Financial Statements of

RENISON UNIVERSITY COLLEGE

And Independent Auditors' Report thereon

Year ended April 30, 2022

KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Renison University College

Opinion

We have audited the financial statements of Renison University College (the Entity), which comprise:

- the statement of financial position as at April 30, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

  (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at April 30, 2022, and its results of operations and its cash flows for the year then ended, is in accordance with Canadian accounting standards for not-for-profit organizations.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 Canadian accounting standards for not-for-profit organizations 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 the Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 the Entity'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
September 22, 2022

RENISON UNIVERSITY COLLEGE

Statement of Financial Position

April 30, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 5,843,094	$ 5,440,734
Accounts receivable (note 3)	133,647	60,407
Due from University of Waterloo (note 7)	390,409	519,263
Prepaid expenses	153,091	111,307
Inventories	7,529	7,373
	6,527,770	6,139,084
Restricted cash (note 4)	3,135,012	–
Investments	–	3,147,215
Capital assets (note 5)	30,829,205	31,861,589
	$ 40,491,987	$ 41,147,888
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	$ 1,775,949	$ 1,759,335
Student deposits and fee advances	629,518	436,764
Due to University of Waterloo (note 7)	1,385,087	1,505,824
Current portion of long-term debt (note 8)	2,454,564	2,566,957
	6,245,118	6,268,880
Long-term debt (note 8)	7,708,461	8,317,927
Deferred contributions (note 10)	2,912,466	2,968,721
Employee future benefits (note 11)	3,264,108	2,802,860
	13,885,035	14,089,508
	20,130,153	20,358,388
Net assets:		
Unrestricted net assets	134,151	(107,383)
Internally restricted - capital	274,199	274,199
Internally restricted - other (note 12)	593,643	588,038
Internally restricted - employee future benefits	(2,667,139)	(2,205,891)
Investment in capital assets (note 13)	18,432,070	18,652,394
Endowment funds	3,594,910	3,588,143
	20,361,834	20,789,500
Commitments (note 14)		
Impact of COVID-19 (note 16)		
	$ 40,491,987	$ 41,147,888

See accompanying notes to financial statements.

On behalf of the Board:

______________________ Governor ______________________ Governor

RENISON UNIVERSITY COLLEGE

Statement of Operations

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Government grants	$ 5,901,031	$ 5,025,667
Tuition	11,788,867	11,571,184
Residence fees	1,063,809	44,733
Food services sales	627,972	34,899
Donations	175,866	113,352
Chapel donations	49,487	41,146
Research grants	10,368	–
Interest and investment income	169,510	225,925
Amortization of deferred research grant contributions (note 10)	–	277,282
Amortization of deferred capital contributions (note 10)	318,263	90,700
Miscellaneous income	899,458	608,985
	21,004,631	18,033,873
Expenses:		
Salaries, wages and benefits	16,710,452	16,425,611
University services (note 7)	1,499,730	1,435,981
Amortization of capital assets	1,205,837	1,200,827
Interest and bank charges	321,393	357,473
Scholarships	306,811	302,671
Professional fees	123,108	247,003
Office, general and admin	201,015	157,464
Utilities	234,162	155,550
Insurance	133,399	122,428
Contracted services	166,582	111,432
Repairs and maintenance	149,932	77,304
Promotion and public relations	188,337	69,152
Research expenses	70,416	65,925
Library and academic support costs	63,553	65,651
Other	45,796	52,277
Food services purchases	177,714	25,478
Student activities	29,415	2,382
	21,627,652	20,874,609
Deficiency of revenue over expenses	$ (623,021)	$ (2,840,736)

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2022, with comparative information for 2021

