Financial Statements of

RENISON UNIVERSITY COLLEGE

And Independent Auditor's Report thereon

Year ended April 30, 2023

INDEPENDENT AUDITOR’S 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, 2023
- 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, 2023, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.

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 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

(date)

RENISON UNIVERSITY COLLEGE

Statement of Financial Position

April 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 5,733,596	$ 5,843,094
Accounts receivable (note 2)	200,237	133,647
Due from University of Waterloo (note 6)	661,940	390,409
Prepaid expenses	194,854	153,091
Inventories	10,129	7,529
	6,800,756	6,527,770
Restricted cash (note 3)	–	3,135,012
Investments	3,565,030	–
Capital assets (note 4)	29,796,605	30,829,205
	$ 40,162,391	$ 40,491,987
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 1,649,440	$ 1,775,949
Student deposits and fee advances	520,530	629,518
Due to University of Waterloo (note 6)	1,457,457	1,385,087
Current portion of long-term debt (note 7)	2,343,472	2,454,564
	5,970,899	6,245,118
Long-term debt (note 7)	7,054,080	7,708,461
Deferred contributions (note 9)	2,799,412	2,912,466
Employee future benefits (note 10)	3,596,108	3,264,108
	13,449,600	13,885,035
	19,420,499	20,130,153
Net assets:		
Unrestricted net assets	867,793	134,151
Internally restricted - capital	274,199	274,199
Internally restricted - other (note 11)	595,079	593,643
Internally restricted - employee future benefits	(2,999,140)	(2,667,139)
Investment in capital assets (note 12)	18,254,665	18,432,070
Endowment funds	3,749,296	3,594,910
	20,741,892	20,361,834
Commitments (note 13)		
	$ 40,162,391	$ 40,491,987

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Governor ____________________ Governor

RENISON UNIVERSITY COLLEGE

Statement of Operations

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government grants	$ 5,671,356	$ 5,901,031
Tuition	11,428,061	11,788,867
Residence fees	2,025,984	1,063,809
Food services sales	1,359,131	627,972
Donations	217,537	175,866
Chapel donations	46,099	49,487
Research grants	–	10,368
Interest and investment income	342,899	169,510
Amortization of deferred contributions (note 9)	300,944	318,263
Miscellaneous income	1,792,886	899,458
	23,184,897	21,004,631
Expenses:		
Salaries, wages and benefits	17,181,223	16,710,452
University services (note 6)	1,535,900	1,499,730
Amortization of capital assets	1,213,518	1,205,837
Interest and bank charges	351,970	321,393
Scholarships	321,384	306,811
Professional fees	68,706	123,108
Office, general and admin	351,584	201,015
Utilities	346,055	234,162
Insurance	149,673	133,399
Contracted services	461,195	166,582
Repairs and maintenance	220,327	149,932
Promotion and public relations	208,463	188,337
Research expenses	46,269	70,416
Library and academic support costs	76,748	63,553
Other	56,786	45,796
Food services purchases	393,955	177,714
Student activities	163,306	29,415
	23,147,062	21,627,652
Excess (deficiency) of revenue over expenses	$ 37,835	$ (623,021)

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2023, with comparative information for 2022

	Unrestricted	Internally restricted - capital	Internally restricted - other (note 12)	Internally restricted - employee future benefits	Investment in capital assets (note 13)	Endowment fund	Total 2023	Total 2022
Balance, beginning of year	$ 134,151	$ 274,199	$ 593,643	$ (2,667,139)	$ 18,432,070	$ 3,594,910	$ 20,361,834	$ 19,175,537
Excess (deficiency) of revenue over expenses	1,680,033	–	1,436	(470,178)	(1,123,796)	(49,660)	37,835	(623,021)
Investment in capital assets (note 12)	(946,391)	–	–	–	946,391	–	–	–
Remeasurement of employee future benefits	–	–	–	138,177	–	–	138,177	1,838,573
Endowment - fair market value adjustment on investments	–	–	–	–	–	178,644	178,644	(138,498)
Endowment contributions	–	–	–	–	–	25,402	25,402	109,243
Balance, end of year	$ 867,793	$ 274,199	$ 595,079	$ (2,999,140)	$ 18,254,665	$ 3,749,296	$ 20,741,892	$ 20,361,834

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Cash Flows

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 37,835	$ (623,021)
Items not involving cash:		
Amortization of capital assets	1,213,518	1,205,837
Amortization of deferred contributions (note 9)	(300,944)	(318,263)
Employee future benefits expense	504,077	703,858
Loss on sale of capital assets	–	617
Change in non-cash operating working capital	(595,611)	102,305
Contributions to employee future benefits	(33,900)	(18,000)
	824,975	1,053,333
Investing activities:		
Purchase of capital assets	(130,918)	(174,070)
Sales (purchase) of investments, net	(3,386,386)	3,008,717
	(3,517,304)	2,834,647
Financing activities:		
Repayment of long-term debt	(765,473)	(721,859)
Deferred contributions received (note 9)	187,890	262,008
Endowment contributions	25,402	109,243
	(552,181)	(350,608)
Increase (decrease) in cash	(3,244,510)	3,537,372
Cash, beginning of year	8,978,106	5,440,734
Cash, end of year	$ 5,733,596	$ 8,978,106
Non-cash items:		
Change in accounts payable and accrued liabilities related to capital asset additions	$ (50,000)	$ –

