

BRANDON UNIVERSITY

ANNUAL FINANCIAL REPORT

For the year ended March 31, 2022



**BRANDON
UNIVERSITY**

BRANDON UNIVERSITY

Responsibility for Financial Statements

The Office of the Vice-President (Administration & Finance) of Brandon University is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Governors. The statements are examined by the Auditor General of Manitoba, whose opinion is included herein.

To fulfil its responsibility, the University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

*Original signed by Shawn Chambers
Chair, Board of Governors*

Shawn Chambers
Chair, Board of Governors

*Original signed by Scott Lamont
Vice-President (Administration & Finance)*

Scott J. B. Lamont, FCPA, FCGA, MBA
Vice-President (Administration & Finance)

June 25, 2022



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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, 2022, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net financial assets, the consolidated statement of remeasurement 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, 2022, and the consolidated results of its operations, 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 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing 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 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 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 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 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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
June 29, 2022

Brandon University Consolidated Financial Statements

Consolidated Statement of Financial Position as at March 31, 2022

	2022	2021
Financial Assets (excluding portfolio investments restricted for endowments)		
Cash & cash equivalents (Note 3)	\$ 6,547,331	\$ 4,302,789
Accounts receivable (Note 4)	1,145,300	534,172
Inventories for resale (Note 5)	77,270	87,767
Other assets (Note 6)	49,944	74,143
Portfolio investments (Note 7)	<u>1,919,250</u>	<u>2,024,525</u>
	<u>9,739,095</u>	<u>7,023,396</u>
Liabilities		
Accounts payable & accrued liabilities (Note 8)	6,058,896	5,588,203
Unearned revenue	176,325	143,746
Employee future benefits (Note 9)	3,336,403	8,829,395
Deferred revenues (Note 12)	10,186,095	10,639,615
Long-term debt (Note 13)	<u>16,909,259</u>	<u>13,340,780</u>
	<u>36,666,978</u>	<u>38,541,739</u>
Net financial debt excluding portfolio investments restricted for endowments	<u>(26,927,883)</u>	<u>(31,518,343)</u>
Portfolio investments restricted for endowments (Note 7)	<u>76,493,784</u>	<u>74,503,950</u>
Net Financial Assets	<u>49,565,901</u>	<u>42,985,607</u>
Non-financial Assets		
Tangible capital assets (Notes 2(F) and 10)	51,844,606	55,428,695
Prepaid expenses	<u>572,642</u>	<u>686,269</u>
	<u>52,417,248</u>	<u>56,114,964</u>
Net Assets	<u><u>\$ 101,983,149</u></u>	<u><u>\$ 99,100,571</u></u>
Net assets comprised of (Note 14):		
Accumulated surplus	98,776,585	86,768,494
Accumulated remeasurement gains	<u>3,206,564</u>	<u>12,332,077</u>
	<u><u>\$ 101,983,149</u></u>	<u><u>\$ 99,100,571</u></u>

Approved by the Brandon University
Board of Governors on June 25, 2022

Original signed by Shawn Chambers
Chair, Board of Governors

Chair

Original signed by Scott Lamont
Vice-President (Administration & Finance)

