

## 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 2020-21 Annual Report for additional analysis.

### Statement of Financial Position

#### Assets

	April 30, 2021	April 30, 2020	Change Increase / (Decrease)	Comments
<b>Cash and cash equivalents</b>	\$ 120,741	\$ 58,346	\$ 62,395	Cash provided by operating activities and financing activities increased \$30,287 and \$128,826 respectively. This was offset by \$96,718 cash used in investing activities. Refer to the cash flow statements in the financial statements for more detailed activity.
<b>Accounts receivable</b> <i>(includes student, external organizations and tax rebates)</i>	30,598	24,450	6,148	The change is primarily attributable to a \$9,000 receivable related to the sale of the Hamilton Campus. This is offset with a decrease of \$1,288 in student accounts receivable. The tax rebate receivable balance also decreased \$1,237 from the prior year. The tax rebate change is due to the March 2020 return of \$1,184 (which included a Section 211 claim of \$565) being in a receivable position at year-end and timing of purchases at year-end. This was offset by an increase in GIC interest receivable of \$429 and an increase in Customer Accounts receivable of \$65.
<b>Government grants receivable</b> <i>(includes nursing grant, government research grants)</i>	4,770	4,783	(13)	The change is attributable to a lower receivable for the FedDev VPMI equipment compared to the prior year. This decrease was slightly offset with an increase in external research grants that were in a receivable position at year-end.
<b>Prepaid expenses and other assets</b> <i>(includes payments for future economic benefit)</i>	441	393	48	The change is attributable to prepaid license for additional Workday products in the current year.
<b>Inventories</b> <i>(includes bookstore, natural gas, science stores and various housekeeping and maintenance supplies)</i>	1,402	1,536	(134)	The change is attributable to Campus Store inventory decreasing from the prior year. The change was primarily due to a decrease in clothing inventory of \$61 resulting from reduced sales due to COVID-19.
<b>Restricted investments</b> <i>(includes endowments, unspent capital grants, internal sinking fund, investments held for other restricted purposes)</i>	206,666	151,778	54,888	The increase to endowments of \$19,914 is as a result of \$19,893 in investment gains, \$3,112 in new donations which are offset by spending of \$3,091. The increase to the sinking fund of \$1,236 and EFB reserve of \$919 as a result of investment gains. Internally restricted net assets also increased by \$35,325. The main reason for the increase in internally restricted net assets is due to the increase in the Strategic Initiative Fund of \$6,620 and the Capital and Infrastructure projects reserve of \$19,306. Unspent donations and government grants for capital contributions decreased by \$220 due to ongoing major capital project payments.

<b>Capital assets</b>	481,711	441,828	39,883	Capital assets purchased were \$61,744, primarily the result of construction related to the Decew Residence Renewal, construction of Residence 8, the Zone expansion, and cafeteria renovation projects offset by amortization of \$21,861.
<b>Employee future benefits asset</b> <i>(includes the accrued benefit asset for the pension plan)</i>	801	2,083	(1,282)	This change resulted from a \$61,630 increase in the discounted obligations (10.7% increase). Offsetting the increase in obligations was a \$60,348 increase in assets (10.5% increase). The increase in plan assets is a result of the return on plan assets increasing by \$52,844 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 \$16,512 (\$13,596 in 2019-20) and transfers out of the plan of \$21,971 (\$18,052 in 2019-20). The latest actuarial funding valuation was performed as at January 1, 2020.

## Liabilities

	April 30, 2021	April 30, 2020	Change Increase / (Decrease)	Comments
<b>Accounts payable and accrued liabilities</b> <i>(includes to be paid general operating, payroll and construction (i.e. Residence 8, Decew Residence Renewal, Zone Expansion, etc.) related expenses)</i>	\$ 44,364	\$ 39,332	\$ 5,032	This increase is primarily due to an increase in accruals for construction projects of \$7,586 which was offset by a decrease of \$2,181 in the payroll accrual. The remaining portion is attributed to the timing of expenses incurred around year-end.
<b>Deferred revenue</b> <i>(includes tuition payments for spring/summer, deposits (i.e. residence), and other payments for service in a future fiscal period.)</i>	45,735	37,537	8,198	The change is primarily attributable to the deferred gain from the sale of the Hamilton Campus for \$4,080 and an increase in spring deferred tuition and student fees of \$3,939. Additionally, an increase of \$60 in deferred donations for student awards. Offset by general deferred revenue decreasing by \$77 as a result of timing of operating grants payments and grants being fully spent during the year.
<b>Deferred contributions</b> <i>(includes unspent non capital external grants with restrictions)</i>	12,244	9,600	2,644	The change is primarily attributable to the awarding and utilization of externally restricted grants.
<b>Current portion of long-term debt</b>	2,085	1,962	123	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
<b>Long-term debt</b> <i>(includes loans for Earp, Lowenberger, Cairns Family Health and Bioscience Research and Student Experience Projects)</i>	45,210	47,295	(2,085)	The change is attributable to planned repayment of long-term debt in accordance with borrowing agreements.
<b>Debenture payable</b> <i>(represents the \$93,000 bullet payment due in 2045 and \$125,000 due in 2060)</i>	214,872	90,182	124,690	The change represents the amortization of deferred charges related to the 2005 Series A bond and the issuance and amortization of the 2020 Series B bond for \$125M. Deferred charges represented \$3,128 at April 30, 2021.