Cash consists of the following:

	2023	2022
Cash	$ 5,733,596	$ 5,843,094
Restricted cash	–	3,135,012
	$ 5,733,596	$ 8,978,106

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 RBC Dominion Securities Inc. 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, 2023, and the next required valuation will be as of January 1, 2025. 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. Accounts receivable:

	2023	2022
Students	$ –	$ 350
Sales tax receivable	34,429	18,347
Other	165,808	114,950
	$ 200,237	$ 133,647

No allowance for impairment of accounts receivable has been recorded at April 30, 2023 (2022 - $nil).

3. Restricted cash:

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

4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	$ 7,680,000	$ –	$ 7,680,000	$ 7,680,000
Buildings	33,031,443	(12,379,899)	20,651,544	21,632,109
Grounds and roads	873,936	(270,856)	603,080	662,371
Furniture and fixtures	2,317,001	(1,780,939)	536,062	659,062
Computers equipment	550,766	(224,847)	325,919	195,663
	$ 44,453,146	$ (14,656,541)	$ 29,796,605	$ 30,829,205

Included in Computer Equipment is $143,069 (2022 - $41,364) of equipment purchased not yet installed and currently not being amortized.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $1,064,159 (2022 - $1,064,159), 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.

6. 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 collects and then remits its credit tuition and government grant payments. As of May 1, 2022, Renison took over control of its own investments (Endowment funds).

The University of Waterloo charges Renison a fee for services and the use of its facilities by Renison students. For 2023, this fee was $1,535,900 (2022 - $1,499,730).

These activities result in amounts payable to or receivable from the University of Waterloo. As at April 30, 2023, the amount due to the University of Waterloo was $1,457,457 (2022 - $1,385,087) and the amount due from the University of Waterloo was $661,940 (2022 - $390,409).

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

7. Long-term debt:

	2023	2022
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.	$ 3,524,772	$ 3,773,929
Banker's acceptance bearing interest of 0.75%, due on demand, renewed on a monthly basis.	1,689,091	1,824,223
Banker's acceptance bearing floating interest plus 0.50%, due January 1, 2030, renewed on a monthly basis.	1,953,853	2,045,590
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 $11,954 and $24,107 (2022 - $11,978 and $24,146), including principal and interest.	2,229,836	2,519,283
	9,397,552	10,163,025
Current portion of long-term debt	2,343,472	2,454,564
Long-term debt	$ 7,054,080	$ 7,708,461

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, 2023, the outstanding balance on the term loan is $nil (2022 - $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, 2023, the outstanding balance on the operating loan is $nil (2022 - $nil).

Renison has entered into fixed interest rate swaps on certain long-term TD and BMO debt. At April 30, 2023, 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 $29,961 (2022 - loss of $120,229).

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.

7. Long-term debt (continued):

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

2024	$ 2,343,472
2025	679,803
2026	706,511
2027	734,566
2028	763,840
Thereafter	4,169,360
	$ 9,397,552

Included in interest and bank charges is interest on long-term debt of $333,300 (2022 - $304,536).

8. 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.

9. 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:

	2023	2022
Deferred capital contributions	$ 2,144,388	$ 2,234,110
Deferred operating contributions	655,024	678,356
	$ 2,799,412	$ 2,912,466

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

	2023	2022
Balance, beginning of year	$ 2,234,110	$ 2,324,311
Amounts amortized to revenue	(89,722)	(90,201)
Balance, end of year	$ 2,144,388	$ 2,234,110

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

	2023	2022
Balance, beginning of year	$ 678,356	$ 644,410
Contributions received during the year	187,890	262,008
Amounts amortized to revenue	(211,222)	(228,062)
Balance, end of year	$ 655,024	$ 678,356

The amortization of deferred contributions balance consists of the following amounts:

	2023	2022
Amortization of deferred capital contributions	$ (89,722)	$ (90,201)
Amortization of deferred operating contributions	(211,222)	(228,062)
	$ (300,944)	$ (318,263)

10. 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, 2023, were $1,006,197 (2022 - $916,545). The expense incurred and contributions made to this multi-employer plan were $1,372,756 (2022 - $1,325,740).

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.

