

Explanatory Comments on the Financial Statements

The following charts provide analytical comments in regards to the primary drivers of the year over year changes in the financial statements. The explanatory comments are not intended to completely describe the variances.

Statement of Financial Position

Assets

	April 30, 2018	April 30, 2017	Change Increase / (Decrease)	Comments
Cash and cash equivalents	\$ 51,900	\$ 45,149	\$ 6,751	Cash provided by operating activities and financing activities increased \$30,985 and \$14,287 respectively. This was offset by \$38,521 cash used in investing activities. Refer to the cash flow statements in the financial statements for more detailed activity.
Accounts receivable <i>(includes student, external organizations and tax rebates)</i>	23,384	21,150	2,234	The change is attributable to a higher student accounts receivable resulting from the aging of student accounts. The tax rebate receivable balance increased \$1,000 from the prior year. The increase is due to timing of purchases, primarily related to capital projects at year-end and also a Section 211 claim of \$436 that was remitted as part of the March 2018 return.
Government grants receivable <i>(includes nursing grant, government research grants)</i>	6,114	3,136	2,978	The change is attributable to Strategic Investment Fund grant funding of \$1,983 and the Interpreter Grant of \$180 being receivable at year-end. The increase is also due to external research grants that were in a receivable position at year-end.
Prepaid expenses and other assets <i>(includes payments for future economic benefit)</i>	397	191	206	The change is attributable to a new prepaid license for additional Workday products (Human Resource system).
Inventories <i>(includes bookstore, natural gas, and various housekeeping and maintenance supplies)</i>	1,100	1,767	(667)	The change is attributable to Campus Store inventory decreasing by \$701 from the prior year. The change was primarily due to a decrease in textbook inventory.
Restricted investments <i>(includes endowments, unspent capital grants, internal sinking fund, investments held for other restricted purposes)</i>	152,326	152,715	(389)	Increase to endowments of \$2,974 and increase to sinking fund of \$283 as a result of investment gains, as well as increases to internally restricted net assets of \$9,264 from the prior year. Unspent donations and government grants for capital contributions decreased by \$13,713 due to ongoing major capital project payments.
Intangible asset <i>(includes Cap and Trade allowances)</i>	1,037	-	1,037	Province of Ontario's Cap and Trade Program provides Brock University free credits to offset the cost of the program until 2020. It is expected that this intangible asset and associated liability will grow approximately \$500 per year. Brock will need to set aside resources to cover the cost of the offsetting accumulated liability and the ongoing cost of the program in 2020 should it remain intact at that time.
Capital assets	403,531	380,464	23,067	Capital assets purchased were \$41,884, primarily the result of construction related to the Goodman school expansion project, the Ranking Family Pavilion and District Energy

				Efficiency Project, offset by amortization of \$18,817.
Employee future benefits asset <i>(includes the accrued benefit asset for the pension plan)</i>	-	11,574	(11,574)	The change is attributable to the reduction in the Pension Plan discount rate to 5.45% (6.0% 2016-17). This change resulted in a \$34,442 increase in the discounted obligations (7.2% increase). Offsetting the increase in obligations was a \$14,178 increase in assets (2.9% increase). The net result was a change from an employee future benefit asset to an employee future benefit obligation of \$8,690. See Employee Future Benefits Obligations under Liabilities.

Liabilities

	April 30, 2018	April 30, 2017	Change Increase / (Decrease)	Comments
Accounts payable and accrued liabilities <i>(includes to be paid general operating, payroll and construction (i.e. GSB Building, District Energy Efficiency Project and Ranking Family Pavilion) related expenses)</i>	\$ 33,420	\$ 23,209	\$ 10,211	A portion of the increase \$5,422 is related to increased construction holdbacks and April invoices payable at year-end for major capital projects. The change is also related to an increase in the payroll accrual of \$2,763 due to the timing of pay periods at year-end. The remaining portion is attributed to the timing of expenses incurred around year-end.
Deferred revenue <i>(includes tuition payments for spring/summer, deposits (i.e. residence), and other payments for service in a future fiscal period.)</i>	30,875	30,689	186	The change is primarily attributable to a decrease in spring deferred tuition and student fees of \$1,000. This is offset with an increase in deferred donations of \$856. The remaining difference is due to a decrease of \$100 in course fee deferred revenue and general deferred revenue increasing by \$504.
Deferred contributions <i>(includes unspent non capital external grants with restrictions)</i>	9,073	7,285	1,788	The change is primarily attributable to the awarding and utilization of externally restricted grants. Includes \$347 attributed to the intangible asset not recognized in long-term liabilities.
Current portion of long-term debt	2,458	2,357	101	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
Long-term accounts payable <i>(includes Cap and Trade liability that is payable in fiscal 2020-21)</i>	690	-	690	Offsetting liability associated with the Province of Ontario's Cap and Trade program. Intangible Asset is provided at the beginning of the fiscal year for the cost of the program for the upcoming year. The liability represents the carbon emission costs that have been recognized, with the additional \$347 intangible recorded in deferred contributions as that amount will be incurred throughout fiscal 2018-19.
Long-term debt <i>(includes loans for Earp, Lowenberger, Marilyn I. Walker School of Fine and Performing Arts Building, and Cairns Family Health and Bioscience Research)</i>	51,224	53,682	(2,458)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
Debenture payable <i>(represents the \$93,000 bullet payment due in 2045)</i>	90,236	90,191	45	The change represents the amortization of deferred charges related to bond issuance costs. Deferred charges represented \$2,764 at April 30, 2018.