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, 2022

	Budget (Note 2M)	2022	2021
Revenues			
Tuition fees & other student fees	\$ 16,343,296	\$ 16,103,510	\$ 15,579,233
Grants			
Manitoba Advanced Education, Skills & Immigration	40,829,268	40,357,230	42,211,614
Province of Manitoba - Other	83,879	310,329	73,065
Government of Canada	2,311,220	2,360,880	2,224,757
Sales of goods & services	3,931,789	3,606,828	2,160,215
Donations	726,240	1,471,728	570,475
Miscellaneous	633,902	943,975	555,288
Investment income other than capitalized endowment income	<u>2,270,800</u>	<u>1,598,922</u>	<u>2,428,115</u>
	<u>67,130,394</u>	<u>66,753,402</u>	<u>65,802,762</u>
Expenses (Note 15)			
Learning	34,371,505	29,104,705	29,861,862
Academic & student support	14,141,764	14,078,071	13,680,131
Facility operations & maintenance	7,468,574	10,583,058	9,572,783
Ancillary operations	3,366,412	3,323,906	2,916,860
Institutional support	6,552,157	6,342,739	5,964,858
Research	<u>2,581,482</u>	<u>2,766,678</u>	<u>2,601,576</u>
	<u>68,481,894</u>	<u>66,199,157</u>	<u>64,598,070</u>
Annual operating surplus/(loss)	(1,351,500)	554,245	1,204,692
Endowment contributions & transfers	780,300	2,365,406	683,376
Capitalized endowment income	<u>571,200</u>	<u>9,088,440</u>	<u>1,078,622</u>
Annual surplus	-	12,008,091	2,966,690
Accumulated surplus, beginning of year	<u>83,247,544</u>	<u>86,768,494</u>	<u>83,801,804</u>
Accumulated surplus, end of year	<u>\$ 83,247,544</u>	<u>\$ 98,776,585</u>	<u>\$ 86,768,494</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, 2022

	Budget (Note 2M)	2022	2021
Annual Surplus	\$	\$ 12,008,091	\$ 2,966,690
Acquisition of tangible capital assets	(3,458,995)	(2,509,915)	(2,402,645)
Amortization of tangible capital assets	2,815,650	3,226,543	3,022,493
Tangible capital asset disposals (net)		2,867,461	850,000
Change in prepaids		113,627	(355,832)
Change in accumulated remeasurement gains		<u>(9,125,513)</u>	<u>8,388,617</u>
Increase in net financial assets	(643,345)	6,580,294	12,469,323
Net financial assets, beginning of year	<u>42,067,188</u>	<u>42,985,607</u>	<u>30,516,284</u>
Net financial assets, end of year	<u>\$ 41,423,843</u>	<u>\$ 49,565,901</u>	<u>\$ 42,985,607</u>

Consolidated Statement of Remeasurement Gains & Losses for the year ended March 31, 2022

	2022	2021
Accumulated remeasurement gains, beginning of year	\$ 12,332,077	\$ 3,943,460
Unrealized gains/(losses) attributed to:		
Portfolio investments - restricted to endowments	<u>(9,125,513)</u>	<u>8,388,617</u>
Accumulated remeasurement gains, end of year	<u>\$ 3,206,564</u>	<u>\$ 12,332,077</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, 2022

	2022	2021
Cash Provided By (Used In) Operating Activities		
Net excess of revenues over expenses before interest	\$ 1,959,243	\$ 131,608
Interest and other investment income received	10,687,362	3,506,737
Interest paid	<u>(638,514)</u>	<u>(671,655)</u>
Annual surplus	12,008,091	2,966,690
Items not affecting cash flow		
Change in remeasurement gains/(losses)	(9,125,513)	8,388,617
Amortization of capital assets	3,226,543	3,022,493
Loss on disposal of capital assets	2,867,461	850,000
Net change in non-cash operating working capital		
Accounts receivable	(611,128)	777,959
Accounts payable and accrued liabilities	470,693	592,671
Deferred revenues	(453,520)	2,314,868
Employee future benefits	(5,492,992)	(3,073,144)
Other non-cash working capital	<u>180,902</u>	<u>(397,325)</u>
	<u>3,070,537</u>	<u>15,442,829</u>
Cash Used In Capital Activities		
Capital asset additions	<u>(2,509,915)</u>	<u>(2,402,645)</u>
Cash Used In Investing Activities		
Sale/(Purchase) of portfolio investments	<u>105,275</u>	<u>1,576,134</u>
Cash Provided By (Used In) Financing Activities		
Endowment fund contributions	(1,989,834)	(12,052,206)
Long-term debt principal received/(repaid)	<u>3,568,479</u>	<u>(514,137)</u>
	<u>1,578,645</u>	<u>(12,566,343)</u>
Increase in cash and cash equivalents	2,244,542	2,049,975
Cash and cash equivalents, beginning of year	<u>4,302,789</u>	<u>2,252,814</u>
Cash and cash equivalents, end of year	<u>\$ 6,547,331</u>	<u>\$ 4,302,789</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, 2022

1. Authority and Purpose

Brandon 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.

