

Financial Statements of

**RENISON UNIVERSITY
COLLEGE**

And Independent Auditor's Report thereon

Year ended April 30, 2024



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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, 2024
- 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, 2024, 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.



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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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

October 30, 2024

RENISON UNIVERSITY COLLEGE

Statement of Financial Position

April 30, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 4,473,913	\$ 5,733,596
Accounts receivable (note 2)	231,994	200,237
Due from University of Waterloo (note 5)	242,062	661,940
Prepaid expenses	235,716	194,854
Inventories	12,221	10,129
	<u>5,195,906</u>	<u>6,800,756</u>
Investments	3,582,972	3,565,030
Capital assets (note 3)	28,706,118	29,796,605
	<u>\$ 37,484,996</u>	<u>\$ 40,162,391</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 858,548	\$ 1,649,440
Student deposits and fee advances	618,783	520,530
Due to University of Waterloo (note 5)	1,731,525	1,457,457
Current portion of long-term debt (note 6)	2,245,023	2,343,472
	<u>5,453,879</u>	<u>5,970,899</u>
Long-term debt (note 6)	6,374,277	7,054,080
Deferred contributions (note 8)	2,634,319	2,799,412
Employee future benefits (note 9)	3,869,450	3,596,108
	<u>12,878,046</u>	<u>13,449,600</u>
	18,331,925	19,420,499
Net assets:		
Unrestricted net assets	(289,996)	867,793
Internally restricted - capital	274,199	274,199
Internally restricted - other (note 10)	555,700	595,079
Internally restricted - employee future benefits	(3,272,482)	(2,999,140)
Investment in capital assets (note 11)	18,031,692	18,254,665
Endowment funds	3,853,958	3,749,296
	<u>19,153,071</u>	<u>20,741,892</u>
Commitments (note 12)		
	<u>\$ 37,484,996</u>	<u>\$ 40,162,391</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Governor

 Governor

RENISON UNIVERSITY COLLEGE

Statement of Operations

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Government grants	\$ 5,154,303	\$ 5,671,356
Tuition	10,794,336	11,428,061
Residence fees	2,260,744	2,025,984
Food services sales	1,470,731	1,359,131
Donations	152,085	217,537
Chapel donations	48,844	46,099
Research grants	—	—
Interest and investment income	567,342	342,899
Amortization of deferred contributions (note 8)	333,317	300,944
Miscellaneous income	2,516,872	1,792,886
	<u>23,298,574</u>	<u>23,184,897</u>
Expenses:		
Salaries, wages and benefits	18,230,860	17,181,223
University services (note 5)	1,487,366	1,535,900
Amortization of capital assets	1,209,626	1,213,518
Interest and bank charges	404,238	351,970
Scholarships	264,681	321,384
Professional fees	213,140	68,706
Office, general and admin	307,184	351,584
Utilities	345,532	346,055
Insurance	180,887	149,673
Contracted services	823,394	461,195
Repairs and maintenance	322,485	220,327
Promotion and public relations	398,561	208,463
Research expenses	84,736	46,269
Library and academic support costs	69,834	76,748
Other	90,589	56,786
Food services purchases	468,789	393,955
Student activities	196,627	163,306
Loss on sale of property, plant and equipment	2,952	—
	<u>25,101,481</u>	<u>23,147,062</u>
Excess (deficiency) of revenue over expenses	\$ (1,802,907)	\$ 37,835

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2024, with comparative information for 2023

	Unrestricted	Internally restricted - capital	Internally restricted - other (note 12)	Internally restricted - employee future benefits	Investment in capital assets (note 13)	Endowment fund	Total 2024	Total 2023
Balance, beginning of year	\$ 867,793	\$ 274,199	\$ 595,079	\$ (2,999,140)	\$ 18,254,665	\$ 3,749,296	\$ 20,741,892	\$ 20,361,834
Excess (deficiency) of revenue over expenses	(256,066)	–	(39,379)	(469,486)	(1,124,696)	86,720	(1,802,907)	37,835
Investment in capital assets (note 11)	(901,723)	–	–	–	901,723	–	–	–
Remeasurement of employee future benefits	–	–	–	196,144	–	–	196,144	138,177
Endowment - fair market value adjustment on investments	–	–	–	–	–	(47,903)	(47,903)	178,644
Endowment contributions	–	–	–	–	–	65,845	65,845	25,402
Balance, end of year	\$ (289,996)	\$ 274,199	\$ 555,700	\$ (3,272,482)	\$ 18,031,692	\$ 3,853,958	\$ 19,153,071	\$ 20,741,892

