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. Please see the 2019-20 Annual Report for additional analysis.

Statement of Financial Position

Assets

	April 30, 2020	April 30, 2019	Change Increase / (Decrease)	Comments
Cash and cash equivalents	$ 58,346	$ 57,342	$ 1,004	Cash provided by operating activities and financing activities increased $33,358 and $1,409 respectively. This was offset by $33,763 cash used in investing activities. Refer to the cash flow statements in the financial statements for more detailed activity.
Accounts receivable *(includes student, external organizations and tax rebates)*	24,450	23,960	490	The change is attributable to an increase of $2,129 in student accounts receivable resulting from increased tuition and enrolment growth. The tax rebate receivable balance increased $1,200 from the prior year. The tax rebate increase is due to timing of purchases, primarily related to capital projects at year-end and also in the current year a Section 211 claim of $565 that was remitted as part of the March 2020 return. This increase was offset by a decrease in GIC interest receivable of $130 and a decrease in Customer Accounts receivable of $665 due to outstanding invoices of $606 that were paid in 2019-20.
Government grants receivable *(includes nursing grant, government research grants)*	4,783	6,275	(1,492)	The decrease is attributable to the receipt of the Strategic Investment Fund grant for the Rankin Family Pavilion and District Energy Efficiency Project that was recorded as a receivable in the prior year. This decrease was slightly offset with an increase in external research grants that were in a receivable position at year-end.
Prepaid expenses and other assets *(includes payments for future economic benefit)*	393	106	287	The change is attributable to prepaid license for additional Workday products in the current year. A portion of the increase, $30, is due to events that were postponed due to COVID-19.
Inventories *(includes bookstore, natural gas, science stores and various housekeeping and maintenance supplies)*	1,536	1,424	112	The change is attributable to Campus Store inventory increasing by $112 from the prior year. The change was primarily due to an increase in clothing inventory of $61 and Badger and stationary inventory of $41 due to reduced sales in March-April 2020 due to COVID-19.
Restricted investments *(includes endowments, unspent capital grants, internal sinking fund, investments held for other restricted purposes)*	151,778	162,356	(10,578)	Decrease to endowments of $3,130 as a result of $1,553 in investment loss and spending of $2,929 which are offset by $1,352 in new donations. Increase to sinking fund $237 and EFB reserve $177 as a result of investment gains which is offset by a decrease to other internally restricted net assets of $8,246 from the prior year. The main reason for the decrease in internally restricted net assets is due to use of the debt repayment reserve $7,856 to pay off the Marilyn I. Walker School of Fine and Performing Arts building loan. There was also a $5M GIC that came

				due during 2019-20 that was used to pay off the loan. Unspent donations and government grants for capital contributions increased by $406 due to ongoing major capital project payments.
Capital assets	441,828	422,355	19,473	Capital assets purchased were $41,211, primarily the result of construction related to the Decew Residence Renewal, construction of Residence 8, the Zone expansion, construction of Rankin Family Pavilion and Lot S and Village Road projects offset by amortization of $21,738.
Employee future benefits asset *(includes the accrued benefit asset for the pension plan)*	2,083	2,795	(712)	This change resulted in a $15,601 increase in the discounted obligations (2.8% increase). Offsetting the increase in obligations was a $14,890 increase in assets (2.65% increase). The decrease in plan assets is a result of the return on plan assets decreasing by $37,941 from the prior year. Also, benefit payments to plan members increased compared to the prior year. Benefit payments consisted of payments to plan members of $13,596 ($13,269 in 2018-19) and transfers out of the plan of $18,052 ($6,972 in 2018-19). There were no changes in actuarial assumptions since the last disclosure as of April 30, 2018.