Tuition and other student fees and sales of goods and services are recognized as revenue in the period in which the goods are provided or the services rendered, or substantially rendered, and collection is reasonably assured.

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.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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. Portfolio Investments

Portfolio investments include both short-term and long-term investments.

Short-term investments are recorded at amortized cost and are unspent operating, capital and restricted funds invested to generate income used to fund general operations of the University. These investments are acquired principally for the purpose of selling in the near term and are part of a portfolio of identified instruments managed together and for which there is evidence of a recent pattern of short-term profit taking. All interest income is recognized in the period in which it arises.

Long-term investments are fixed income financial instruments, with maturity dates exceeding one year that are part of a portfolio of identified investments that are managed together. They are recorded at amortized cost and are unspent operating, capital and restricted funds invested to generate income used to fund general operations of the University.

F. 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. 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 financial statements.

G. 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.

H. 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.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

I. 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.

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.

J. 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 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.

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

K. Financial Instruments

The financial instruments of the University are classified at cost, fair value, or amortized cost.

Financial Statement Component	Measurement
Cash & cash equivalents	Cost
Portfolio investments	Amortized cost or fair value
Accounts receivable	Amortized cost
Accounts payable & accrued liabilities	Amortized cost
Long-term debt	Amortized cost

The amortized cost category uses the effective interest rate method.

L. 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.

M. 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.

N. 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, 2022

O. 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.

3. Cash & Cash Equivalents

	2022	2021
Cash	\$ 6,410,874	\$ 2,116,064
Cash equivalents	<u>136,457</u>	<u>2,186,725</u>
	<u>\$ 6,547,331</u>	<u>\$ 4,302,789</u>

4. Accounts Receivable

	2022	2021
Student receivables	\$ 340,720	\$ 288,010
Research Manitoba grant receivable	228,599	-
Employee Payroll Deductions receivable	200,876	2,236
Canada West Travel Subsidy receivable	71,888	-
CURIE Insurance Claim receivable	71,785	-
Miscellaneous	353,432	320,926
Less: allowance for doubtful accounts	<u>(122,000)</u>	<u>(77,000)</u>
	<u>\$ 1,145,300</u>	<u>\$ 534,172</u>

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:

	2022		2021	
	Cost of Sales		Carrying Values	
Athletics	\$ 39,631	\$ 8,398	\$ 16,267	\$ 22,016
Food Services	309,515	213,744	61,003	37,028
Print Shop	<u>36,754</u>	<u>12,211</u>	<u>-</u>	<u>28,723</u>
	<u>\$ 385,900</u>	<u>\$ 234,353</u>	<u>\$ 77,270</u>	<u>\$ 87,767</u>

6. Other Assets

Other assets consist of the following:

	2022	2021
Cash value of life insurance policies	\$ <u>49,944</u>	\$ <u>74,143</u>
	<u>\$ 49,944</u>	<u>\$ 74,143</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

7. Portfolio Investments

Non-endowed guaranteed investment certificates

	2022	2021
Maturity		
Less than 1 year	\$ 919,250	\$ 2,024,525
1 - 5 years	<u>1,000,000</u>	<u>-</u>
	<u>\$ 1,919,250</u>	<u>\$ 2,024,525</u>

Restricted endowment investments

	2022	2021
Restricted endowment investments carried at cost:		
Cash & short term notes	\$ 7,032	\$ 23,621,629
Restricted endowment investments carried at fair value:		
Bonds	21,162,589	18,105,146
Equities	52,154,070	32,777,175
Real Estate	1,431,178	-
Infrastructure	<u>1,738,915</u>	<u>-</u>
	<u>\$ 76,493,784</u>	<u>\$ 74,503,950</u>