	Unrestricted	Internally restricted - capital	Internally restricted - other (note 12)	Internally restricted - employee future benefits	Investment in capital assets (note 13)	Endowment fund	Total 2022	Total 2021
Balance, beginning of year as previously presented	$ (107,383)	$ 274,199	$ 588,038	$ (2,205,891)	$ 18,652,394	$ 3,588,143	$ 20,789,500	$ 23,167,676
Adoption of amendments to CPA Canada Handbook Section 3463 (note 2)	–	–	–	(1,613,963)	–	–	(1,613,963)	–
Balance, beginning of year restated	(107,383)	274,199	588,038	(3,819,854)	18,652,394	3,588,143	19,175,537	23,167,676
Excess (deficiency) of revenue over expenses	1,136,846	–	5,605	(685,858)	(1,115,636)	36,022	(623,021)	(2,840,736)
Investment in capital assets (note 13)	(895,312)	–	–	–	895,312	–	–	–
Remeasurement of employee future benefits	–	–	–	1,838,573	–	–	1,838,573	(150,318)
Endowment - fair market value adjustment on investments	–	–	–	–	–	(138,498)	(138,498)	197,660
Endowment contributions	–	–	–	–	–	109,243	109,243	415,218
Balance, end of year	$ 134,151	$ 274,199	$ 593,643	$ (2,667,139)	$ 18,432,070	$ 3,594,910	$ 20,361,834	$ 20,789,500

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Cash Flows

Year ended April 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	$ (623,021)	$ (2,840,736)
Items not involving cash:		
Amortization of capital assets	1,205,837	1,200,827
Amortization of deferred contributions (note 10)	(318,263)	(367,982)
Employee future benefits expense	703,858	440,192
Loss on sale of capital assets	617	–
Change in non-cash operating working capital	102,305	1,192,687
Contributions to employee future benefits	(18,000)	(11,700)
	1,053,333	(386,712)
Investing activities:		
Purchase of capital assets	(174,070)	(128,144)
Sales (purchase) of investments, net	3,008,717	(428,403)
	2,834,647	(556,547)
Financing activities:		
Repayment of long-term debt	(721,859)	(369,219)
Deferred contributions received (note 10)	262,008	396,751
Endowment contributions	109,243	415,218
	(350,608)	442,750
Increase (decrease) in cash	3,537,372	(500,509)
Cash, beginning of year	5,440,734	5,941,243
Cash, end of year	$ 8,978,106	$ 5,440,734
Non-cash items:		
Change in accounts payable and accrued liabilities related to capital asset additions	$ –	$ (25,060)

Cash consists of the following:

	2022	2021
Cash	$ 5,843,094	$ 5,440,734
Restricted cash	3,135,012	–
	$ 8,978,106	$ 5,440,734

See accompanying notes to financial statements.

Renison University College ("Renison") was founded as a result of the efforts of Anglican laity in Kitchener and Waterloo and under the authority of the Synod of the Diocese of Huron. It was incorporated on January 14, 1959, by a charter of the Province of Ontario. Renison continues to enjoy support from the community and, in particular, from within the Diocese.

Renison was named in memory of Robert John Renison, 1875-1957, a former Metropolitan of Ontario and Archbishop of Moosonee. On July 1, 1960, it entered an affiliation with the University of Waterloo with the right to offer courses and programmes in Arts and the Social Sciences for credit towards the Bachelor of Arts degree from the University of Waterloo.

These financial statements reflect the assets, liabilities, net assets, revenues and expenses and other transactions of all operations of Renison. Accordingly, these financial statements include the academic, administrative and other operating expenditures funded by fees, grants, donations and other miscellaneous revenue.

Renison is a registered charity under Section 149 of the Income Tax Act (Canada) and, is therefore, exempt from income taxes.

1. Significant accounting policies:

The financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants Handbook Part III - Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

(a) Revenue recognition:

Renison follows the deferral method of accounting for contributions, which include donations and government grants.

Unrestricted and internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the period in which the related expenses are recognized.

Endowment contributions are recognized as a direct increase in net assets in the period in which they are received.

Tuition and other academic fees are recorded as income on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as income. Fees billed and collected that relate to academic terms commencing after the end of the fiscal year are included in "Student deposits and fee advances".

Sales, services and other income are recognized at point of sale or when the service has been provided.

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Renison has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Renison determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Renison expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Investments and interest income:

Investment income consists of distributions on the investments held by the University of Waterloo endowment fund and interest received on cash balances. Interest income is recorded as interest income in the statement of operations and changes in the fair values of the investments are recorded in the appropriate fund to which the investments relate.

