

# **BRANDON UNIVERSITY**

## **ANNUAL FINANCIAL REPORT**

**For the year ended March 31, 2021**



**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 BDO, 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 26, 2021



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## Independent Auditor's Report

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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, 2021, 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, 2021, 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 26, 2021

# Brandon University Consolidated Financial Statements

## Consolidated Statement of Financial Position as at March 31, 2021

	2021	2020
<b>Financial Assets (excluding portfolio investments restricted for endowments)</b>		
Cash & cash equivalents (Note 3)	\$ 4,302,789	\$ 2,252,814
Accounts receivable (Note 4)	534,172	1,312,131
Inventories for resale (Note 5)	87,767	105,547
Other assets (Note 6)	74,143	71,609
Portfolio investments (Note 7)	<u>2,024,525</u>	<u>3,600,659</u>
	<u>7,023,396</u>	<u>7,342,760</u>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 8)	5,588,203	4,995,532
Unearned revenue	143,746	200,485
Employee future benefits (Note 9)	8,829,395	11,902,539
Deferred revenues (Note 12)	10,639,615	8,324,747
Long-term debt (Note 13)	<u>13,340,780</u>	<u>13,854,917</u>
	<u>38,541,739</u>	<u>39,278,220</u>
<b>Net financial debt excluding portfolio investments restricted for endowments</b>	<u>(31,518,343)</u>	<u>(31,935,460)</u>
Portfolio investments restricted for endowments (Note 7)	<u>74,503,950</u>	<u>62,451,744</u>
<b>Net Financial Assets</b>	<u>42,985,607</u>	<u>30,516,284</u>
<b>Non-financial Assets</b>		
Tangible capital assets (Notes 2(F) and 10)	55,428,695	56,898,543
Prepaid expenses	<u>686,269</u>	<u>330,437</u>
	<u>56,114,964</u>	<u>57,228,980</u>
<b>Net Assets</b>	<u>\$ 99,100,571</u>	<u>\$ 87,745,264</u>
Net assets comprised of (Note 14):		
Accumulated surplus	86,768,494	83,801,804
Accumulated remeasurement gains	<u>12,332,077</u>	<u>3,943,460</u>
	<u>\$ 99,100,571</u>	<u>\$ 87,745,264</u>

Approved by the Brandon University  
Board of Governors on June 26, 2021

*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, 2021

	Budget (Note 2M)	2021	2020
<b>Revenues</b>			
Tuition fees & other student fees	\$ 14,112,947	\$ 15,579,233	\$ 14,508,480
Grants			
Manitoba Advanced Education, Skills & Immigration	40,500,275	42,211,614	41,116,302
Province of Manitoba - Other	238,271	73,065	217,333
Government of Canada	2,043,110	2,224,757	1,995,002
Sales of goods & services	4,396,699	2,160,215	5,640,376
Donations	712,000	570,475	1,059,524
Miscellaneous	1,376,341	555,288	777,388
Investment income other than capitalized endowment income	<u>2,230,000</u>	<u>2,428,115</u>	<u>2,488,366</u>
	<u>65,609,643</u>	<u>65,802,762</u>	<u>67,802,771</u>
<b>Expenses (Note 15)</b>			
Learning	33,269,711	29,861,862	33,767,181
Academic & student support	13,220,183	13,680,131	13,610,657
Facility operations & maintenance	7,440,984	9,572,783	8,888,562
Ancillary operations	3,711,984	2,916,860	4,564,700
Institutional support	6,441,743	5,964,858	7,556,458
Research	<u>2,850,038</u>	<u>2,601,576</u>	<u>2,681,973</u>
	<u>66,934,643</u>	<u>64,598,070</u>	<u>71,069,531</u>
<b>Annual operating surplus/(loss)</b>	<b>(1,325,000)</b>	<b>1,204,692</b>	<b>(3,266,760)</b>
Endowment contributions & transfers	765,000	683,376	1,292,868
Capitalized endowment income	<u>560,000</u>	<u>1,078,622</u>	<u>2,148,284</u>
Annual surplus		2,966,690	174,392
<b>Accumulated surplus, beginning of year</b>	<u><b>83,247,544</b></u>	<u><b>83,801,804</b></u>	<u><b>83,627,412</b></u>
<b>Accumulated surplus, end of year</b>	<u><b>\$ 83,247,544</b></u>	<u><b>\$ 86,768,494</b></u>	<u><b>\$ 83,801,804</b></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, 2021