8. Accounts Payable and Accrued Liabilities

	2022	2021
Accounts payable	\$ 4,841,015	4,335,830
Accrued vacation pay	1,193,011	1,224,693
Accrued property taxes	<u>24,870</u>	<u>27,680</u>
	<u>\$ 6,058,896</u>	<u>\$ 5,588,203</u>

9. Employee Future Benefits

	2022	2021
Pension plan liability	\$ 1,597,000	\$ 7,065,000
Post-employment benefits	1,343,000	1,380,000
Compensated absences	<u>396,403</u>	<u>384,395</u>
	<u>\$ 3,336,403</u>	<u>\$ 8,829,395</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).

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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, 2020. The next actuarial valuation is required as at December 31, 2021 and will be completed in 2022.

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.

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 2021	December 31 2020
Accounts receivable and other	\$ 624	\$ 5,543
Cash and short-term investments	726	743
Bonds and debentures	92,273	84,982
Canadian equities	66,284	58,491
Foreign equities	<u>90,301</u>	<u>81,078</u>
Total net assets	<u>\$ 250,208</u>	<u>\$ 230,837</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 2021	December 31 2020
Reconciliation of Plan Assets		
Fair value, beginning of year	\$ 225,644	\$ 203,861
Employer contributions	3,430	3,357
Employee contributions	2,508	2,349
Transfers from other plans	7	167
Benefit payments	(10,593)	(11,261)
Actual return on plan assets (net of expenses)	<u>28,966</u>	<u>27,171</u>
	<u>\$ 249,962</u>	<u>\$ 225,644</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

	(in thousands of dollars)	
	December 31 2021	December 31 2020
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	\$ 196,622	\$ 193,842
Employer service cost	5,687	5,482
Interest cost	10,194	10,125
Benefit payments	(10,593)	(11,261)
Transfers from other plans	7	167
Actuarial (gains)/losses	<u>1,148</u>	<u>(1,733)</u>
Accrued benefit obligation, end of year	<u>\$ -</u>	<u>\$ 196,622</u>

	(in thousands of dollars)	
	December 31 2021	December 31 2020
Unamortized Actuarial (Gains)/Losses		
Net unamortized actuarial gains, beginning of year	\$ (36,943)	\$ (21,039)
Net actuarial gain	(16,094)	(18,242)
Amortization of actuarial loss	<u>3,770</u>	<u>2,338</u>
Net unamortized actuarial gains, end of year	<u>\$ (49,267)</u>	<u>\$ (36,943)</u>

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

	(in thousands of dollars)	
	March 31 2022	March 31 2021
Accrued Pension Liability		
Accrued pension liability, beginning of year	\$ (7,065)	\$ (10,153)
Employer contributions	3,347	3,346
Net pension plan expense	<u>2,121</u>	<u>(258)</u>
Accrued pension liability, end of year	<u>\$ (1,597)</u>	<u>\$ (7,065)</u>

	(in thousands of dollars)	
	March 31 2022	March 31 2021
Net Benefit Plan Expense		
Current service cost, net of employee contributions	\$ 3,179	\$ 3,133
Interest accrued on benefits	10,194	10,125
Expected return on plan assets	(11,724)	(10,662)
Amortization of actuarial gain	<u>(3,770)</u>	<u>(2,338)</u>
Net pension plan expense	<u>\$ (2,121)</u>	<u>\$ 258</u>

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

	2022	2021
Discount rate	5.25 %	5.30 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate	CPM2014 Public Sector Table projected with Scale CPM-B	

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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

	2022	2021
Discount rate	5.50 %	5.25 %
Rate of salary increase	3.00 %	3.00 %
Mortality rate 2022	2020 VitaCurves Table projected with Scale CPM-B	
Mortality rate 2021	CPM2014 Public Sector Table projected with Scale CPM-B	

The unamortized net actuarial gains will be amortized over the expected average remaining service life (EARSL) which is 2022 - 9.8 years (2021 - 9.0 years).