(d) Capital assets:

Capital assets include the original cost of buildings, grounds and roads, trucks and equipment, furniture and fixtures, which includes capitalized interest incurred on major buildings during the period of construction. Land acquired prior to May 1, 2011 is recorded at deemed cost, being its fair value at May 1, 2011, the transition date to Canadian accounting standards for not-for-profit organizations.

1. Significant accounting policies (continued):

(d) Capital assets (continued):

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to Renison's ability to provide services, its carrying amount is written down to its residual value.

Amortization on capital assets is recorded on the following basis:

Asset	Basis	Rate
Buildings	Declining balance and straight-line	4% or 40 years
Grounds and roads	Declining balance and straight-line	4% or 15 years
Trucks and equipment	Straight-line	10 years
Furniture and fixtures	Straight-line	3-15 years
Computer equipment	Straight-line	3-10 years

Contributions received from capital assets are deferred in the accounts and amortized over the same term on the same basis as the related capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

(e) Employee future benefits:

Renison's employees are covered by a defined benefit based pension plan, which forms part of the multiemployer defined benefit pension plan of the University of Waterloo and other related colleges. Under this plan the University of Waterloo establishes the contribution rate on an annual basis. The most recent actuarial valuation was as of January 1, 2021, and the next required valuation will be as of January 1, 2023. Canadian accounting standards for not-for-profit organizations require that a multiemployer plan be accounted for following the standards for a defined contribution plan where insufficient information is available to determine the proportionate share of the plan assets required to account for as a defined benefit plan.

Renison also sponsors a defined benefit plan that provides non-pension post-retirement and post-employment benefits, such as extended health care and life insurance coverage, to eligible employees. Renison uses the immediate recognition approach to account for this plan. Renison accrues its obligations under this plan as the employees render the services necessary to earn the benefits. The actuarial determination of the accrued benefit obligations for non-pension post-retirement uses the projected benefit method prorated on services. This method involves the use of the market interest rate at the measurement date on high-quality debt instruments for the discount rate and management's best estimates regarding assumptions about retirement age, termination rates, mortality rates and expected health care costs. The expected long-term return on pension plan assets is calculated using market-related asset values. The net actuarial gain or loss is amortized on a straight-line basis over the average remaining service life of the active employees calculated using the corridor method.

The most recent actuarial valuation of the benefit plans for funding purposes was as of January 1, 2022, and the next required valuation will be as of January 1, 2025.

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

Renison recognizes the accrued benefit obligations for the non-pension post-retirement plan net of the fair value of any plan assets adjusted for any valuation allowance in the balance sheet at the end of the year. The cost of the plan, comprising (i) changes in the accrued benefit obligation other than those resulting from benefit payments to plan members and net of any employee contributions; (ii) the actual return on plan assets; and (iii) the change in the valuation allowance is recorded in income.

Actuarial gains (losses) on plan assets and past service costs arising from plan amendments are immediately recognized into income at the date of the amendment.

(f) Derivative financial instruments:

Renison is subject to interest rate cash flow risk with respect to its floating rate debt. Renison has addressed this risk by entering into interest rate swap agreements that fix the interest rates over the term of the debt. Renison follows hedge accounting for its interest rate swaps. In order for a derivative to qualify for hedge accounting, the hedge relationship must be identified, designated and formally documented at its inception and reviewed annually for continued effectiveness. In the event that the interest rate swap agreement is terminated or ceases to be effective in part or in whole prior to maturity, any associated realized or unrealized gain or loss is recognized in income. In the event that the designated debt is extinguished or matures prior to the termination of the related interest rate swap agreement, any realized gain or loss is recognized in income.

The fair value of the interest rate swaps at the year-end date are disclosed in the notes to the financial statements. The fair value of derivative financial instruments reflects the daily quoted market amount of those instruments. Investment dealer quotes or quotes from a bank are available for Renison’s derivative financial instruments.

(g) Contributed material and services:

Contributed material and services are only recorded in the financial statements when a fair value can reasonably be estimated and they are used in the normal course of operations.

(h) Pledges receivable:

Donations are not recorded in the financial statements until funds are received.