<b>Deferred capital contributions</b> <i>(represents the unamortized portion of donations and grants received specifically for the acquisition of capital)</i>	194,224	196,338	(2,114)	Additions include a grant of \$2,953 for the Facilities Renewal Program funds and \$2,835 in other grants and donations, offset by amortization of \$7,902.
<b>Employee future benefits obligations</b> <i>(represents non-pension future benefits which includes retiree medical, dental and health care spending accounts)</i>	30,501	31,659	(1,158)	Non-pension employee future benefit obligations decreased by \$1,158. This is the result of decreased current service costs of \$1,163 compared to the prior year and an actuarial gain of \$1,561 and interest costs of \$962.

## Net Assets

	April 30, 2021	April 30, 2020	Change Increase / (Decrease)	Comments
<b>Endowment</b>	\$ 123,810	\$ 103,896	\$ 19,914	The increase is primarily attributable to investment gains of \$19,893. Spending from the endowment totaled \$3,091. The balance of the change was new donations of \$3,112.
<b>Invested in capital assets</b>	86,920	115,441	(28,521)	Invested in capital assets represents the net carrying value of capital assets. Repayment of long-term debt and purchases of capital assets internally financed reduced the balance by \$9,672, which was further offset by net amortization of \$13,959 and the sale of land of \$4,890. Refer to financial statement note 11 for more detailed activity.
<b>Internally restricted</b>	76,763	41,438	35,325	Internally restricted net assets represent internally committed funds. Refer to appendix 4 of this report and financial statement note 12 for additional details.
<b>Employee future benefits</b>	(29,700)	(29,576)	(124)	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.
<b>Unrestricted</b>	102	93	9	Unrestricted represents the surplus/deficit of the University adjusted for transactions between other net asset accounts. As of April 30, 2021, there is a small uncommitted surplus, which represents uncommitted cash.

## Statement of Operations

### Revenue

	April 30, 2021	April 30, 2020	Change Increase / (Decrease)	Comments
<b>Student fees</b> <i>(includes domestic and international tuition plus University specific ancillary fees)</i>	\$ 186,657	\$ 185,818	\$ 839	The change is attributable to an increase in international tuition rates. Enrolment all in headcount experienced a slight decrease of 0.4% vs. 2019-20 due to the global pandemic (international travel restrictions and increase domestic competition); with domestic headcount down 0.1% and international down 2.5%.
<b>Government grants</b> <i>(includes the base operating grants and all other grants for general purposes)</i>	\$ 103,943	\$ 95,344	8,599	The change is driven by the MCU COVID grant funding of \$7.9M, Co-operative Education and Work-Integrated Learning Innovation Hub funding of \$508, Student Work Placement Program funding of \$218, an increase in Canada Summer Jobs funding of \$95 and additional funding of \$98 for the MCU Disabilities Grant.
<b>Ancillary operations</b> <i>(includes revenue from the bookstore, parking, residence, hospitality services, conference services)</i>	\$ 9,274	\$ 31,940	(22,666)	The change is attributable to a decrease in Residence revenue of \$14,855, a decrease in Parking revenue of \$3,421, a decrease in Dining Services of \$1,483, a decrease in Campus Store sales of \$1,948 and a decrease in Conference Services of \$952 due to COVID-19 and limited staff and students on campus.
<b>Sales and services</b> <i>(includes interest earned on student accounts, deferral fees, facility rentals, membership fees, application fees and athletic fees)</i>	11,338	17,922	(6,584)	The decrease is due to a reduction in program fee revenue of \$2,509 compared to the prior year. The main decrease is from Youth University and other Sports and Recreation programs having to cancel activities due to COVID-19. A portion of the decrease is due to unclaimed credit balances in student accounts of \$918 recognized in the prior year. Also, \$665 of meal plan dollars of students no longer registered at Brock was recognized in 2019-20. The decrease was also due to a reduction of \$310 in health service insurance reimbursements and \$384 for various departmental events and ticket sales. The remaining portion is attributed to a number of activities in smaller dollar values across the University.
<b>Other revenues for restricted purposes</b> <i>(includes general donations and non-endowed and endowment donation revenue earned)</i>	3,987	4,224	(237)	The change is a result of an increase in endowment revenue recognized from increased spending of endowment accounts of \$163 and offset by a decrease from trust accounts of \$40. This was further offset by a decrease in operating fundraising and donation revenue of \$376.
<b>Investment income</b>	4,676	3,036	1,640	The change is a result of a \$102 decrease in operating investment income. Operating investment income was \$2,469 (\$2,571 2019-20). The Mawer Balanced Fund had a return of \$2,155 or 16.25% compared to \$413 or 3.22% 2019-20. The Mawer Balanced Fund is used for investing the University's sinking fund and non-pension employee future benefits reserve.
<b>Research grants for restricted purposes</b>	11,778	11,715	63	This amount matches the research expenditures for the year. See Note 17 in the