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Cash Flows

Year ended April 30, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,802,907)	\$ 37,835
Items not involving cash:		
Amortization of capital assets	1,209,626	1,213,518
Amortization of deferred contributions (note 8)	(333,317)	(300,944)
Employee future benefits expense	531,686	504,077
Loss on sale of capital assets	4,332	—
Unrealized gain (loss) on endowment investments	(47,903)	178,645
Change in non-cash operating working capital	(73,403)	(595,611)
Contributions to employee future benefits	(62,200)	(33,900)
	(574,086)	1,241,941
Investing activities:		
Purchase of capital assets	(123,470)	(130,918)
Net purchase of investments	(17,943)	(3,565,031)
	(141,413)	(3,338,659)
Financing activities:		
Repayment of long-term debt	(778,253)	(765,473)
Deferred contributions received (note 8)	168,224	187,890
Endowment contributions	65,845	25,402
	(544,184)	(552,181)
Increase (decrease) in cash	(1,259,683)	(3,244,510)
Cash, beginning of year	5,733,596	8,978,106
Cash, end of year	\$ 4,473,913	\$ 5,733,596
Non-cash items:		
Change in accounts payable and accrued liabilities related to capital asset additions	\$ —	\$ (50,000)

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements

Year ended April 30, 2024

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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

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, 2024, 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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

2. Accounts receivable:

	2024	2023
Sales tax receivable	\$ 17,244	\$ 34,429
Miscellaneous accounts receivable	214,750	165,808
	<u>\$ 231,994</u>	<u>\$ 200,237</u>

No allowance for impairment of accounts receivable has been recorded at April 30, 2024(2023 - \$nil).

3. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 7,680,000	\$ –	\$ 7,680,000	\$ 7,680,000
Buildings	33,042,559	(13,349,640)	19,692,919	20,651,544
Grounds and roads	873,936	(330,144)	543,792	603,080
Furniture and fixtures	2,337,650	(1,897,869)	439,781	536,062
Computers equipment	604,858	(255,232)	349,626	325,919
	<u>\$ 44,539,003</u>	<u>\$ (15,832,885)</u>	<u>\$ 28,706,118</u>	<u>\$ 29,796,605</u>

Included in Buildings is \$11,117 (2023 - \$143,069) of equipment purchased not yet installed and currently not being amortized.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,273 (2023 - \$1,064,159), which includes amounts payable for HST, and payroll related taxes.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

5. 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 2024, this fee was \$1,487,366 (2023 - \$1,535,900).

These activities result in amounts payable to or receivable from the University of Waterloo. As at April 30, 2024, the amount due to the University of Waterloo was \$1,731,525 (2023 - \$1,457,457) and the amount due from the University of Waterloo was \$242,062 (2023 - \$661,940).

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

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

6. Long-term debt:

	2024	2023
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.	\$ 3,271,506	\$ 3,524,772
Banker's acceptance bearing interest of 0.75%, due on demand, renewed on a monthly basis.	1,565,220	1,689,091
Banker's acceptance bearing floating interest plus 0.50%, due January 1, 2030, renewed on a monthly basis.	1,859,684	1,953,853
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.	1,922,890	2,229,836
	8,619,300	9,397,552
Current portion of long-term debt	2,245,023	2,343,472
Long-term debt	\$ 6,374,277	\$ 7,054,080

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, 2024, the outstanding balance on the term loan is \$nil (2023 - \$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, 2024, the outstanding balance on the operating loan is \$nil (2023 - \$nil).

Renison has entered into fixed interest rate swaps on certain long-term TD and BMO debt. At April 30, 2024, 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 gain of \$106,776 (2023 - loss of \$29,961).

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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

6. Long-term debt (continued):

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

2024	\$ 2,244,886
2025	706,511
2026	734,566
2027	763,840
2028	501,282
Thereafter	3,668,215
	<hr/> \$ 8,619,300 <hr/>

Included in interest and bank charges is interest on long-term debt of \$319,755 (2023 - \$333,300).