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 \$9,785,000. Special payments are not required to be made. The next going-concern valuation will be performed as at December 31, 2021 and will be completed in 2022.

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, 2021 with the next valuation due as at March 31, 2025.

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

	2022	2021
Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	\$ 1,195,000	\$ 1,186,000
Employer service cost	65,000	58,000
Interest cost	62,000	64,000
Benefit payments	(146,000)	(59,000)
Actuarial losses	<u>(34,000)</u>	<u>(54,000)</u>
Accrued benefit obligation, end of year	<u>\$ 1,142,000</u>	<u>\$ 1,195,000</u>
Accrued Benefit Liability		
Accrued benefit liability, beginning of year	\$ 1,380,000	\$ 1,333,000
Employer contributions	(146,000)	(59,000)
Benefit expense	<u>109,000</u>	<u>106,000</u>
Accrued benefit liability, end of year	<u>\$ 1,343,000</u>	<u>\$ 1,380,000</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

	2022	2021
Benefit Plan Expense		
Employer service cost	\$ 65,000	\$ 58,000
Interest cost	62,000	64,000
Amortization of net actuarial loss	<u>(18,000)</u>	<u>(16,000)</u>
Benefit plan expense	<u>\$ 109,000</u>	<u>\$ 106,000</u>

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

	2022	2021
Discount rate (accrued benefit obligation)	5.50%	5.25%
Rate of compensation increase (weighted average)	3.78%	3.30%

The unamortized net actuarial gains of \$201,000 (2021 - \$185,000) will be amortized over the expected average remaining service life (EARSL) which is 10.4 years (2021 - 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.

	2022	2021
Accrued benefit liability	<u>\$ -</u>	<u>\$ 369,330</u>
Net benefit cost	\$ 26,597	\$ 30,211
Discount rate	5.50%	5.30%

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.

	2022	2021
Accrued benefit liability and benefit cost	<u>\$ 476</u>	<u>\$ 15,065</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

10. Tangible Capital Assets

The University received \$45,308 of donated tangible capital assets in the year. The total book value of donated capital assets is \$2,387,602.

For the year ended March 31, 2022	Land	Buildings	Vehicles	Furniture and equipment	Library collections	Leasehold improvements	Assets under construction/ development	Total
Cost, beginning of year	\$ 1,347,486	\$ 96,301,434	\$ 48,281	\$ 23,420,063	\$ 13,933,403	\$ 736,703	\$ 1,815,809	\$ 137,603,179
Additions	-	213,651	-	1,887,907	236,043	-	172,315	2,509,916
Disposals	845,731	541,599	-	158,845	-	-	1,540,808	3,086,983
Cost, end of year	501,755	95,973,486	48,281	25,149,125	14,169,446	736,703	447,316	137,026,112
Accumulated amortization, beginning of year	-	52,577,135	47,522	16,656,550	12,156,575	736,703	-	82,174,485
Amortization	-	1,699,790	759	950,749	355,723	-	-	3,007,021
Accumulated amortization, end of year	-	54,276,925	48,281	17,607,299	12,512,298	736,703	-	85,181,506
Net carrying amount, end of year	\$ 501,755	\$ 41,696,561	\$ -	\$ 7,541,826	\$ 1,657,148	\$ -	\$ 447,316	\$ 51,844,606

For the year ended March 31, 2021	Land	Buildings	Vehicles	Furniture and equipment	Library collections	Leasehold improvements	Assets under construction/ development	Total
Cost, beginning of year	\$ 2,197,486	\$ 96,255,918	\$ 48,281	\$ 21,432,573	\$ 13,591,981	\$ 736,703	\$ 1,787,592	\$ 136,050,534
Additions	-	45,516	-	1,987,490	341,422	-	28,217	2,402,645
Disposals	850,000	-	-	-	-	-	-	850,000
Cost, end of year	1,347,486	96,301,434	48,281	23,420,063	13,933,403	736,703	1,815,809	137,603,179
Accumulated amortization, beginning of year	-	50,830,366	47,522	15,764,288	11,773,111	736,703	-	79,151,990
Amortization	-	1,746,769	-	892,262	383,464	-	-	3,022,495
Accumulated amortization, end of year	-	52,577,135	47,522	16,656,550	12,156,575	736,703	-	82,174,485
Net carrying amount, end of year	\$ 1,347,486	\$ 43,724,299	\$ 759	\$ 6,763,513	\$ 1,776,828	\$ -	\$ 1,815,809	\$ 55,428,694