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 3,264,108	$ 2,802,860
Adoption of amendments to CPA Canada Handbook Section 3463	–	1,613,963
Benefit obligation, beginning of year restated	3,264,108	4,416,823
Current service cost	326,000	525,000
Interest cost	153,477	152,558
New claims reserve	24,600	26,300
Benefits paid	(33,900)	(18,000)
Plan amendment	–	63,565
Assumptions loss (gain)	(32)	–
Actuarial loss (gain)	(138,145)	(1,902,138)
Benefit obligation, end of year	$ 3,596,108	$ 3,264,108

For measurement purposes, a 6.40% increase in the per capita cost of prescription drug costs are assumed for 2023, 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 4.97% was assumed for 2023 with the ultimate rate of 4.05% to be reached in 2040. The annual increase in the cost of dental of 5.14% was assumed for 2023. The annual increase in the cost of a semi-private hospital of 4.69% was assumed. Lastly, the annual increase in the cost of other medical of 4.76% was assumed.

10. Employee future benefits (continued):

	2023	2022
Extended health and dental benefits plan		
For determining benefit obligations as at April 30:		
Discount rate	4.85%	4.70%
Rate of compensation increase	3.00%	3.00%
For determining benefit costs for the year ending April 30:		
Discount rate	4.70%	3.36%
Rate of compensation increase	3.00%	3.00%
Unregistered non-contributory defined benefit private payroll pension plan		
For determining benefit obligation as at April 30:		
Discount rate	6.25%	5.50%
Rate of compensation increase	3.00%	3.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.30%
Rate of compensation increase	3.00%	3.00%

	2023	2022
Components of benefit expense:		
Current service costs	$ 326,000	$ 525,000
Interest costs	153,477	152,558
New claims reserve	24,600	26,300
Benefit expense	$ 504,077	$ 703,858

11. Internally restricted funds - other:

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

	2023	2022
Faculty research	$ 129,123	$ 127,687
International initiatives	465,956	465,956
	$ 595,079	$ 593,643

12. Investment in capital assets:

	2023	2022
Capital assets	$ 29,796,605	$ 30,829,205
Amounts financed by long-term debt and construction credit facility	(9,397,552)	(10,163,025)
Deferred capital contributions	(2,144,388)	(2,234,110)
Balance, end of year	$ 18,254,665	$ 18,432,070

The change in investment in capital assets is as follows:

	2023	2022
Repayment of long-term debt	$ 765,473	$ 721,859
Purchase of capital assets	180,918	174,070
Disposal of capital assets	–	(617)
Change in investment in capital assets	946,391	895,312
Amortization of capital assets	(1,213,518)	(1,205,837)
Amortization of deferred capital contributions	89,722	90,201
Deficiency of revenue over expenses	(1,123,796)	(1,115,636)
Net decrease in investment in capital assets	$ (177,405)	$ (220,324)

13. 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:

2024	$ 60,356
2025	15,246
2026	15,246
2027	13,636
2028	13,636
	$ 118,120

14. 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 by RBC Dominion Securities Inc. Renison's investment policy governed by the Board to ensure the investment of funds is carried out in accordance with what is in the best interests of its charitable objectives.

Renison University College

Audit Findings Report for the year ended April 30, 2023

KPMG LLP

Licensed Public Accountant

Prepared as of August 28, 2023 for the Finance & Audit Committee meeting on September 21, 2023

KPMG contacts

Key contacts in connection with this engagement

Kim Haley

Lead Audit Engagement Partner

519-747-8394

khaley@kpmg.ca

Kayla Blake

Audit Senior Manager

519-747-8857

kaylablake@kpmg.ca

Table of contents

The purpose of this report is to assist you, as a member of the Finance & Audit Committee, in your review of the results of our audit of the financial statements as at and for the period ended April 30, 2023. This report builds on the Audit Plan we presented to the Finance & Audit Committee. This report is intended solely for the information and use of Management, the Finance & Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Findings Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Audit highlights

Status of the audit

We have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which are highlighted on slide 5 of this report.

Changes to our audit plan

There are no significant changes from our audit plan which was originally communicated to you in the audit planning report on June 12, 2023.

Audit risks and results – significant risks

Significant findings related to significant risks are discussed on slide 6.

Audit risks and results – other significant findings

Other significant findings are discussed on slides 7-10.

Audit risks and results – going concern assessment

No matters to report.

Uncorrected audit misstatements

No matters to report.

Corrected audit misstatements

No matters to report.

Significant unusual transactions

No matters to report.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See slide 11 for certain required communications regarding control deficiencies.

Accounting policies and practices

No matters to report.

Other financial reporting matters

No matters to report.

Independence

We confirm our annual independence, which notes that we are independent of Renison University college in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

Status of the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of legal letters from the respective third parties
- Completing our discussions with the Finance & Audit Committee
- Obtaining evidence of the Board’s approval of the financial statements
- Receipt of signed management representation letter

We will update the Finance & Audit Committee on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor’s report will be dated upon the completion of any remaining procedures.

Significant risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Presumption of the risk of fraud resulting from management override of controls

Significant risk

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

Our procedures performed included:

- Testing the design and implementation of controls surrounding the review of journal entries, and the business rationale for significant entries;
- Using our Data & Analytics tool, IDEA Smart Analyzer, analyzing 100% of the journal entries posted during the year;
- We set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings; and
- We tested the process for critical accounting estimates, including performing a retrospective review of prior period estimates.