At April 30, 2024, Renison was in violation of the TD financial covenants as set by the agreement dated April 29, 2019. A waiver has been obtained from the bank for the existing default pertaining to all outstanding TD debt outstanding as of April 30, 2024. Management has assessed its compliance with the covenants for fiscal 2025 based on forecasted figures and does not believe that the violation will continue for the balance of fiscal 2025. Accordingly, the principal amounts relating to the TD loans have been classified as long-term liabilities where appropriate.

7. 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.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

8. 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:

	2024	2023
Deferred capital contributions	\$ 2,055,126	\$ 2,144,388
Deferred operating contributions	579,193	655,024
	<u>\$ 2,634,319</u>	<u>\$ 2,799,412</u>

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

	2024	2023
Balance, beginning of year	\$ 2,144,388	\$ 2,234,110
Amounts amortized to revenue	(89,262)	(89,722)
Balance, end of year	<u>\$ 2,055,126</u>	<u>\$ 2,144,388</u>

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

	2024	2023
Balance, beginning of year	\$ 655,024	\$ 678,356
Contributions received during the year	168,224	187,890
Amounts amortized to revenue	(244,055)	(211,222)
Balance, end of year	<u>\$ 579,193</u>	<u>\$ 655,024</u>

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

	2024	2023
Amortization of deferred capital contributions	\$ (89,262)	\$ (89,722)
Amortization of deferred operating contributions	(244,055)	(211,222)
	<u>\$ (333,317)</u>	<u>\$ (300,944)</u>

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

9. 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, 2024, were \$1,047,537 (2023 - \$1,006,197). The expense incurred and contributions made to this multi-employer plan were \$1,443,637 (2023 - \$1,372,756).

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.

	2024	2023
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 3,596,108	\$ 3,264,108
Adoption of amendments to CPA Canada Handbook Section	-	-
Benefit obligation, beginning of year restated	3,596,108	3,264,108
Current service cost	328,000	326,000
Interest cost	174,286	153,477
New claims reserve	29,400	24,600
Benefits paid	(62,200)	(33,900)
Plan amendment	-	-
Assumptions loss (gain)	(124)	(32)
Actuarial loss (gain)	(196,020)	(138,145)
Benefit obligation, end of year	\$ 3,869,450	\$ 3,596,108

For measurement purposes, a 6.10% increase in the per capita cost of prescription drug costs are assumed for 2024, 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 5.19% was assumed for 2024 with the ultimate rate of 4.05% to be reached in 2040. The annual increase in the cost of dental of 5.36% was assumed for 2024. The annual increase in the cost of a semi-private hospital of 4.91% was assumed. Lastly, the annual increase in the cost of other medical of 4.98% was assumed.

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

11. Investment in capital assets:

	2024	2023
Capital assets	\$ 28,706,118	\$ 29,796,605
Amounts financed by long-term debt and construction credit facility	(8,619,300)	(9,397,552)
Deferred capital contributions	(2,055,126)	(2,144,388)
Balance, end of year	\$ 18,031,692	\$ 18,254,665

The change in investment in capital assets is as follows:

	2024	2023
Repayment of long-term debt	\$ 778,253	\$ 765,473
Purchase of capital assets	123,470	180,918
Disposal of capital assets	—	—
Change in investment in capital assets	901,723	946,391
Amortization of capital assets	(1,209,626)	(1,213,518)
Amortization of deferred capital contributions	89,262	89,722
Gain on disposal of capital assets	(4,332)	—
Deficiency of revenue over expenses	(1,124,696)	(1,123,796)
Net decrease in investment in capital assets	\$ (222,973)	\$ (177,405)

12. 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:

2025	\$ 67,832
2026	27,246
2027	25,636
2028	13,636
2029	2,140
	\$ 136,490

RENISON UNIVERSITY COLLEGE

Notes to Financial Statements, continued

Year ended April 30, 2024

13. 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.

14. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.