Liabilities

	April 30, 2020	April 30, 2019	Change Increase / (Decrease)	Comments
Accounts payable and accrued liabilities *(includes to be paid general operating, payroll and construction (i.e. Residence 8, Decew Residence Renewal, Zone Expansion, etc.)* related expenses	$ 39,332	$ 36,577	$ 2,755	This increase is primarily due to an increase in accruals for construction projects of $4,153 and an increased payroll accrual at year-end which was offset by a decrease of $1,081 in outstanding supplier invoices and expense reports. The remaining portion is attributed to the timing of expenses incurred around year-end.
Deferred revenue *(includes tuition payments for spring/summer, deposits (i.e. residence), and other payments for service in a future fiscal period.*	37,537	34,802	2,735	The change is primarily attributable to an increase in spring deferred tuition and student fees of $3,113 from significant increase in spring enrolment likely due to COVID-19 driving more students to take online courses during government lockdowns. Offset by a decrease in deferred donations of $241 for student awards. Additionally, an increase of $58 in course fee deferred revenue is offset by general deferred revenue decreasing by $195 as a result of timing of operating grants payments and grants being fully spent during the year.
Deferred contributions *(includes unspent non capital external grants with restrictions)*	9,600	8,350	1,250	The change is primarily attributable to the awarding and utilization of externally restricted grants.
Current portion of long-term debt	1,962	16,367	(14,405)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements. The higher balance in the prior year was a result of the Marilyn I. Walker School of Fine and Performing Arts building loan coming due on June 3, 2019.

Long-term debt *(includes loans for Earp, Lowenberger, Marilyn I. Walker School of Fine and Performing Arts Building, and Cairns Family Health and Bioscience Research)*	47,295	34,857	12,438	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements and new debt of $14,400 obtained in the current year for the Student Experience Projects.
Debenture payable *(represents the $93,000 bullet payment due in 2045)*	90,182	90,283	(101)	The change represents the amortization of deferred charges related to the 2005 Series A bond issuance costs. Deferred charges represented $2,668 at April 30, 2020. This balance also includes $150 of deferred expenses related to the new 2020 Series B $125M bond that was issued subsequent to year end.
Deferred capital contributions *(represents the unamortized portion of donations and grants received specifically for the acquisition of capital)*	196,338	201,201	(4,863)	Additions include a grant of $1,465 for the Facilities Renewal Program funds and $1,911 in other grants and donations, offset by amortization of $8,239.
Employee future benefits obligations *(represents non-pension future benefits which includes retiree medical, dental and health care spending accounts)*	31,659	26,786	4,873	Non-pension employee future benefit obligations increased by $4,874. This is the result of increased current service costs of $1,214 and an actuarial loss of $1,555 compared to the prior year.

Net Assets

	April 30, 2020	April 30, 2019	Change Increase / (Decrease)	Comments
Endowment	$ 103,896	$ 107,026	$ (3,130)	The reduction is primarily attributable to investment losses of $1,553. Spending from the endowment totaled $2,929. The balance of the change was new donations of $1,352.
Invested in capital assets	115,441	95,206	20,235	Invested in capital assets represents the net carrying value of capital assets. Repayment of long-term debt and purchases of capital assets internally financed added $33,734, which was offset by net amortization of $13,499. Refer to financial statement note 11 for more detailed activity.
Internally restricted	41,438	49,064	(7,626)	Internally restricted net assets represent internally committed funds. Refer to appendix 4 of this report and financial statement note 12 for additional details.
Employee future benefits	(29,576)	(23,991)	(5,585)	The balance is equal to assets net of the employee future benefit obligation. The components are explained on pages 1 and 2 under Employee future benefits asset / obligation.
Unrestricted	93	85	8	Unrestricted represents the surplus/deficit of the University adjusted for transactions between other net asset accounts. As of April 30, 2020 there is a small uncommitted surplus, which represents uncommitted cash.