Significant findings

- We have not identified any specific additional risks of management override relating to this audit.
- There were no significant changes to management’s process for making the critical accounting estimates and there were no indicators of possible management bias.
- No issues were noted.

Other significant findings and results

Tuition and residence revenues and related receivables

Area of focus	Estimate?
To ensure the completeness, existence and accuracy of revenues. Risk of misstatement related to the completeness of revenue and accuracy of timing of revenue recognition given the account balance is material.	No

Our response and findings

- Confirmed grant and tuition revenue directly with the University of Waterloo.
- Performed detailed sampling of revenue for non-credit tuition and miscellaneous income to ensure appropriate recognition.
- Assessed revenue restriction considerations and performed substantive testing to ensure the accuracy of related deferred revenue.
- Assessed the appropriateness of accrual accounting and completed sales cut-off testing procedures.
- No issues or audit misstatements were identified

Other significant findings and results

Deferred contributions and associated revenue recognition

Area of focus	Estimate?
Risk of misstatement related to the revenue recognition as Renison has a significant deferred contribution balance.	No

Our response and findings

- Selected a sample of additions and disposals and agreed them to relevant supporting documentation to ensure they were appropriately accounted for.
- Selected a sample of additions to capital contributions and agreed them to relevant supporting documentation to ensure they are appropriately deferred.
- Recalculation of the deferred capital contributions to ensure the appropriate amount of revenue has been recognized during the year.
- No issues or audit misstatements were identified.

Other significant findings and results

Employment and post-employment associated benefit liabilities

Area of focus	Estimate?
Consistent with the past several prior years there was a significant benefits obligation. Testing was performed to understand what movement there has been in the balance from the prior year.	Yes

Our response and findings

Renison has an unfunded defined benefit plan that provides pension and non-pension post-employment benefits to eligible employees.

Reliance is placed on the actuarial valuations performed by Aon Hewitt in determining the accrued post-employment benefit liability at the end of each fiscal year. A full actuarial valuation is performed every 3 years and rolled forward based on updated assumptions for each year-end. A full valuation of the pension plan was performed as of January 1, 2022, with the next required valuation as of January 1, 2025. We have reviewed the assumptions used by the actuary in their calculations for reasonability and tested the data used in the current year valuation for accuracy. Significant assumptions utilized by the actuary have been outlined in note 11 of the financial statements.

With the adoption of the amendments to Section 3463 of the CPA Canada Handbook, the valuation of the Registered Pension Plan ("RPP") obligation is determined using the actuarial valuation for funding purposes, while the Payroll Pension Plan ("PPP"), Supplemental Retirement Arrangements ("SRA"), non-pension post-retirement benefit plans, and post-employment benefit plans, are measured using an accounting valuation.

The accrued benefit obligations are $3,420,808 (2022 - $3,084,708) for the post-employment benefits and $175,300 (2022 - $179,400) for the pension plan. The difference in each plan year over year is mainly attributable to the actuarial gains driven by the increase in discount rates.

Based on our review of the assumptions and the actuarial report, the employee future benefit liability is properly accrued and disclosed in the notes to the financial statements. We have also ensured all related disclosures under the not-for-profit accounting standards have been adequately presented in the financial statements. We believe management's process for identifying critical accounting estimates is adequate.

Other significant findings and results

Financial instruments, including investments, debt and interest rate swaps

Area of focus	Estimate?
Renison holds investments which are measured at fair value on the statement of financial position. Renison has a number of debt agreements, some of which have covenants attached to them. Renison applies hedge accounting to its interest rate swap and discloses the fair value of these instruments in the notes to the financial statements.	Yes

Our response and findings

Cash and investments

- KPMG confirmed the year-end cash balances directly with the bank and the investment holdings with RBC.
- We performed independent price testing over a sample of investment holdings at April 30, 2023. Based on our testing, there were no deviations in fair value that were outside of an acceptable range.

Long-term debt

- The debt balances at April 30, 2023 were confirmed with the respective lenders – BMO and TD.
- Renison University College was in compliance with the TD financial covenants as of April 30, 2023.

Interest rate swap

- KPMG obtained confirmations from both BMO and TD to support the valuation of the interest rate swaps. The fair value of the swaps as at April 30, 2023 was a loss of $29,961 (2022 – loss of $120,229). This amount has been disclosed in Note 8 to the financial statements.

As a result of our audit procedures, no audit misstatements or control deficiencies were identified.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Significant accounting policies and practices

Initial selections of significant accounting policies and practices

There were no initial selections to bring to your attention in fiscal 2023.

Description of new or revised significant accounting policies and practices

No matters to report.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	Adequate. No matters to report.
Concerns regarding application of new accounting pronouncements	No matters to report.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report.

Independence

As communicated to the Finance & Audit Committee during our audit plan and prior to the renewal of KPMG's engagement letter with Renison University College, we confirm that we are independent of Renison University College and comply with the strict intendance guidelines that are to be maintained at all times as your external auditors.