	Budget (Note 2M)	2021	2020
<b>Annual Surplus</b>	\$	\$ 2,966,690	\$ 174,392
Acquisition of tangible capital assets	(1,630,713)	(2,402,645)	(2,055,903)
Amortization of tangible capital assets	2,899,910	3,022,493	2,969,643
Tangible capital asset disposals (net)		850,000	3,290
Change in prepaids		(355,832)	(42,304)
Change in accumulated remeasurement gains		<u>8,388,617</u>	<u>(11,008,372)</u>
Increase in net financial assets	1,269,197	12,469,323	(9,959,254)
<b>Net financial assets, beginning of year</b>	<u>40,797,991</u>	<u>30,516,284</u>	<u>40,475,538</u>
<b>Net financial assets, end of year</b>	<u>\$ 42,067,188</u>	<u>\$ 42,985,607</u>	<u>\$ 30,516,284</u>

## Consolidated Statement of Remeasurement Gains & Losses for the year ended March 31, 2021

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 3,943,460	\$ 14,951,832
Unrealized losses attributed to:		
Portfolio investments - restricted to endowments	<u>8,388,617</u>	<u>(11,008,372)</u>
<b>Accumulated remeasurement gains, end of year</b>	<u>\$ 12,332,077</u>	<u>\$ 3,943,460</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, 2021

	2021	2020
Cash Provided By (Used In) Operating Activities		
Net excess/(shortfall) of revenues over expenses before interest	\$ 131,608	\$ (3,769,843)
Interest and other investment income received	3,506,737	4,636,650
Interest paid	<u>(671,655)</u>	<u>(692,415)</u>
Annual surplus	2,966,690	174,392
Items not affecting cash flow		
Change in remeasurement losses	8,388,617	(11,008,372)
Amortization of capital assets	3,022,493	2,969,643
Loss on disposal of capital assets	850,000	3,290
Net change in non-cash operating working capital		
Accounts receivable	777,959	(198,142)
Accounts payable and accrued liabilities	592,671	803,997
Deferred revenues	2,314,868	73,328
Employee future benefits	(3,073,144)	(204,955)
Other non-cash working capital	<u>(397,325)</u>	<u>(80,435)</u>
	<u>15,442,829</u>	<u>(7,467,254)</u>
Cash Used In Capital Activities		
Capital asset additions	<u>(2,402,645)</u>	<u>(2,055,903)</u>
Cash Used In Investing Activities		
Sale/(Purchase) of portfolio investments	<u>1,576,134</u>	<u>880,873</u>
Cash Provided By (Used In) Financing Activities		
Endowment fund contributions	(12,052,206)	7,842,677
Long-term debt repayments	<u>(514,137)</u>	<u>(504,105)</u>
	<u>(12,566,343)</u>	<u>7,338,572</u>
Increase/(Decrease) in cash and cash equivalents	2,049,975	(1,303,712)
Cash and cash equivalents, beginning of year	<u>2,252,814</u>	<u>3,556,526</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 4,302,789</u></b>	<b><u>\$ 2,252,814</u></b>

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, 2021

### 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, 2021

### 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, 2021

### 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, 2021

### 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 adjustment to the respective funds.

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

### 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

	2021	2020
Cash	\$ 2,116,064	\$ 1,552,272
Cash equivalents	<u>2,186,725</u>	<u>700,542</u>
	<u>\$ 4,302,789</u>	<u>\$ 2,252,814</u>

### 4. Accounts Receivable

	2021	2020
Student receivables	\$ 288,010	\$ 519,636
Province of Manitoba	-	395,449
Miscellaneous	323,162	474,046
Less: allowance for doubtful accounts	<u>(77,000)</u>	<u>(77,000)</u>
	<u>\$ 534,172</u>	<u>\$ 1,312,131</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:

	2021      2020		2021      2020	
	Cost of Sales		Carrying Values	
Athletics	\$ 8,398	\$ 69,766	\$ 22,016	\$ 21,535
Food Services	213,744	666,200	37,028	48,193
Print Shop	<u>12,211</u>	<u>39,050</u>	<u>28,723</u>	<u>35,819</u>
	<u>\$ 234,353</u>	<u>\$ 775,016</u>	<u>\$ 87,767</u>	<u>\$ 105,547</u>

### 6. Other Assets

Other assets consist of the following:

	2021	2020
Cash value of life insurance policies	\$ 74,143	\$ 71,609
Annuity contracts	<u>-</u>	<u>-</u>
	<u>\$ 74,143</u>	<u>\$ 71,609</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