Deferred capital contributions <i>(represents the unamortized portion of donations and grants received specifically for the acquisition of capital)</i>	197,223	188,073	9,150	Additions include a \$4,500 grant for the Goodman School Expansion project, \$7,183 for Strategic Investment Fund projects, \$1,298 for the Facilities Renewal Program and \$3,663 in other grants and donations, offset by amortization of \$7,494.
Employee future benefits obligations <i>(represents non-pension future benefits which includes retiree medical, dental and health care spending accounts)</i>	33,472	24,530	8,942	The change is attributable to the reduction in the Pension Plan discount rate to 5.45% (6.0% 2016-17). The net result was a change from an employee future benefit asset to an employee future benefit obligation of \$8,690. In addition, non-pension employee future benefit obligations increased slightly to \$24,782 (\$24,530 2016-17). See Employee Future Benefits Asset under Assets.

Net Assets

	April 30, 2018	April 30, 2017	Change Increase / (Decrease)	Comments
Endowment	\$ 96,671	\$ 93,697	\$ 2,974	The growth is primarily attributable to investment income of \$6,256 offset by an unrealized investment loss of \$2,157. Spending from the endowment totaled \$2,396. The balance of the change was new donations of \$1,271.
Invested in capital assets	79,603	76,630	2,973	Invested in capital assets represents the net carrying value of capital assets. Repayment of long-term debt, purchases of capital assets internally financed and donated land added \$14,296, which was offset by net amortization of \$11,323. Refer to financial statement note 11 for more detailed activity.
Internally restricted	48,260	38,713	9,547	Internally restricted represents amounts internally committed. Refer to appendix 5 of this report.
Employee future benefits	(33,472)	(12,956)	(20,516)	The balance is equal to the net employee future benefit obligation. The components are explained on pages 2 and 3 under Employee future benefits asset / obligation.
Unrestricted	56	46	10	Unrestricted represents the surplus/deficit of the University adjusted for transactions between other net asset accounts. A small uncommitted surplus, which represents uncommitted cash, is reflected.

Statement of Operations

Revenue

	April 30, 2018	April 30, 2017	Change Increase / (Decrease)	Comments
Student fees <i>(includes domestic and international tuition plus University specific ancillary fees)</i>	\$ 167,658	\$ 158,451	\$ 9,207	The change is attributable to an increase in tuition rate and student mix and a 0.8% increase in enrolment.
Government grants <i>(includes the base operating grants and all other grants for general purposes)</i>	\$ 96,156	\$ 94,160	1,996	The change is driven from a number of new Provincial specific-purpose grants, specifically the Career Ready Fund: University Kick Start, Mental Health Support for Students, Mental Health Workers and Net Tuition Implementation Grant; an increase in grant revenue of \$690 as a result of Province of Ontario's Cap and Trade Program (offset in utilities and taxes); and an increase in the operating grants of \$435 mainly as a result of increased graduate funding.
Ancillary operations <i>(includes revenue from the bookstore, parking, residence, hospitality services, conference services)</i>	\$ 32,273	\$ 31,329	944	The change is attributable to a decrease in Campus Store revenue of \$246 and Conference Services of \$255, which is offset by an increase in Parking revenue of \$55, increase in Brock Card of \$25 and an increase in Residence of \$1,267. Hospitality Services revenue is consistent with the prior year.
Sales and services <i>(includes interest earned on student accounts, deferral fees, facility rentals, membership fees, application fees and athletic fees)</i>	15,179	13,717	1,462	The Ontario Application revenue increased by \$256 from the prior year and International Student Application fee revenue increased by \$30. The VISA rebate increased by \$188 and interest on student accounts increased by \$620. The remaining portion is attributed to a number of activities in smaller dollar values across the University.
Other revenues for restricted purposes <i>(includes general donations and non-endowed and endowment donation revenue earned)</i>	3,639	4,282	(643)	The change is primarily attributed to a decrease in revenue recognized from spending of non-endowed trust accounts \$993. This is offset with an increase in endowment revenue recognized from spending of endowment accounts \$397. General donations were also lower by \$106. General donations totaled \$560 in 2017-18 (\$666 in 2016-17) of which 71% was attributed to Athletics fundraising (84% in 2016-17)
Investment income	2,004	2,218	(214)	The change is a result of a \$402 increase in operating investments. Operating investment income was \$1,539 (\$1,137 2016-17). This gain was offset by lower return on the Mawer Balanced Fund \$616. The Mawer Balanced Fund had a return of \$465 or 4.92% (\$1,081 or 12.96% 2016-17). The Mawer Balanced Fund is used for investing the University's sinking fund and non-pension employee future benefits reserve.