We confirm that all assurance services provided by KPMG do not infringe on our independence.

KPMG has strict internal policies and controls to ensure that no other services provided by any group within any member firm within our network would infringe on our independence. Agreed upon services as disclosed and summarized in our engagement letter comprising assurance services only.

See Appendix 3 for our Independence Letter.

Audit quality: How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

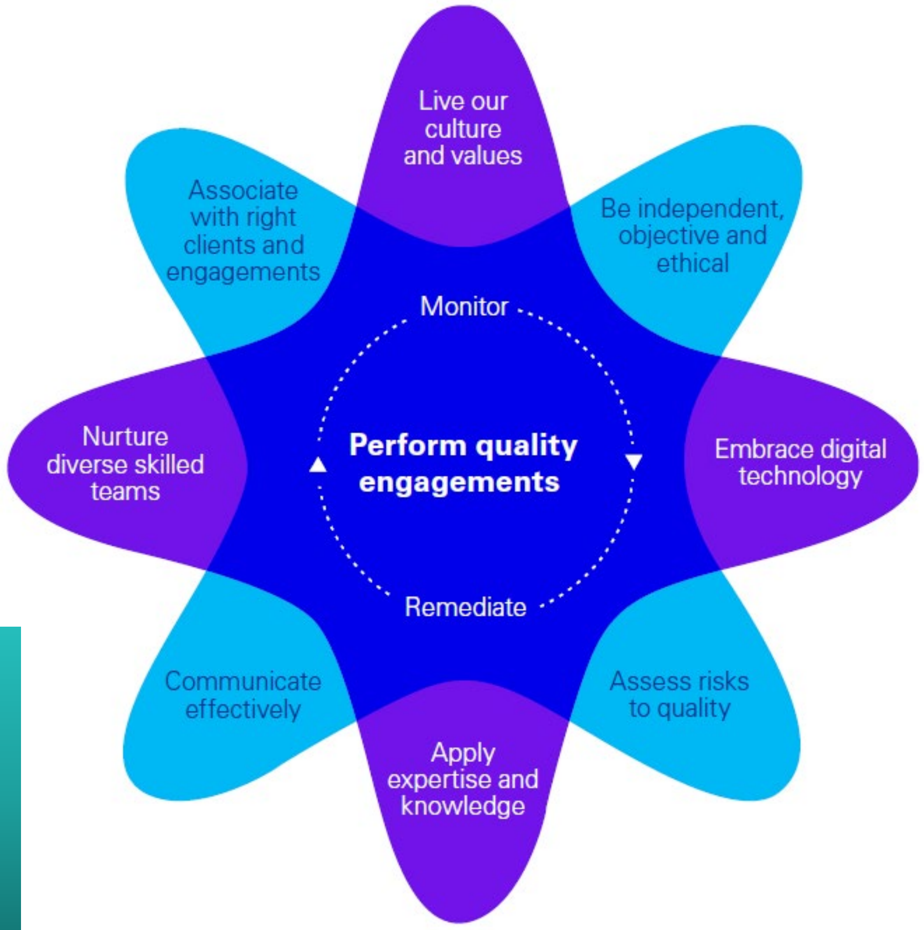
Perform quality engagement sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

KPMG 2022 Audit Quality and Transparency Report

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**



Appendices

1. Other required communications
2. Management representation letter
3. Independence letter
4. Insights to enhance your business
5. Audit and assurance insights
6. Environmental, social and governance (ESG)

Appendix 1: Other required communications

Other communications

A copy of the engagement letter was provided in the audit planning report presented to the Finance and Audit Committee.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results

Appendix 2: Management representation letter

September 27, 2023

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Renison University College (“the Entity”) as at and for the period ended April 30, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated June 12, 2023, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

   f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

   a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   b) all information in relation to fraud or suspected fraud that we are aware of that involves:

      — management;

      — employees who have significant roles in internal control over financial reporting; or

      — others

      where such fraud or suspected fraud could have a material effect on the financial statements.

   c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

   d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

   e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

11) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Accounting Policies:

14) The accounting policies selected and applied are appropriate for the Entity's business and consistent with accounting policies used in the Entity's industry.

Accounting Changes:

15) There have been no changes in accounting policies that have not been disclosed to you and appropriately reflected in the financial statements

Measurement Uncertainty:

16) There are no material measurement uncertainties that require disclosure in the financial statements, either in nature or extent that are not appropriately disclosed in the financial statements.

Current assets and current liabilities – presentation and disclosure:

17) Current assets include only amounts that are realizable within one year from the date of the balance sheet.

18) Current liabilities include only amounts payable within one year from the date of the balance sheet.

19) There are no amounts payable as at the date of the balance sheet in respect of government remittances related to federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums that are not appropriately disclosed in the financial statements.

Impairment of long-lived assets:

20) The Entity has appropriately grouped long-lived assets together for purposes of assessing impairment.