#### 7. Portfolio Investments

Non-endowed guaranteed investment certificates

	2021	2020
Maturity		
Less than 1 year	\$ 2,024,525	\$ 1,494,000
1 - 5 years	<u>-</u>	<u>2,106,659</u>
	<u>\$ 2,024,525</u>	<u>\$ 3,600,659</u>

Restricted endowment investments

	2021	2020
Restricted endowment investments carried at cost:		
Cash & short term notes	\$ 23,621,629	\$ 4,530,677
Restricted endowment investments carried at fair value:		
Bonds	18,105,146	18,847,523
Equities	<u>32,777,175</u>	<u>39,073,544</u>
	<u>\$ 74,503,950</u>	<u>\$ 62,451,744</u>

The annual cash flow from bonds ranges from \$6,695 to \$183,874 each. As of March 31, 2021, the cost of the endowed portfolio investments was \$53,156,688 (2020 - \$55,013,784).

#### 8. Accounts Payable and Accrued Liabilities

	2021	2020
Accounts payable	\$ 4,335,830	3,917,468
Accrued vacation pay	1,224,693	1,045,604
Accrued property taxes	<u>27,680</u>	<u>32,460</u>
	<u>\$ 5,588,203</u>	<u>\$ 4,995,532</u>

#### 9. Employee Future Benefits

	2021	2020
Pension plan liability	\$ 7,065,000	\$ 10,153,000
Post-employment benefits	1,380,000	1,333,000
Compensated absences	<u>384,395</u>	<u>416,539</u>
	<u>\$ 8,829,395</u>	<u>\$ 11,902,539</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, 2021

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, 2019. The next actuarial valuation is required as at December 31, 2020 and will be completed in 2021.

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)	
	<b>December 31 2020</b>	<b>December 31 2019</b>
Accounts receivable and other	\$ 5,543	\$ 934
Cash and short-term investments	743	
Bonds and debentures	84,982	75,999
Canadian equities	58,491	52,664
Foreign equities	<u>81,078</u>	<u>74,487</u>
Total net assets	<u>\$ 230,837</u>	<u>\$ 204,084</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)	
	<b>December 31 2020</b>	<b>December 31 2019</b>
<b>Reconciliation of Plan Assets</b>		
Fair value, beginning of year	\$ 203,861	\$ 176,274
Employer contributions	3,357	3,256
Employee contributions	2,349	2,521
Transfers from other plans	167	612
Benefit payments	(11,261)	(9,859)
Actual return on plan assets (net of expenses)	<u>27,171</u>	<u>31,057</u>
	<u>\$ 225,644</u>	<u>\$ 203,861</u>

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

	(in thousands of dollars)	
	<b>December 31 2020</b>	<b>December 31 2019</b>
<b>Accrued Benefit Obligation</b>		
Accrued benefit obligation, beginning of year	\$ 193,842	\$ 182,345
Employer service cost	5,482	5,605
Interest cost	10,125	10,019
Benefit payments	(11,261)	(9,859)
Transfers from other plans	167	612
Actuarial (gains)/losses	<u>(1,733)</u>	<u>5,120</u>
Accrued benefit obligation, end of year	<u>\$ 196,622</u>	<u>\$ 193,842</u>

	(in thousands of dollars)	
	<b>December 31 2020</b>	<b>December 31 2019</b>
<b>Unamortized Actuarial (Gains)/Losses</b>		
Net unamortized actuarial gains, beginning of year	\$ (21,039)	\$ (5,395)
Net actuarial (gain)/loss	(18,242)	(16,250)
Amortization of actuarial loss	<u>2,338</u>	<u>606</u>
Net unamortized actuarial gains, end of year	<u>\$ (36,943)</u>	<u>\$ (21,039)</u>

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

	(in thousands of dollars)	
	<b>March 31 2021</b>	<b>March 31 2020</b>
<b>Accrued Pension Liability</b>		
Accrued pension liability, beginning of year	\$ (10,153)	\$ (10,432)
Employer contributions	3,346	3,089
Net pension plan expense	<u>(258)</u>	<u>(2,810)</u>
Accrued pension liability, end of year	<u>\$ (7,065)</u>	<u>\$ (10,153)</u>

	(in thousands of dollars)	
	<b>March 31 2021</b>	<b>March 31 2020</b>
<b>Net Benefit Plan Expense</b>		
Current service cost, net of employee contributions	\$ 3,133	\$ 3,084
Interest accrued on benefits	10,125	10,019
Expected return on plan assets	(10,662)	(9,687)
Amortization of actuarial gain	<u>(2,338)</u>	<u>(606)</u>
Net pension plan expense	<u>\$ 258</u>	<u>\$ 2,810</u>