(i) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Change in accounting policy:

Effective May 1, 2021, Renison early adopted the amendments to Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*, which requires not-for-profit organizations to apply changes in Section 3462 of Part II of the CPA Canada Handbook – *Accounting, Employee Future Benefits*. The amended standard removes the accommodation to allow the use of a funding valuation requirement. This change impacts Renison's non-pension employee future benefits and not its registered pension plan employee future benefits since the registered pension plan is required to prepare a funding valuation.

Renison adopted the amendments to Section 3462 at the beginning of the first fiscal year in which these amendments are first applied in accordance with the transitional provisions in Section 3463. As such, as part of the transitional provisions applicable to these amendments, the cumulative effect of applying these amendments as at May 1, 2021 was recorded as an increase to the employee future benefit liability and an offsetting decrease in net assets of $1,613,963. The adoption of these amendments has no impact on the financial statements for the year ended April 30, 2021.

3. Accounts receivable:

	2022	2021
Students	$ 350	$ 1,801
Sales tax receivable	18,347	6,157
Other	114,950	52,449
	$ 133,647	$ 60,407

No allowance for impairment of accounts receivable has been recorded at April 30, 2022 (2021 - $nil).

4. Restricted cash:

Restricted cash consists of funds held by the University of Waterloo in cash which back the endowment fund.

5. Capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	$ 7,680,000	$ –	$ 7,680,000	$ 7,680,000
Buildings	33,031,443	11,399,334	21,632,109	22,599,536
Grounds and roads	873,936	211,565	662,371	691,269
Furniture and fixtures	2,317,001	1,657,939	659,062	753,696
Computers equipment	377,985	182,322	195,663	137,088
	$ 44,280,365	$ 13,451,160	$ 30,829,205	$ 31,861,589

Included in furniture and fixtures is $nil (2021 - $24,325) of equipment purchased not yet installed and currently not being amortized.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $1,064,159 (2021 - $1,064,122), which includes amounts payable for HST, payroll related taxes, and repayment of the Canadian Emergency Wage Subsidy claim as deemed ineligible after funds were received.

7. University of Waterloo:

Renison University College and the University of Waterloo are affiliated. Students of Renison are able to take courses at the University of Waterloo and vice versa. Students of Renison who complete their degree receive a University of Waterloo degree. Students of Renison are also able to use all the facilities of the University of Waterloo.

For Renison, the University of Waterloo processes its payroll, maintains its pension plan and its endowment funds, and collects and then remits its credit tuition and government grant payments.

The University of Waterloo charges Renison a fee for services and the use of its facilities by Renison students. For 2022, this fee was $1,499,730 (2021 - $1,435,981).

These activities result in amounts payable to or receivable from the University of Waterloo. As at April 30, 2022, the amount due to the University of Waterloo was $1,385,087 (2021 - $1,505,824) and the amount due from the University of Waterloo was $390,409 (2021 - $519,263).

All transactions are in the normal course of operations and are accounted for using the exchange amount. All amounts are non-interest bearing.

8. Long-term debt:

		2022		2021
TD:				
Committed term facility bearing interest at 1.71%, and monthly payments of $25,964, including principal and interest. The loan matures October 30, 2035.	$	3,773,929	$	3,998,335
Banker's acceptance bearing interest of 0.75%, due on demand, renewed on a monthly basis.		1,824,223		1,959,355
Banker's acceptance bearing floating interest plus 0.50%, due January 1, 2030, renewed on a monthly basis.		2,045,590		2,134,957
Bank of Montreal ("BMO"):				
Mortgages payable with interest rates ranging from the Canadian dealer offered rate plus 0.08% to 0.66%, maturities between October 1, 2027 and September 1, 2031 and monthly instalments between $11,978 and $24,146 (2021 - $11,900 and $24,147), including principal and interest.		2,519,283		2,792,237
		10,163,025		10,884,884
Current portion of long-term debt		2,454,564		2,566,957
Long-term debt	$	7,708,461	$	8,317,927

In addition, Renison has term financing of $1,430,000 pursuant to its agreement with BMO dated April 7, 2020. The credit facility is intended to provide long-term financing of the building expansion for the School of Social Work. As of April 30, 2022, the outstanding balance on the term loan is $nil (2021 - $nil). The interest rate to be determined at the time of the advance. Renison also maintains a $2.5 million TD operating loan with interest at 0.75% per annum to finance ongoing working capital requirements. As of April 30, 2022, the outstanding balance on the operating loan is $nil (2021 - $nil).