21) We have reviewed long-lived assets, for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Commitments & Contingencies:

22) There are no:

    a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation

    b) other environmental matters that may have an impact on the financial statements

Revenues and receivables:

23) We have reduced the carrying value of receivables to recognize any impairment loss.

24) Receivables reported in the financial statements represent valid claims against customers and other debtors for sales or other charges arising on or before the balance sheet date.

25) All sales transactions entered into by the Entity are final and there are no side agreements (contractual or otherwise) with customers.

Employee future benefits:

26) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

27) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.

28) All plan amendments, curtailments and settlements have been identified and properly accounted for under the financial reporting framework.

29) The set of actuarial assumptions for each plan is individually consistent.

30) We have provided you with all information regarding significant assumptions applied in measuring fair value of plan assets.

31) The assumptions included in the actuarial valuation are those that management instructed Aon Hewitt to use in computing amounts to be used by the Entity in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

32) In arriving at these assumptions, management has obtained the advice of Aon Hewitt, but has retained the final responsibility for them.

33) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

34) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

35) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.

36) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

37) Funding valuations are prepared in accordance with pension legislation and regulations.

Non-Monetary Transactions

38) We have no knowledge of any non-monetary transactions that have not been disclosed to you.

Economic Dependence:

39) We have no knowledge of economic dependence to be disclosed in the financial statements.

Financial instruments, off-balance-sheet activities, hedging and guarantees

40) Guarantees, whether written or oral, under which the Entity is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.

41) Off-balance sheet activities, including accounting policies related to non-consolidation of certain entities and revenue recognition, have been recorded and disclosed in the financial statements. Specifically, for those off-balance sheet activities in which the Entity is a transferor of financial assets, the off-balance sheet vehicle is either a qualifying special

purpose entity as defined in the relevant financial reporting framework, or the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the Entity is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the Entity for accounting purposes because the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework

42) The following information about financial instruments has been properly disclosed in the financial statements:

  a) the exposures to risk and how they arise (for each significant risk arising from financial instruments and separately for derivatives)

  b) any change in risk exposures from the previous period (for each significant risk arising from financial instruments and separately for derivatives)

  c) concentrations of risk (for each type of risk arising from financial instruments)

  d) extent, nature, and terms of financial instruments (including free-standing derivatives), both recognized and unrecognized.

43) All hedges for which the Entity is applying hedge accounting have met the requirements for hedge accounting provided for in the relevant financial reporting framework, including the requirement for contemporaneous documentation of the hedging relationship and the Entity's risk management objective and strategy for entering into the hedge, as well as initial effectiveness assessments. Such hedges have been disclosed in accordance with the relevant financial reporting framework.

44) All transactions involving free-standing derivative instruments have been identified, conducted at arm's length and accurately recorded in the financial records of the Entity.

45) There are no side agreements associated with any derivative financial instrument except as disclosed to you.

46) Freestanding derivative financial instruments that are entered into for trading or speculative purposes, or that do not qualify for hedge accounting under the relevant financial reporting framework, have been accounted for in accordance with the relevant financial reporting framework.

Management's use of specialists

47) We agree with the findings of Aon Hewitt as management's expert in evaluating the pension plan, retirement incentive plans, and other post-employment benefits. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Assets and liabilities – general:

48) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities (such as claims related to patent infringements, unfulfilled contracts, etc., whose values depend on fulfillment of conditions regarded as uncertain or receivables sold or

discounted, endorsements or guarantees, additional taxes for prior years, repurchase agreements, sales subject to renegotiation or price re-determination, etc.) that have not been disclosed to you.

49) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in cash, negotiable instruments, etc.).

50) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.

51) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.

52) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

53) We have no knowledge of losses to be sustained as a result of purchase commitments for inventory or other assets at quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Yours very truly,

____

Wendy Fletcher, President and Vice-Chancellor

____

Jill Pauls, Director of Finance

cc: Audit and Finance Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix 3: Independence letter

KPMG LLP
120 Victoria Street S.
Suite 600
Kitchener, ON N2G 2B3

Finance and Audit Committee
Renison University College
240 Westmount Road North
Waterloo, ON N2L 3G4

August 28, 2023

To the members of the Finance and Audit Committee,

Professional standards specify that we communicate to you in writing all relationships between the Entity and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the relevant professional bodies and any applicable legislation or regulation, covering such matters as:

a) provision of services in addition to the audit engagement
b) other relationships such as:

- holding a financial interest, either directly or indirectly, in a client
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
- economic dependence on a client

Provision for Services

Except for pre-approved audit services, there are no other professional services rendered by us to the Entity from April 1, 2022, up to the date of this letter.

We have not provided any prohibited services. However, professional standards require that we communicate actions that have been taken to address identified threats. This includes the actions taken to eliminate the circumstances that created such threats or applying safeguards to reduce such threats to an acceptable level. We have taken the following actions to eliminate threats, or applied the following safeguards to reduce threats, created by the services listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions.
- We obtained pre-approval of non-audit services and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services.
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services and we have not made any management decisions or assumed responsibility for such decisions.