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

	<b>2021</b>	<b>2020</b>
Discount rate	5.30 %	5.55 %
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, 2021

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

	<b>2021</b>	<b>2020</b>
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	

The unamortized net actuarial gains will be amortized over the expected average remaining service life (EARSL) which is 2021 - 9.8 years (2020 - 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 funding deficit of \$174,000 is required to be funded over a maximum of 15 years. The existing funding deficit will be funded over 7 years. Special payments are not required to be made in 2021 \$ - (2020 - \$26,000). The next going-concern valuation will be performed as at December 31, 2020 and will be completed in 2021.

#### 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:

	<b>2021</b>	<b>2020</b>
<b>Accrued Benefit Obligation</b>		
Accrued benefit obligation, beginning of year	\$ 1,186,000	\$ 1,127,000
Employer service cost	58,000	55,000
Interest cost	64,000	63,000
Benefit payments	(59,000)	(85,000)
Actuarial losses	<u>(54,000)</u>	<u>26,000</u>
Accrued benefit obligation, end of year	<u>\$ 1,195,000</u>	<u>\$ 1,186,000</u>
<b>Accrued Benefit Liability</b>		
Accrued benefit liability, beginning of year	\$ 1,333,000	\$ 1,321,000
Employer contributions	(59,000)	(85,000)
Benefit expense	<u>106,000</u>	<u>97,000</u>
Accrued benefit liability, end of year	<u>\$ 1,380,000</u>	<u>\$ 1,333,000</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

	2021	2020
<b>Benefit Plan Expense</b>		
Employer service cost	\$ 58,000	\$ 55,000
Interest cost	64,000	63,000
Amortization of net actuarial loss	<u>(16,000)</u>	<u>(21,000)</u>
Benefit plan expense	<u>\$ 106,000</u>	<u>\$ 97,000</u>

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

	2021	2020
Discount rate (accrued benefit obligation)	5.25%	5.30%
Rate of compensation increase (weighted average)	3.30%	2.70%

The unamortized net actuarial gains of \$185,000 (2020 - \$147,000) will be amortized over the expected average remaining service life (EARSL) which is 10.4 years (2020 - 9.1 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.

	<b>2021</b>	<b>2020</b>
<b>Accrued benefit liability</b>	<u>\$ 369,330</u>	<u>\$ 339,120</u>
<b>Net benefit cost</b>	\$ 30,211	\$ 22,633
Discount rate	5.30%	5.55%

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.

	<b>2021</b>	<b>2020</b>
<b>Accrued benefit liability and benefit cost</b>	<u>\$ 15,065</u>	<u>\$ 77,419</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

#### 10. Tangible Capital Assets

##### Cost

	Balance as a March 31, 2021	Additions	Disposals	Balance as at March 31, 2020
Land	\$ 1,347,486	\$	\$ 850,000	\$ 2,197,486
Buildings	96,301,433	45,517		96,255,916
Vehicles	48,281			48,281
Furniture & equipment	23,420,063	1,987,490		21,432,573
Library collections	13,933,403	341,422		13,591,981
Leasehold improvements	736,703			736,703
Assets under construction/development	<u>1,815,808</u>	<u>28,216</u>	<u>                    </u>	<u>1,787,592</u>
	<u>\$137,603,177</u>	<u>\$ 2,402,645</u>	<u>\$ 850,000</u>	<u>\$136,050,532</u>

##### Accumulated Amortization

	Balance as at March 31, 2021	Disposals	Amortization	Balance as at March 31, 2020
Buildings	\$ 52,577,134	\$	\$ 1,746,768	\$ 50,830,366
Vehicles	47,522			47,522
Furniture & equipment	16,656,548		892,262	15,764,286
Library collections	12,156,575		383,463	11,773,112
Leasehold improvements	<u>736,703</u>	<u>                    </u>	<u>                    </u>	<u>736,703</u>
	<u>\$ 82,174,482</u>	<u>\$</u>	<u>\$ 3,022,493</u>	<u>\$ 79,151,989</u>

##### Net Book Value

	2021	2020
Land	\$ 1,347,486	\$ 2,197,486
Buildings	43,724,299	45,425,550
Vehicles	759	759
Furniture & equipment	6,763,515	5,668,287
Library collections	1,776,828	1,818,869
Leasehold improvements	-	-
Assets under construction/development	<u>1,815,808</u>	<u>1,787,592</u>
	<u>\$ 55,428,695</u>	<u>\$ 56,898,543</u>

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 (2020 - \$1,358,307).