Statement of Operations

Revenue

	April 30, 2020	April 30, 2019	Change Increase / (Decrease)	Comments
Student fees *(includes domestic and international tuition plus University specific ancillary fees)*	$ 185,818	$ 178,739	$ 7,079	The change is attributable to an increase in international tuition rates and student mix and a 3.6% increase in enrolment headcount (1.9% domestic, 15.9% international), offset by a 10% decrease in regulated domestic tuition rates.
Government grants (includes the base operating grants and all other grants for general purposes)	$ 95,344	$ 96,442	(1,098)	The change is driven by the elimination of the MCU Graduate Enrolment Capital Expansion Grant of $750, a $254 reduction in MCU Career Ready funding and an increase in the MCU International Student Recovery (negative offset to operating grants) of $253 due to increased international enrolment. Offset by MCU COVID-19 Emergency funding received in 2019-20 of $400.
Ancillary operations *(includes revenue from the bookstore, parking, residence, hospitality services, conference services)*	$ 31,940	$ 33,379	(1,439)	The change is attributable to a decrease in Residence revenue of $579 due refunds following early closure of residence facilities, a decrease in Parking revenue of $81 due to refunds following restricted access to campus, a decrease in Dining Services of $102, and a decrease in Conference Services of $516 due to reduced operations in March and April and refunds due to COVID-19. Parking revenue also decreased this year due to reduced operational capacity as a result of Canada Summer Games construction.
Sales and services *(includes interest earned on student accounts, deferral fees, facility rentals, membership fees, application fees and athletic fees)*	17,922	16,126	1,796	A portion of the increase is due to unclaimed credit balances in student accounts of $918 and increased Section 211 claim of $258. Also, $665 of meal plan dollars of students no longer registered at Brock was recognized in 2019-20 and this was offset with a payment to the external provider due to the contract ending. This was offset by lower external gas sales in 2019-20, a decrease in Youth University overnight/bridge camps and CUVEE being deferred to 2020-21. The remaining portion is attributed to a number of activities in smaller dollar values across the University.
Other revenues for restricted purposes *(includes general donations and non-endowed and endowment donation revenue earned)*	4,224	3,896	328	The change is a result of an increase in endowment revenue recognized from increased spending of endowment accounts of $465 and trust accounts of $145. It was offset by a decrease in fundraising revenue of $213.
Investment income	3,036	3,415	(379)	The change is a result of a $372 increase in operating investment income. Operating investment income was $2,571 ($2,199 2018-19). The Mawer Balanced Fund had a return of $413 or 3.22% ($1,136 or 10.06% 2018-19). 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 *(includes direct research funding and activity)*	11,715	14,592	(2,877)	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 *(includes the amortization of grants and donations received for the acquisition of capital)*	8,239	7,328	911	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 funded. In year, there were additions attributed to the Rankin Family Pavilion that was amortized. This is offset by other assets becoming fully amortized.

Expense

	April 30, 2020	April 30, 2019	Change Increase / (Decrease)	Comments
Salaries and benefits *(includes salary and benefits for all funds including research)*	$ 227,265	$ 220,714	$ 6,551	Overall, the increase in salary costs are $4,263 and benefits & pension are $2,288 (3.0% increase). This overall increase is a result of 32 additional staff (2 faculty/librarians and 30 ongoing staff) as well as collective agreement settlements.
Operating expenses *(includes stationery, photocopying, postage, library acquisitions, printing, teaching supplies, technology operating costs, professional development, recruitment, memberships, advertising and promotion, consulting, legal, audit, insurance fees)*	43,369	45,587	(2,218)	The change is attributed to reduced bad debt expenses and consulting fees (higher 2018-19 fees due to completed HR system project). As a result of COVID-19, travel expenses decreased due to travel restrictions and conference fees and hospitality expenses decrease as well. Cancelled events due to COVID-19 reduced a number of activities in smaller dollar values across the University.
Scholarships, fellowships and bursaries *(includes graduate fellowships, undergraduate bursaries and scholarships for all funds including research.*	24,681	23,612	1,069	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 *(includes maintenance of devices, building and grounds, minor repairs, electronic software, cleaning costs for properties)*	10,461	10,036	425	Spending on expendable equipment, repairs and maintenance remains stable in most categories as minor repairs and equipment purchases vary from year to year. Some of the larger increases from the prior year include laboratory equipment purchases and repairs and maintenance, university software licenses and electrical repairs and maintenance.
Utilities and taxes *(includes hydro, water, natural gas, property taxes)*	6,338	5,639	699	Natural gas expense was 16% lower than the prior year, while consumption increased, this was offset due to lower prices of natural gas in 2019-20 compared to 2018-19. Electricity and Carbon & GHG cost increased by $319 and $125 respectively. Taxes remained stable year over year.
Interest on long-term debt	6,975	7,103	(128)	The change is attributable to repayment of long-term debt in accordance with borrowing agreements and the University debt repayment strategy.
Cost of sales *(includes cost of purchasing items for resale by Ancillary operations)*	5,506	5,639	(158)	The change is consistent with the decrease in Campus Store sales.
Amortization of capital assets	21,738	19,643	2,095	The change is attributable to the completion of various capital projects. Total capital additions were $41,211, but only $12,973 were considered substantially completed and

				eligible to begin amortizing including $494 of amortization for the Rankin Family Pavilion.