Research grants for restricted purposes <i>(includes direct research funding and activity)</i>	12,794	12,372	422	This amount matches the research expenditures for the year. See Note 17 in the Financial Statements for a breakdown of expenses.
Amortization of deferred capital contributions <i>(includes the amortization of grants and donations received for the acquisition of capital)</i>	7,494	7,468	26	The amount of revenue recorded is based on the grant and/or donations multiplied by an amortization rate that mirrors the amortization rate of the asset for which the grant and/or donation was received. In year, there were additions attributed to the Marilyn I. Walker School of Fine and Performing Arts Building and the Artificial Turf field that were amortized. This is offset by other assets becoming fully amortized.

Expense

	April 30, 2018	April 30, 2017	Change Increase / (Decrease)	Comments
Salaries and benefits <i>(includes salary and benefits for all funds including research)</i>	\$ 212,064	\$ 204,882	\$ 7,182	Overall, the increase in salary costs are \$6,298 and benefits & pension are \$884 (3.5% increase). This increase is a result of 24 additional staff (7 faculty/librarians and 17 ongoing staff) as well as inflation settlements. Of the total change in salaries and benefits, \$5,920 (82%) relate to teaching Faculties and the remaining \$1,262 (18%) relate to the other units of the University. Relative to the 2017-18 funding budget, teaching faculties represent 67% of total salary and benefits costs which explains that a larger proportion of the actual annual increase is attributed to academic units of the University.
Operating expenses <i>(includes stationery, photocopying, postage, library acquisitions, printing, teaching supplies, technology operating costs, professional development, recruitment, memberships, advertising and promotion, consulting, legal, audit, insurance fees)</i>	41,702	39,114	2,588	The increase is primarily attributed to an increase in operating costs of \$950 related to the implementation of the new Human Resources system, mainly in professional fees and contracted services. The remaining change is attributed to a number of activities in smaller dollar values across the University, with hospitality, travel, and insurance costs seeing the largest increases.
Scholarships, fellowships and bursaries <i>(includes graduate fellowships, undergraduate bursaries and scholarships for all funds including research.</i>	22,489	21,845	644	The increase in scholarships, fellowships and bursaries is related to the planned changes to the scholarships, fellowships and bursaries in accordance with the Fiscal Framework guidance.
Expendable equipment, repairs and maintenance <i>(includes maintenance of devices, building and grounds, minor repairs, electronic software, cleaning costs for properties)</i>	8,502	8,525	(23)	Spending on expendable equipment, repairs and maintenance remains stable as minor repairs and equipment purchases vary from year to year. Some of the larger items include university software licenses and computer purchases.
Utilities and taxes <i>(includes hydro, water, natural gas, property taxes)</i>	8,208	8,052	156	In aggregate, utilities and taxes remained stable year over year. The increase as a result of rate inflation was offset by efficiencies from the District Energy Efficiency Project.
Interest on long-term debt	7,226	7,330	(104)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.

Cost of sales <i>(includes cost of purchasing items for resale by Ancillary operations)</i>	6,141	6,976	(835)	The change is consistent with the decrease in Campus Store sales.
Amortization of capital assets	18,817	18,455	362	The change is attributable to the completion of various capital projects. Total capital additions were \$41,884 but only \$3,567 were considered substantially completed and eligible to begin amortizing.