Other relationships

We are not aware of any other relationships between our firm and the Entity that, in our professional judgement, may reasonably be thought to bear on our independence.

Confirmation of independence

We confirm that, as of the date of this letter, we are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

Other matters

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

KPMG LLP

Licensed Public Accountants

Appendix 4: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

Learn more

Lean in Audit

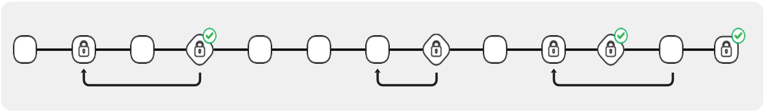
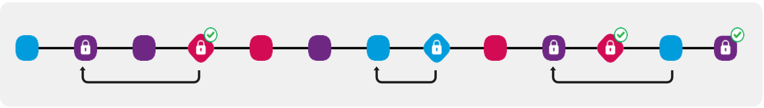
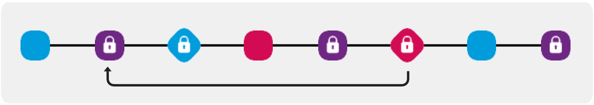
Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to discussing how we can use this approach for your audit going forward.

How it works

Standard Audit	Typical process and how it's audited	
Lean in Audit™	Applying a Lean lens to perform walkthroughs and improve Audit quality and minimize risks and redundant steps	
How Lean in Audit helps businesses improve processes	Make the process more streamlined and efficient for all	

Value: what customers want **(maximize)**

Necessary: required activities **(minimize)**

Redundant: non-essential activities **(remove)**

Process controls

Key controls tested

Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Accelerate 2023
The key issues driving the audit committee agenda in 2023.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Appendix 6: Environmental, Social and Governance (ESG)

The Sustainability reporting journey: Regulatory update

Recent Activity[1]

International (ISSB)

- Proposals published in March 2022 include **IFRS S1** – general requirements for disclosure of sustainability-related financial information and **IFRS S2** – climate-related disclosures, which would require investor-focused information on all sustainability-related risks and opportunities that the company is exposed to
- Applicability will be determined by national jurisdictions
- The ISSB has been actively redeliberating its two proposals with goal of finalizing as early as possible in 2023
- Some of the key items discussed at recent meetings include: keeping Scope 3 emissions disclosures in the final standards, requirement to report at the same time as financial statements, and maintaining the concept of investor materiality

EU (EFRAG)

- Proposals published in April 2022 would require companies to report information to meet the needs of all stakeholders across a range of sustainability topics specified in the CSRD
- In November, the European Parliament and European Council approved and adopted the CSRD, which amends and significantly expands the existing EU requirements for sustainability reporting
- In December, the CSRD was published in the Office Journal of the EU and will enter into force in early 2023. Member states will then have 18 months to transpose it into national law, and may make revisions as part of that process
- Notwithstanding that the CSRD is an EU Directive, there are considerable ESG reporting implications for non-EU based companies[2]

US (SEC)

- Proposal published in March 2022 would require investor-focused climate disclosures
- Due to a technological error, the SEC reopened the comment period through November 1 for its proposed climate rules and its proposed ESG rules for investment companies and advisers (along with other proposed rules)
- The SEC expects to release its final climate rules in April 2023
- The SEC's recent agenda also includes looking at disclosure rules on human capital management, with a proposal-expected to be released in April 2023

Canada (CSA)

- Proposal published in October 2021 would require investor-focused climate disclosures
- In October 2022, the CSA stated that it continues to actively consider international developments and how they may impact or inform its proposed climate-related disclosure rule

What about the CSSB?

- The Canadian Sustainability Standards Board (CSSB) is in the early stages of development and aims to be operational by April 2023
- In December, the CSSB was appointed an inaugural member of the SSAF, which will work with the ISSB towards a comprehensive global baseline of sustainability-related disclosure for capital markets

1. Refer to our *Q4 2022 Current Developments – Spotlight on IFRS*, *Q4 2022 Current Developments – Canadian Securities* and *Q4 2022 US Quarterly Outlook* publications for more details
2. Refer to our publication *ESG in Europe – Requirements covering non-EU companies formally adopted*

KPMG

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KPMG member firms around the world have 227,000 professionals, in 145 countries.

RENISON UNIVERSITY COLLEGE
AFFILIATED WITH THE **UNIVERSITY OF WATERLOO**

RENISON UNIVERSITY COLLEGE
240 WESTMOUNT ROAD NORTH, WATERLOO, ON, CANADA, N2L 3G4
519-884-4400 | fax 519-884-5135 | **uwaterloo.ca/renison**

October 13, 2023

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Renison University College ("the Entity") as at and for the period ended April 30, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated June 12, 2023, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

   f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

a) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

b) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

c) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

— management;

— employees who have significant roles in internal control over financial reporting; or

— others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

11) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Accounting Policies:

14) The accounting policies selected and applied are appropriate for the Entity's business and consistent with accounting policies used in the Entity's industry.

