulated surplus from operations	\$ 5,359,727	\$ 6,158,959
Internally restricted funds	1,789,903	1,407,845
Invested in tangible capital assets	16,576,421	15,239,937
Endowments	80,145,294	76,033,901
Accumulated remeasurement gains (losses)	<u>2,788,840</u>	<u>(1,650,680)</u>
	<u>\$106,660,185</u>	<u>\$ 97,189,962</u>

The accumulated surplus is comprised of the following:

- i) Accumulated surplus from operations representing balances from general operations, Ancillary Services, unrestricted research and special purpose activities, unrestricted consolidated entities, plus the amount required to cover the liabilities associated with employee future benefits.

	2025	2024
General operations & Ancillary Services	\$ (1,889,025)	\$ (4,642,492)
Unrestricted research & special purpose activities	2,069,532	2,268,962
Outstanding balances due to (from) capital fund (see ii below)	3,301,204	5,620,462
Brandon University Foundation unrestricted funds	551,454	794,750
Future obligations (Employee future benefits & property tax)	<u>1,326,562</u>	<u>2,117,277</u>
	<u>\$ 5,359,727</u>	<u>\$ 6,158,959</u>

- ii) Investment in tangible capital assets represents funds spent on capital acquisitions less accumulated amortization. It also includes outstanding balances for ongoing capital projects. The outstanding balances are as follows:

	2025	2024
Capital acquisitions (net of asset retirement obligation and debt)	\$114,226,402	\$112,414,387
Accumulated amortization	<u>(94,348,775)</u>	<u>(91,553,988)</u>
	<u>\$ 19,877,627</u>	<u>\$ 20,860,399</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

15. Net Assets (continued)

Outstanding (surplus) capital balances:

Brodie Building Renovation	\$ (5,796,959)	\$ (3,772,789)
ERP - Renew BU - Attempt 2	(163,785)	-
ERP - Renew BU - Attempt 1	1,648,164	2,148,164
Energy Retrofit	227,121	233,496
Healthy Living Centre Building	876,679	877,679
Campus Wide Safety & Security	3,024	-
McMaster Hall Riser Replacements	(522,638)	(5,302,488)
Miscellaneous Campus Project Funds	(105,000)	(102,500)
McMaster Flood Insurance Claim	161,842	-
Music AV Upgrades	(11,304)	-
Psychiatric Nursing - Office and Lab Equipment	(9,593)	(93,269)
Under Cable	<u>391,245</u>	<u>391,245</u>
	<u>\$ (3,301,204)</u>	<u>\$ (5,620,462)</u>
 Total	 <u>\$ 16,576,423</u>	 <u>\$ 15,239,937</u>

- iii) Internally restricted funds and reserves represents amounts set aside by the University for the following specific purposes:

Capital Activities	2025	2024
Ancillary Services	\$ 927,355	\$ 552,529
Cello Repair	30,000	28,000
Kiln Replacement	24,000	24,000
Geography Lab Equipment	18,200	18,200
Healthy Living Centre	27,000	27,000
Telephone replacement	489,930	427,930
Vehicle replacement	<u>25,000</u>	<u>20,000</u>
	<u>\$ 1,541,485</u>	<u>\$ 1,097,659</u>

Operating Activities	2025	2024
BU Graduate Diploma Education Program (BUGDEP)	\$ 42,754	\$ 42,754
Community Based Education (CBE)	24,195	24,195
Opaskawayak Cree Nation (OCN)	(2,151)	-
Program for the Education of Native Teachers (PENT)	<u>183,620</u>	<u>243,237</u>
	<u>\$ 248,418</u>	<u>\$ 310,186</u>

Total	<u>\$ 1,789,903</u>	<u>\$ 1,407,845</u>
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- iv) Endowments consist of donations and capitalized investment income with external restrictions that are to be held in perpetuity and can only be used in accordance with the purposes specified by the donor.
- v) Accumulated resmeasurement gains are a result of the re-evaluation of portfolio investments, restricted for endowments, based on market values.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