Renison has entered into fixed interest rate swaps on certain long-term TD and BMO debt. At April 30, 2022, the difference between the fair value and the carrying value of the related debt, being the fair value of the interest rate swaps was a loss of $120,229 (2021 - loss of $574,992).

The land and buildings of Renison at 240 Westmount Road North, Waterloo, Ontario are pledged as collateral for the loans held by BMO. The total approved amount of all BMO facilities shall not exceed $5,458,768 at any time.

8. Long-term debt (continued):

Future minimum annual debt principal repayments for the long-term debt are as follows:

2023	$ 2,454,564
2024	654,381
2025	679,803
2026	706,511
2027	734,566
Thereafter	4,933,200
	$ 10,163,025

Included in interest and bank charges is interest on long-term debt of $304,536 (2021 - $344,772).

9. Interest rate swap contracts:

Renison entered into interest rate swap contracts to manage the interest rate exposure associated with certain long-term debt obligations. The contracts have the effect of converting the floating rate of interest on these debt obligations to a fixed rate.

The notional amounts of the derivative financial instruments do not represent amounts exchanged between parties and are not a measure of Renison's exposure resulting from the use of financial instrument contracts. The amounts exchanged are based on the applicable rates applied to the notional amounts.

Renison is exposed to credit related losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any counterparties to fail to meet their obligations. Renison limits its derivative financial instruments' credit risk by only dealing with Canadian chartered banks that are rated AA or better.

10. Deferred contributions:

Deferred contributions represent restricted contributions with which capital assets are to be purchased and certain restricted research funds shown as research grants.

The deferred contributions balance consists of the following amounts:

	2022	2021
Deferred capital contributions	$ 2,234,110	$ 2,324,311
Deferred operating contributions	678,356	644,410
	$ 2,912,466	$ 2,968,721

The changes in the deferred capital contributions balance during the year are as follows:

	2022	2021
Balance, beginning of year	$ 2,324,311	$ 2,415,011
Amounts amortized to revenue	(90,201)	(90,700)
Balance, end of year	$ 2,234,110	$ 2,324,311

The changes in the deferred operating contributions balance during the year are as follows:

	2022	2021
Balance, beginning of year	$ 644,410	$ 524,941
Contributions received during the year	262,008	396,751
Amounts amortized to revenue	(228,062)	(277,282)
Balance, end of year	$ 678,356	$ 644,410

11. Employee future benefits:

Renison's employees are covered by a defined benefit based pension plan, which forms part of the combined pension plans of the University of Waterloo and other related colleges.

The University maintains an unregistered non-contributory defined benefit private payroll pension plan. The unregistered non-contributory defined benefit private payroll pension plan fund will increase annually by charging the employee benefits line of the statement of operations. The first unregistered pension plan payment was made on July 1, 2002.

The benefits paid to or for employees in Renison's defined benefit based pension plan within the University of Waterloo's multi-employer pension plan for the year ended April 30, 2022, were $916,545 (2021 - $910,216). The expense incurred and contributions made to this multi-employer plan were $1,325,740 (2021 - $1,364,737).

Renison has a plan which provides extended health and dental benefits to eligible retirees. The figures stated below include the information from this plan and the unregistered non-contributory plan.

	2022	2021
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 2,802,860	$ 2,224,050
Adoption of amendments to CPA Canada Handbook Section 3463	1,613,963	–
Benefit obligation, beginning of year restated	4,416,823	2,224,050
Current service cost	525,000	277,000
Interest cost	152,558	130,592
New claims reserve	26,300	32,600
Benefits paid	(18,000)	(11,700)
Plan amendment	63,565	10,100
Actuarial loss (gain)	(1,902,138)	140,218
Benefit obligation, end of year	$ 3,264,108	$ 2,802,860

For measurement purposes, a 6.40% increase in the per capita cost of prescription drug costs are assumed for 2022, with the rate of the annual increase decreasing by 0.15% per annum until the annual rate of increase reaches an ultimate rate of 4% in 2038. In addition, the weighted average health care trend of 4.76% was assumed for 2022 with the ultimate rate of 4.05% to be reached in 2040. The annual increase in the cost of dental of 4.93% was assumed for 2022. The annual increase in the cost of a semi-private hospital of 4.48% was assumed. Lastly, the annual increase in the cost of other medical of 4.55% was assumed.