Accounting Changes:

15) There have been no changes in accounting policies that have not been disclosed to you and appropriately reflected in the financial statements

Measurement Uncertainty:

16) There are no material measurement uncertainties that require disclosure in the financial statements, either in nature or extent that are not appropriately disclosed in the financial statements.

Current assets and current liabilities – presentation and disclosure:

17) Current assets include only amounts that are realizable within one year from the date of the balance sheet.

18) Current liabilities include only amounts payable within one year from the date of the balance sheet.

19) There are no amounts payable as at the date of the balance sheet in respect of government remittances related to federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums that are not appropriately disclosed in the financial statements.

Impairment of long-lived assets:

20) The Entity has appropriately grouped long-lived assets together for purposes of assessing impairment.

21) We have reviewed long-lived assets, for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Commitments & Contingencies:

22) There are no:

a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation

b) other environmental matters that may have an impact on the financial statements

Revenues and receivables:

23) We have reduced the carrying value of receivables to recognize any impairment loss.

24) Receivables reported in the financial statements represent valid claims against customers and other debtors for sales or other charges arising on or before the balance sheet date.

25) All sales transactions entered into by the Entity are final and there are no side agreements (contractual or otherwise) with customers.

Employee future benefits:

26) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

27) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.

28) All plan amendments, curtailments and settlements have been identified and properly accounted for under the financial reporting framework.

29) The set of actuarial assumptions for each plan is individually consistent.

30) We have provided you with all information regarding significant assumptions applied in measuring fair value of plan assets.

31) The assumptions included in the actuarial valuation are those that management instructed Aon Hewitt to use in computing amounts to be used by the Entity in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

32) In arriving at these assumptions, management has obtained the advice of Aon Hewitt, but has retained the final responsibility for them.

33) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

34) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

35) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.

36) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

37) Funding valuations are prepared in accordance with pension legislation and regulations.

Non-Monetary Transactions

38) We have no knowledge of any non-monetary transactions that have not been disclosed to you.

Economic Dependence:

39) We have no knowledge of economic dependence to be disclosed in the financial statements.

Financial instruments, off-balance-sheet activities, hedging and guarantees

40) Guarantees, whether written or oral, under which the Entity is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.

41) Off-balance sheet activities, including accounting policies related to non-consolidation of certain entities and revenue recognition, have been recorded and disclosed in the financial statements. Specifically, for those off-balance sheet activities in which the Entity is a transferor of financial assets, the off-balance sheet vehicle is either a qualifying special

purpose entity as defined in the relevant financial reporting framework, or the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the Entity is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the Entity for accounting purposes because the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework

42) The following information about financial instruments has been properly disclosed in the financial statements:

   a. the exposures to risk and how they arise (for each significant risk arising from financial instruments and separately for derivatives)

   b. any change in risk exposures from the previous period (for each significant risk arising from financial instruments and separately for derivatives)

   c. concentrations of risk (for each type of risk arising from financial instruments)

   d. extent, nature, and terms of financial instruments (including free-standing derivatives), both recognized and unrecognized.

43) All hedges for which the Entity is applying hedge accounting have met the requirements for hedge accounting provided for in the relevant financial reporting framework, including the requirement for contemporaneous documentation of the hedging relationship and the Entity's risk management objective and strategy for entering into the hedge, as well as initial effectiveness assessments. Such hedges have been disclosed in accordance with the relevant financial reporting framework.

44) All transactions involving free-standing derivative instruments have been identified, conducted at arm's length and accurately recorded in the financial records of the Entity.

45) There are no side agreements associated with any derivative financial instrument except as disclosed to you.

46) Freestanding derivative financial instruments that are entered into for trading or speculative purposes, or that do not qualify for hedge accounting under the relevant financial reporting framework, have been accounted for in accordance with the relevant financial reporting framework.

Management's use of specialists

47) We agree with the findings of Aon Hewitt as management's expert in evaluating the pension plan, retirement incentive plans, and other post-employment benefits. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Assets and liabilities – general:

48) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities (such as claims related to patent infringements, unfulfilled contracts, etc., whose values depend on fulfillment of conditions regarded as uncertain or receivables sold or

discounted, endorsements or guarantees, additional taxes for prior years, repurchase agreements, sales subject to renegotiation or price re-determination, etc.) that have not been disclosed to you.

49) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in cash, negotiable instruments, etc.).

50) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements not disclosed to you.

51) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.

52) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

53) We have no knowledge of losses to be sustained as a result of purchase commitments for inventory or other assets at quantities in excess of normal requirements or at prices in excess of prevailing market prices.

Yours very truly,

Wendy Fletcher

Wendy L. Fletcher, President and Vice-Chancellor

Jill Pauls

Jill Pauls, Director of Finance

cc: Finance and Audit Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.