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. An estimate of the value of the University collection is \$1,358,307 (2021 - \$1,358,307).

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

11. Financial Risk Management

Financial instruments are exposed to risk through the normal course of operations. These risks are managed through the University's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

i) Market Risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of these three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk is the risk fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The University is exposed to this risk through its interest bearing investments. The University's short-term investments are guaranteed investment certificates and bonds. Interest rates range from 0.90% to 0.97% with maturity dates in August, 2022. The University's long-term investment is a principal protected note. The note matures in March 2025 paying a variable interest rate, if any, at maturity to a maximum of 18.50%. While the principal is protected, no interest will be payable unless the portfolio performance is positive.

Foreign currency risk is the risk the value of non-Canadian investments measured in Canadian dollars will fluctuate due to changes in foreign exchange rates. The University's exposure to foreign exchange risk is in foreign equities which is restricted for endowment investments and comprises 45% of the total bench mark portfolio.

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk.

ii) Liquidity Risk

Liquidity risk is the risk the University will encounter difficulty in having available sufficient funds to meet its commitments.

The cash flow of operating funds is prepared on a just in time basis. The short-term and long-term investments of the University are invested so maturity dates coincide with cash requirements. As well, the University has access to a short-term line of credit with CIBC which is designed to ensure sufficient funds are available as required.

iii) Credit Risk

Credit risk arises from the possibility a loss may occur from the failure of another party to perform according to the terms of a contract. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at March 31 was:

	Carrying Amount	
	2022	2021
Cash & cash equivalents	\$ 6,547,331	\$ 4,302,789
Portfolio investments	78,413,034	76,528,475
Accounts receivable	<u>1,145,300</u>	<u>534,172</u>
Totals	<u>\$ 86,105,665</u>	<u>\$ 81,365,436</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

The cash equivalents and non-endowed portfolio investments of the University are purchases made with excess cash intended to be for short periods of time and are held in high quality instruments with a guaranteed credit rating of R1 or backed by an extremely strong borrower. Risk is limited for portfolio investments restricted for endowments by only acquiring high quality bonds and debentures, the majority being "A" rated or better.

The credit risk from accounts receivable is relatively low as the majority of receivables are from students and the balance from government agencies. Credit risk from student receivables is managed through registration cancellations and by maintaining standard collection procedures. There have been no substantive changes in the University's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

12. Deferred Revenues

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

	2022	2021
	Deferred	Deferred
	Revenues	Revenues
Balance, beginning of year	\$ 10,639,615	\$ 8,324,747
Less: prior period adjustment	-	(54,377)
Contributions received and receivable		
Province of Manitoba - Advanced Education, Skills and Immigration	955,000	937,827
Province of Manitoba - Other	547,806	107,529
Government of Canada	3,016,456	2,471,798
Donations	1,103,346	658,958
Investment income	1,700,356	4,447,379
Miscellaneous	<u>534,398</u>	<u>630,557</u>
	7,857,362	9,199,671
Recognized as revenue	(7,678,260)	(6,550,299)
Transfers to endowment & trust funds	<u>(632,622)</u>	<u>(334,504)</u>
Balance, end of year	<u>\$ 10,186,095</u>	<u>\$ 10,639,615</u>
Balance consists of:		
Endowment & trust funds	\$ 7,137,133	\$ 8,515,757
Research	2,417,990	1,628,316
Special purpose accounts	<u>630,972</u>	<u>495,542</u>
Deferred revenues	<u>\$ 10,186,095</u>	<u>\$ 10,639,615</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