<i>(includes direct research funding and activity)</i>				Financial Statements for a breakdown of expenses.
<b>Gain on sale of assets</b>	1,889	-	1,889	The gain on sale is related to the sale of the Hamilton Campus and recognized based on the terms of the sale agreement.
<b>Amortization of deferred capital contributions</b> <i>(includes the amortization of grants and donations received for the acquisition of capital)</i>	7,902	8,239	(337)	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 Facilities Renewal Program projects that was amortized. This is offset by other assets becoming fully amortized.

## Expense

	April 30, 2021	April 30, 2020	Change Increase / (Decrease)	Comments
<b>Salaries and benefits</b> <i>(includes salary and benefits for all funds including research)</i>	\$ 220,557	\$ 227,265	\$ (6,708)	Overall, the decrease in salary costs are \$3,794 and benefits & pension are \$2,914 (3.0% decrease). This reduction was experienced by personnel groups significantly affected by the pandemic, including temporary non-teaching (primarily Brock Sports and Recreation – reduced/eliminated camps, aquatics, sports & intramurals), CUPE 1295 (maintenance, trade and custodial – reduced campus activity), CUPE 4207 Unit 3 (ESL instructors – international travel restrictions) and Don Stipends (limited Residence occupancy). In addition, there was strict hiring controls as part of the migration plan during the year, offset by salary rate increases mainly from collective agreement settlements.
<b>Operating expenses</b> <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>	33,476	43,369	(9,893)	As a result of COVID-19, travel expenses decreased by \$4,061 due to travel restrictions and conference fees and hospitality expenses decrease as well. Contracted services, specifically Food Service and Student Recruitment commissions decreased by \$2,895 compared to the prior year. Cancelled events due to COVID-19 reduced a number of activities in smaller dollar values across the University.
<b>Scholarships, fellowships and bursaries</b> <i>(includes graduate fellowships, undergraduate bursaries and scholarships for all funds including research.)</i>	27,562	24,681	2,881	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 as well as additional funding to students to support them through the COVID-19 pandemic.
<b>Expendable equipment, repairs and maintenance</b> <i>(includes maintenance of devices, building and grounds, minor repairs, electronic software, cleaning costs for properties)</i>	10,066	10,461	(395)	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 computer and computing equipment and software purchases which was offset by a decrease in laboratory and other equipment purchases.
<b>Utilities and taxes</b> <i>(includes hydro, water, natural gas, property taxes)</i>	5,880	6,338	(458)	Water & Sewer expense was 37% (\$372) lower than the prior year due to less occupancy and mild summer weather so less

				water was needed for cooling. Natural gas expense was 10% (\$235) lower than the prior year due to lower consumption. Electricity cost decreased by \$123 due to a lower global adjustment payment and Carbon & GHG increased \$165 due to an increased rate per tonne. Taxes remained stable year over year.
<b>Interest on long-term debt</b>	10,477	6,975	3,502	The change is attributable to repayment of long-term debt in accordance with borrowing agreements and the University debt repayment strategy. The increase from the prior year is a result of the interest on the new \$125M debenture of \$3,791.
<b>Cost of sales</b> <i>(includes cost of purchasing items for resale by Ancillary operations)</i>	4,520	5,506	(986)	The change is consistent with the decrease in Campus Store sales.
<b>Amortization of capital assets</b>	21,861	21,738	123	The change is attributable to the completion of various capital projects. Total capital additions were \$61,744, but only \$11,528 were considered substantially completed and eligible to begin amortizing including \$199 of amortization for the Zone Expansion.