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

### 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 0.75% to 3.05% with maturity dates from May, 2021 to November, 2021. The University's long-term investments are guaranteed investment certificates, bonds, and equity investments. Interest rates range 0.25% to 8.00% with maturity dates from September, 2021 to March, 2026.

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 minimal in that foreign equities in restricted for endowment investments only comprise 25% 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	
	2021	2020
Cash & cash equivalents	\$ 4,302,789	\$ 2,252,814
Portfolio investments	76,528,475	66,052,403
Accounts receivable	<u>534,172</u>	<u>1,312,131</u>
Totals	<u>\$ 81,365,436</u>	<u>\$ 69,617,348</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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:

	<b>2021</b>	<b>2020</b>
	<b>Deferred</b>	<b>Deferred</b>
	<b>Revenues</b>	<b>Revenues</b>
Balance, beginning of year	\$ 8,324,747	\$ 8,251,419
Less: prior period adjustment	(54,377)	
Contributions received and receivable		
Province of Manitoba - Advanced Education, Skills and Immigration	937,827	1,039,541
Province of Manitoba - Other	107,529	242,381
Government of Canada	2,471,798	2,335,868
Donations	658,958	747,541
Investment income	4,447,379	2,257,842
Miscellaneous	<u>630,557</u>	<u>699,714</u>
	9,199,671	7,322,887
Recognized as revenue	(6,550,299)	(6,791,860)
Transfers to endowment & trust funds	<u>(334,504)</u>	<u>(457,699)</u>
Balance, end of year	<u>\$ 10,639,615</u>	<u>\$ 8,324,747</u>
Balance consists of:		
Endowment & trust funds	\$ 8,515,757	\$ 6,577,758
Research	1,628,316	1,251,614
Special purpose accounts	<u>495,542</u>	<u>495,375</u>
Deferred revenues	<u>\$ 10,639,615</u>	<u>\$ 8,324,747</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

#### 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	2021	2020
<b>Mortgages Payable</b>				
McMaster Hall, Canada Mortgage and Housing Corporation				
215 & 223 18th Street, Province of Manitoba	2021	8.25 %	\$ 125,817	\$ 241,597
1718 Princess Avenue, Province of Manitoba	2054	4.50 %	464,791	470,704
	2045	4.00 %	<u>237,622</u>	<u>247,256</u>
			<u>\$ 828,230</u>	<u>\$ 959,557</u>
 <b>Promissory Notes - Province of Manitoba, Advanced Education, Skills &amp; Immigration</b>				
Advance 1 - Physical Plant Building	2049	5.65 %	\$ 2,706,792	\$ 612,706
Advance 2 - Deferred Maintenance	2049	5.65 %	591,458	2,804,042
Advance 3 - Deferred Maintenance	2049	5.45 %	1,052,419	1,067,175
Advance 5 - Deferred Maintenance	2050	4.85 %	911,879	942,617
Advance 7 - Knowledge Infrastructure Program	2051	5.00 %	417,557	431,475
Advance 9 - Deferred Maintenance	2054	4.50 %	1,178,594	1,214,219
Advance 11 - Healthy Living Centre	2054	4.50 %	4,391,812	4,524,563
Advance 12 - Deferred Maintenance	2055	3.35 %	646,927	666,001
Advance 14 - Deferred Maintenance	2056	3.75 %	<u>615,112</u>	<u>632,562</u>
			<u>\$ 12,512,550</u>	<u>\$ 12,895,360</u>
 Total Long-term Debt			 <u>\$ 13,340,780</u>	 <u>\$ 13,854,917</u>

Interest expense for the year on debt is \$ 671,655 (2020 - \$692,415) and is included in the Statement of Operations.

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

	Principal	Interest
2022	525,271	633,680
2023	400,608	606,545
2024	401,825	588,574
2025	403,107	567,772
2026	404,456	548,284
Thereafter	<u>11,205,513</u>	<u>7,158,321</u>
	<u>\$ 13,340,780</u>	<u>\$ 10,103,176</u>

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

### 14. Net Assets

Net assets are comprised of the following:

	<b>2021</b>	<b>2020</b>
Accumulated deficit from operations	\$ (9,607,482)	\$(12,162,371)
Internally restricted funds	1,131,373	1,519,846
Invested in tangible capital assets	42,087,915	43,043,626
Endowments	53,156,688	51,400,703
Accumulated remeasurement gains	<u>12,332,077</u>	<u>3,943,460</u>
	<u>\$ 99,100,571</u>	<u>\$ 87,745,264</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.