16. Expenses By Object

The following is a summary of the expenses by object:

	2025	2024
Salaries - academic	\$ 30,669,977	\$ 28,849,611
Salaries - support	19,709,456	18,732,485
Benefits - annual cost	8,880,314	8,354,411
Benefits - change in employee future benefits liability	1,196,000	(2,660,000)
Travel	1,685,649	1,625,824
Supplies & consumable expenses	10,772,820	9,833,803
Cost of goods sold	1,067,245	937,271
Scholarships & bursaries	3,919,018	3,853,302
Interest on long-term debt	1,334,205	889,843
Utilities	1,184,411	1,260,371
Amortization	2,794,787	2,879,788
Loss on disposal of tangible capital assets	-	25,760
Loss on write-down of tangible capital assets	<u>-</u>	<u>2,707,408</u>
Total	<u>\$ 83,213,882</u>	<u>\$ 77,289,877</u>

17. Brandon Centennial Auditorium Corporation Inc.

Under an arrangement between the University, the Province of Manitoba and the City of Brandon, the University built an Auditorium on its property for the benefit of the citizens of Western Manitoba. The expenditures for the building and furnishings were financed from contributions by the Governments of Canada and Manitoba, the City of Brandon and citizens through fundraising campaigns. The Auditorium has been leased to the Brandon Centennial Auditorium Corporation Inc. for a nominal consideration of \$1 under a 99 year lease which expires 2064 A.D. The University is reimbursed for services supplied to the auditorium as required by the agreement.

18. Knowles-Douglas Student Union Centre

The Knowles-Douglas Student Union Centre has been leased to the Knowles- Douglas Student Union Centre Inc. for the nominal consideration of \$1 per year under a 50 year lease which expires 2035 A.D. The University supplies certain services to the Centre as required by the lease.

19. Contractual Obligations

An agreement between the University and the Brandon University Students' Union Inc. provides for the equal sharing of profits of the University's bookstore operations. The Students' Union share of profits amounted to \$18,160 for the year ended March 31, 2025 (2024 - \$11,322).

20. Related Party Transactions

The University is related in terms of common control to all Province of Manitoba created departments, agencies and crown corporations. The University may enter into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2025

21. Subsequent Event

On February 1, 2025, the United States imposed tariffs on goods imported from Canada, effective February 4, 2025. In response, Canada introduced counter-tariffs on U.S. goods entering Canada. However, on March 5, 2025, a 30-day delay in the implementation of these tariffs was announced. Subsequently, additional industry and product-specific tariffs (e.g., tariffs on steel and aluminum) have been imposed, effective early March 2025.

These tariffs could affect the market values of the retirement plan's investments in Canadian or United States equities. Management cannot reasonably estimate the potential financial impact of these tariffs at this time.

22. International Study Permits

On January 22, 2024, the Government of Canada (the "Government") announced a cap on international student permit applications for a period of two years, resulting in a reduction of approximately 35% of approved study permits from 2023.

On September 18, 2024, the Government announced further reforms to the International Student Program which included a further reduction on the cap of international student study permits for 2025 by 10% over the approved 2024 target, a change to the Post-Graduation Work Permit ("PGWP") eligibility and defining the list of eligible programs. These measures on international students has not impacted Brandon University directly by reducing the cap, however it has significantly reduced the total pool of international students entering Canada and is subsequently negatively impacting our international enrolment.

A portion of the University's tuition revenue continues to be derived from international students. The financial impact of the federal directives related to international student enrolment is reflected on the 2024-25 consolidated financial statements. For the 2025-26 fiscal year, the University addressed the impact of the international student cap by lobbying government, implementing cost savings measures and workforce reductions.

Looking ahead to future years, the University anticipates a further decline in international student tuition revenues driven primarily by a further decline in international student numbers resulting from the federal policy changes. Management is actively monitoring the regulatory landscape and assessing its financial impact.

23. Comparative Figures

Comparative figures for the year ended March 31, 2024 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2025.