11. Employee future benefits (continued):

	2022	2021
Extended health and dental benefits plan		
For determining benefit obligations as at April 30:		
Discount rate	4.70%	5.30%
Rate of compensation increase	3.00%	3.00%
For determining benefit costs for the year ending April 30:		
Discount rate	3.36%	5.60%
Rate of compensation increase	3.00%	4.00%
Unregistered non-contributory defined benefit private payroll pension plan		
For determining benefit obligation as at April 30:		
Discount rate	5.50%	5.30%
Rate of compensation increase	3.00%	3.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.30%	5.60%
Rate of compensation increase	3.00%	4.00%

	2022	2021
Components of benefit expense:		
Current service costs	$ 525,000	$ 277,000
Interest costs	152,558	130,592
New claims reserve	26,300	32,600
Benefit expense	$ 703,858	$ 440,192

12. Internally restricted funds - other:

Internally restricted funds - other include amounts restricted by board motion for the following purposes:

	2022	2021
Faculty research	$ 127,687	$ 122,082
International initiatives	465,956	465,956
	$ 593,643	$ 588,038

13. Investment in capital assets:

	2022	2021
Capital assets	$ 30,829,205	$ 31,861,589
Amounts financed by long-term debt and construction credit facility	(10,163,025)	(10,884,884)
Deferred capital contributions	(2,234,110)	(2,324,311)
Balance, end of year	$ 18,432,070	$ 18,652,394

The change in investment in capital assets is as follows:

	2022	2021
Repayment of long-term debt	$ 721,859	$ 369,219
Purchase of capital assets	174,070	128,144
Disposal of capital assets	(617)	–
Change in investment in capital assets	895,312	497,363
Amortization of capital assets	(1,205,837)	(1,200,827)
Amortization of deferred capital contributions	90,201	90,700
Deficiency of revenue over expenses	(1,115,636)	(1,110,127)
Net decrease in investment in capital assets	$ (220,324)	$ (612,764)

14. Commitments:

The College has entered into various agreements for supplies, repair and maintenance and services. The commitments for the next five years regarding these agreements are:

2023	$ 71,360
2024	47,603
2025	2,910
2026	2,910
2027	1,300
	$ 126,083

15. Financial risks:

(a) Credit risk:

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Renison is exposed to credit risk with respect to the accounts receivable, investments and interest rate swap contracts. Renison assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Renison deals with reputable institutions to manage its risk with respect to cash investments and interest rate swap contracts.

(b) Liquidity risk:

Liquidity risk is the risk that Renison will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Renison manages its liquidity risk by monitoring its operating requirements. Renison prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Market risk:

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Renison is subject to market risk, foreign currency risk and interest rate price risk with respect to its investment portfolio. To manage these risks, Renison's investments are managed under the investment policy of the University of Waterloo.

16. Impact of COVID-19 pandemic:

On March 11th, 2020, the COVID-19 (the "pandemic") outbreak was declared a pandemic by the World Health Organization. In accordance with Public Health guidelines, Renison moved to an online education format and remote work environment for the health and safety of the community. This continued through the 2021-22 academic year resulting in significant revenue losses due to lack of on-campus presence, specifically in residence, international enrolment, food services, and ancillary services.

Renison did not qualify for any COVID-19 relief funding as deemed an ineligible employer for the Canada Emergency Wage Subsidy ("CEWS") by the CRA. Some revenue losses were mitigated with expenditure reductions and deferral of debt repayments for a period of six months at the onset of the pandemic.

Renison returned to campus beginning in January 2022 in accordance with the province's reopening plan and subject to Public Health guidelines. The ultimate duration and magnitude of the COVID-19 pandemic's impact on Renison's operations and financial position is not known at this time. There remains uncertainty over a number of factors such as Public Health guidelines, economic outcomes, and international travel restrictions, which could impact future cash flows and changes to the value of financial assets and liabilities. Management has assessed the going concern assumptions and believes there are no issues given access to sufficient liquid resources to see through operations in the coming year.