	<b>2021</b>	<b>2020</b>
General operations & Ancillary Services	\$ 2,724,542	\$ 2,855,307
Unrestricted research & special purpose activities	601,045	657,399
Outstanding balances due to capital fund (see ii below)	(2,995,166)	(3,048,146)
Brandon University Foundation unrestricted funds	143,865	353,673
Employee future benefits	<u>(10,081,768)</u>	<u>(12,980,604)</u>
	<u>\$ (9,607,482)</u>	<u>\$ (12,162,371)</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:

	<b>2021</b>	<b>2020</b>
Capital acquisitions	121,267,233	119,147,472
Accumulated amortization	<u>(82,174,484)</u>	<u>(79,151,991)</u>
	<u>39,092,749</u>	<u>39,995,481</u>
Outstanding capital balances:		
Student Led Family Housing	\$ 477,350	\$ 568,645
Downtown Project	391,150	390,820
Parking Lot 11 Renovation	260,955	451,843
Library Basement	83,732	120,070
Energy Retrofit	264,015	154,414
Healthy Living Centre	901,334	913,894
Under Cable	367,877	343,130
Anatomege Table	143,151	
Water Fountains Project	272	
McMaster Hall Riser Replacements	<u>105,330</u>	<u>105,330</u>
	<u>\$ 2,995,166</u>	<u>\$ 3,048,146</u>
Total	<u>\$ 42,087,915</u>	<u>\$ 43,043,627</u>

## Brandon University

### Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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

<b>Capital Activities</b>	<b>2021</b>	<b>2020</b>
Ancillary Services	\$ 270,969	\$ 716,351
Cello Repair	17,500	14,000
Kiln Replacement	24,000	24,000
Womens' Volleyball	15,000	15,000
Healthy Living Centre	(8,950)	(27,750)
Telephone replacement	317,037	335,994
Vehicle replacement	<u>5,000</u>	<u>25,000</u>
	<b>\$ <u>640,556</u></b>	<b>\$ <u>1,102,595</u></b>

<b>Operating Activities</b>	<b>2021</b>	<b>2020</b>
BU Graduate Diploma Education Program	\$ 42,754	\$ 42,754
Community Based Education	64,013	64,013
Opaskawayak Cree Nation	(2,436)	(569)
PENT	<u>386,486</u>	<u>311,053</u>
	<b>\$ <u>490,817</u></b>	<b>\$ <u>417,251</u></b>

Total	<b>\$ <u>1,131,373</u></b>	<b>\$ <u>1,519,846</u></b>
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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.

#### 15. Expenses By Object

The following is a summary of the expenses by object:

	<b>2021</b>	<b>2020</b>
Salaries - academic	\$ 26,363,097	\$ 26,605,146
Salaries - support	15,654,331	16,671,043
Benefits	4,108,280	7,029,593
Travel	186,120	1,683,991
Supplies & consumable expenses	8,623,901	10,616,105
Cost of goods sold	234,353	719,617
Scholarships & bursaries	3,948,347	3,040,283
Interest on long-term debt	671,655	692,415
Utilities	935,494	1,038,407
Amortization	3,022,493	2,969,643
Loss on disposal of tangible capital assets	<u>850,000</u>	<u>3,288</u>
Total	<b>\$ <u>64,598,071</u></b>	<b>\$ <u>71,069,531</u></b>

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

### 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 \$3,204 for the year ended March 31, 2021 (2020 - \$0).

### 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, 2021 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.

# Brandon University

## Notes to the Consolidated Financial Statements for the year ended March 31, 2021

### 21. Subsequent Events - Property Disposal

Property owned by Brandon University as of March 31, 2021, which is the parcel of downtown land on the corner of Princess Avenue and 10<sup>th</sup> Street, will be transferred to the Brandon Downtown Development Corporation and the City of Brandon. The land is reported on the Statement of Financial Position within the Tangible Capital Assets line item. The book cost of this land is equal to \$612,230 and will result in a loss on disposal of assets in the 2022 fiscal year at an equal amount.

### 22. Comparative Figures

Comparative figures for the year ended March 31, 2020 have been reclassified where necessary to conform with the presentation adopted for the year ended March 31, 2021.