13. 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	2022	2021
Mortgages Payable				
McMaster Hall, Canada Mortgage and Housing Corporation	2021	8.25 %	\$ -	\$ 125,817
215 & 223 18th Street, Province of Manitoba	2054	4.50 %	458,606	464,791
1718 Princess Avenue, Province of Manitoba	2045	4.00 %	<u>227,989</u>	<u>237,622</u>
			<u>\$ 686,595</u>	<u>\$ 828,230</u>
Promissory Notes - Province of Manitoba, Advanced Education, Skills & Immigration				
Advance 1 - Physical Plant Building	2049	5.65 %	\$ 2,609,542	\$ 2,706,790
Advance 2 - Deferred Maintenance	2049	5.65 %	570,208	591,458
Advance 3 - Deferred Maintenance	2049	5.45 %	1,036,838	1,052,419
Advance 5 - Deferred Maintenance	2050	4.85 %	881,142	911,879
Advance 7 - Knowledge Infrastructure Program	2051	5.00 %	403,638	417,557
Advance 9 - Deferred Maintenance	2054	4.50 %	1,142,969	1,178,594
Advance 11 - Healthy Living Centre	2054	4.50 %	4,259,062	4,391,813
Advance 12 - Deferred Maintenance	2055	3.35 %	627,853	646,927
Advance 14 - Deferred Maintenance	2056	3.75 %	597,662	615,112
Advance 15 - Deferred Maintenance	2061	3.25 %	446,250	-
Advance 16 - Nursing Expansion	2032	2.50 %	<u>3,647,500</u>	<u>-</u>
			<u>\$ 16,222,664</u>	<u>\$ 12,512,549</u>
Total Long-term Debt			<u>\$ 16,909,259</u>	<u>\$ 13,340,779</u>

Interest expense for the year on debt is \$ 638,514 (2021 - \$671,655) and is included in the Statement of Operations.

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

	Principal	Interest
2023	776,609	707,900
2024	777,825	680,688
2025	779,106	650,159
2026	780,456	621,187
2027	781,879	592,142
Thereafter	<u>13,013,384</u>	<u>6,966,051</u>
	<u>\$ 16,909,259</u>	<u>\$ 10,218,127</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

14. Net Assets

Net assets are comprised of the following:

	2022	2021
Accumulated deficit from operations	\$ (2,722,291)	\$ (9,607,482)
Internally restricted funds	1,133,154	1,138,073
Invested in tangible capital assets	34,935,346	42,087,915
Endowments	65,430,380	53,149,992
Accumulated remeasurement gains	<u>3,206,560</u>	<u>12,332,073</u>
	<u>\$101,983,149</u>	<u>\$ 99,100,571</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.

	2022	2021
General operations & Ancillary Services	\$ (161,818)	\$ 2,724,542
Unrestricted research & special purpose activities	376,011	601,045
Outstanding balances due to capital fund (see ii below)	1,512,190	(2,995,166)
Brandon University Foundation unrestricted funds	105,610	143,865
Employee future benefits	<u>(4,554,284)</u>	<u>(10,081,768)</u>
	<u>\$ (2,722,291)</u>	<u>\$ (9,607,482)</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:

	2022	2021
Capital acquisitions	\$121,629,043	\$121,267,233
Accumulated amortization	<u>(85,181,507)</u>	<u>(82,174,484)</u>
	<u>\$ 36,447,536</u>	<u>\$ 39,092,749</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Outstanding/(surplus) capital balances:

Student Led Family Housing	\$ -	\$ 477,350
Downtown Project	-	391,150
Parking Lot 11 Renovation	260,955	260,955
Library Basement	33,732	83,732
Library Chiller Replacement	(125,450)	<u>\$ -</u>
Healthy Living Centre Dryer	(5,395)	-
Energy Retrofit	317,350	264,015
Healthy Living Centre Gym Floor	890,334	901,334
Under Cable	391,245	367,877
Wireless Internet	94,740	-
Anatomage Table	-	143,151
Water Fountains Project	-	272
Nursing - Brandon Renovation	(1,009,575)	-
Nursing - Office and Lab Equipment	(214,245)	-
Psychiatric Nursing - Winnipeg Renovation	(1,965,361)	-
Psychiatric Nursing - Office and Lab Equipment	(285,850)	<u>\$ -</u>
McMaster Hall Riser Replacements	<u>105,330</u>	<u>105,330</u>
	<u>\$ (1,512,190)</u>	<u>\$ 2,995,166</u>
Total	\$ <u>34,935,346</u>	\$ <u>42,087,915</u>

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

Capital Activities	2022	2021
Ancillary Services	\$ 289,252	\$ 270,969
Cello Repair	21,000	17,500
Kiln Replacement	24,000	24,000
Womens' Volleyball	15,000	15,000
Geography Lab Equipment	6,700	6,700
Healthy Living Centre	(8,950)	(8,950)
Piano Purchase	(50,000)	-
Telephone replacement	302,929	317,037
Vehicle replacement	<u>10,000</u>	<u>5,000</u>
	<u>\$ 609,931</u>	<u>\$ 647,256</u>
 Operating Activities	 2022	 2021
BU Graduate Diploma Education Program (BUDEP)	\$ 42,754	\$ 42,754
Community Based Education (CBE)	63,923	64,013
Opaskawayak Cree Nation (OCN)	(20,806)	(2,436)
Program for the Education of Native Teachers (PENT)	<u>437,352</u>	<u>386,486</u>
	<u>\$ 523,223</u>	<u>\$ 490,817</u>
Total	\$ <u>1,133,154</u>	\$ <u>1,138,073</u>

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

- 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.

15. Expenses By Object

The following is a summary of the expenses by object:

	2022	2021
Salaries - academic	\$ 27,559,905	\$ 26,363,096
Salaries - support	16,178,351	15,654,331
Benefits	2,145,194	4,108,280
Travel	589,404	186,120
Supplies & consumable expenses	8,631,548	8,623,901
Cost of goods sold	385,900	234,353
Scholarships & bursaries	3,771,998	3,948,347
Interest on long-term debt	638,514	671,655
Utilities	1,068,565	935,494
Amortization	3,232,043	3,022,493
Loss on disposal of tangible capital assets	<u>1,997,735</u>	<u>850,000</u>
Total	<u>\$ 66,199,157</u>	<u>\$ 64,598,070</u>

16. 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.

17. 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.

18. 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 \$7,495 for the year ended March 31, 2022 (2021 - \$3,204).

Brandon University

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

19. 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.

20. Subsequent Event – COVID-19 Pandemic

As of March 31, 2022 and subsequent to year end, COVID-19 continues to significantly impact Canada and the global economy. The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. Brandon University's ability to continue to meet obligations as they come due is dependent on the continued ability to generate cash flows. Brandon University's investment revenue may fluctuate with changes in market interest rates due to the economic changes of COVID-19. Management is actively monitoring the affect on its financial condition, liquidity, operations, industry and workforce.

As well, future economic conditions may impact the operations of the University, such as a student's ability to afford to attend, pay their account in full, or on time; how classes will be taught in the Fall and Winter terms and what effect physical distancing requirements will have. It is unknown how travel restrictions will affect the ability of international or out of Province students to attend. Brandon University's ability to meet the Retirement Plan obligations is partially dependent on the earnings of the Plan investments. Investment returns contribute to financing the obligations of the Retirement Plan. However, returns are "smoothed" over a four-year period, which minimizes the shock of a single bad (or good) year. Brandon University is the residual funder of the Retirement Plan so any funding shortfall in the Plan affects the University operating budget. The Plan is a defined benefit plan, which means pensions should not be affected by periodic market fluctuations.

21. Comparative Figures

Comparative figures for the year ended March 31, 2021 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2022.