Renison University College

**Audit Findings Report
for the year ended April 30, 2024**

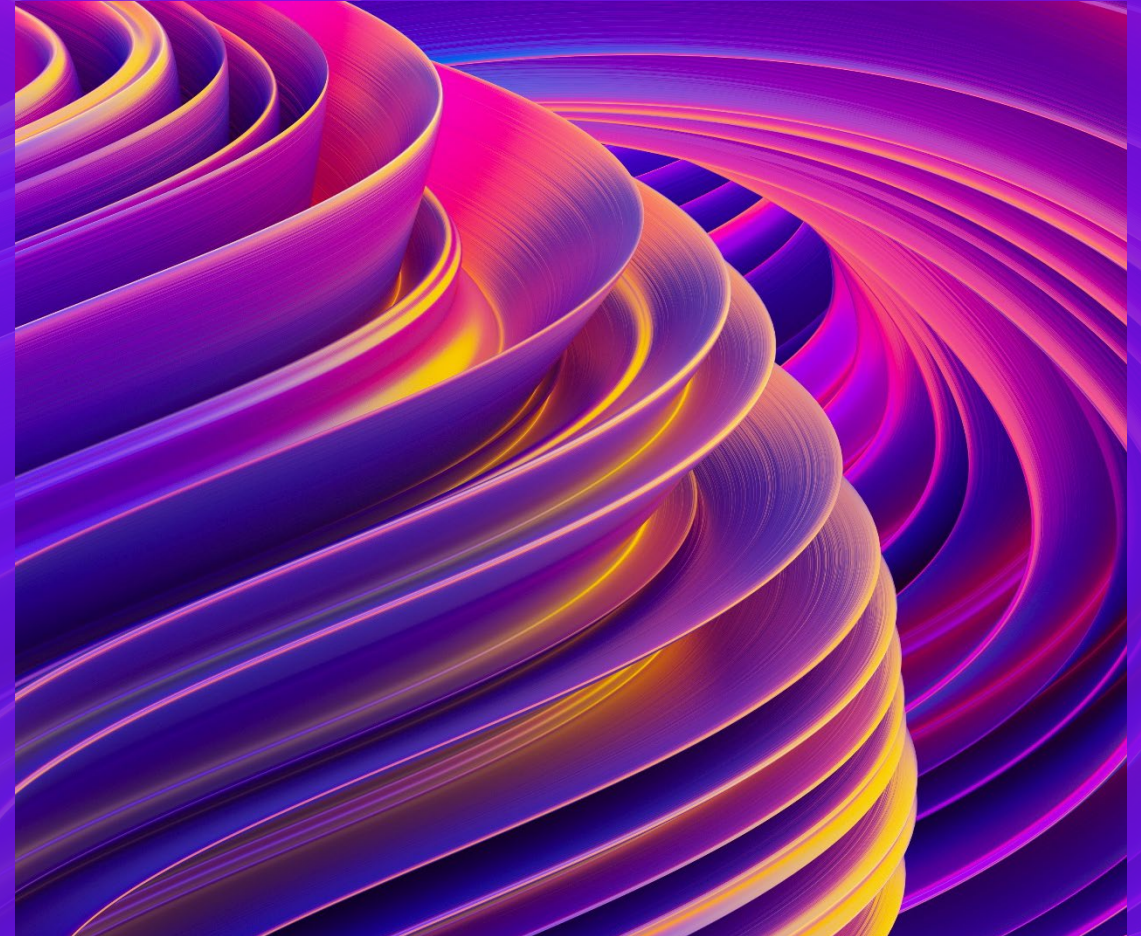
KPMG LLP

Licensed Public Accountants

Prepared as of August 22, 2024 for presentation to the
Finance & Audit Committee Meeting on September 23, 2024.

Updated October 21, 2024 for the Annual General Meeting on
October 23, 2024.

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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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.

4	Highlights	6	Status	7	Risks and results	17	Misstatements
19	Control deficiencies	20	Policies and practices	21	Independence	23	Appendices

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. This report is intended solely for the information and use of Management, the Finance & Audit Committee, and the Board of Governors 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.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Risk assessment

- Risk of management override of controls
- Presumed risk of fraudulent revenue recognition
- Going concern considerations
- Other risks of material misstatement

- Tuition and residence revenues and related receivables
- Revenue recognition and deferred contributions
- Employment and post-employment associated benefit liabilities
- Payroll and benefit expenses, and related accruals
- Financial instruments

Policies and practices & specific topics

- Significant unusual transactions
- Unusual related party transactions
- Newly effective accounting & auditing standards

Uncorrected misstatements

Uncorrected misstatements

Total revenues	
As currently presented	\$23,298,574
Uncorrected misstatements	\$135,680
As a % of the balance	0.58%

Audit misstatements

Corrected misstatements

- We did not identify any corrected differences.

Control deficiencies

Significant deficiencies

Independence

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

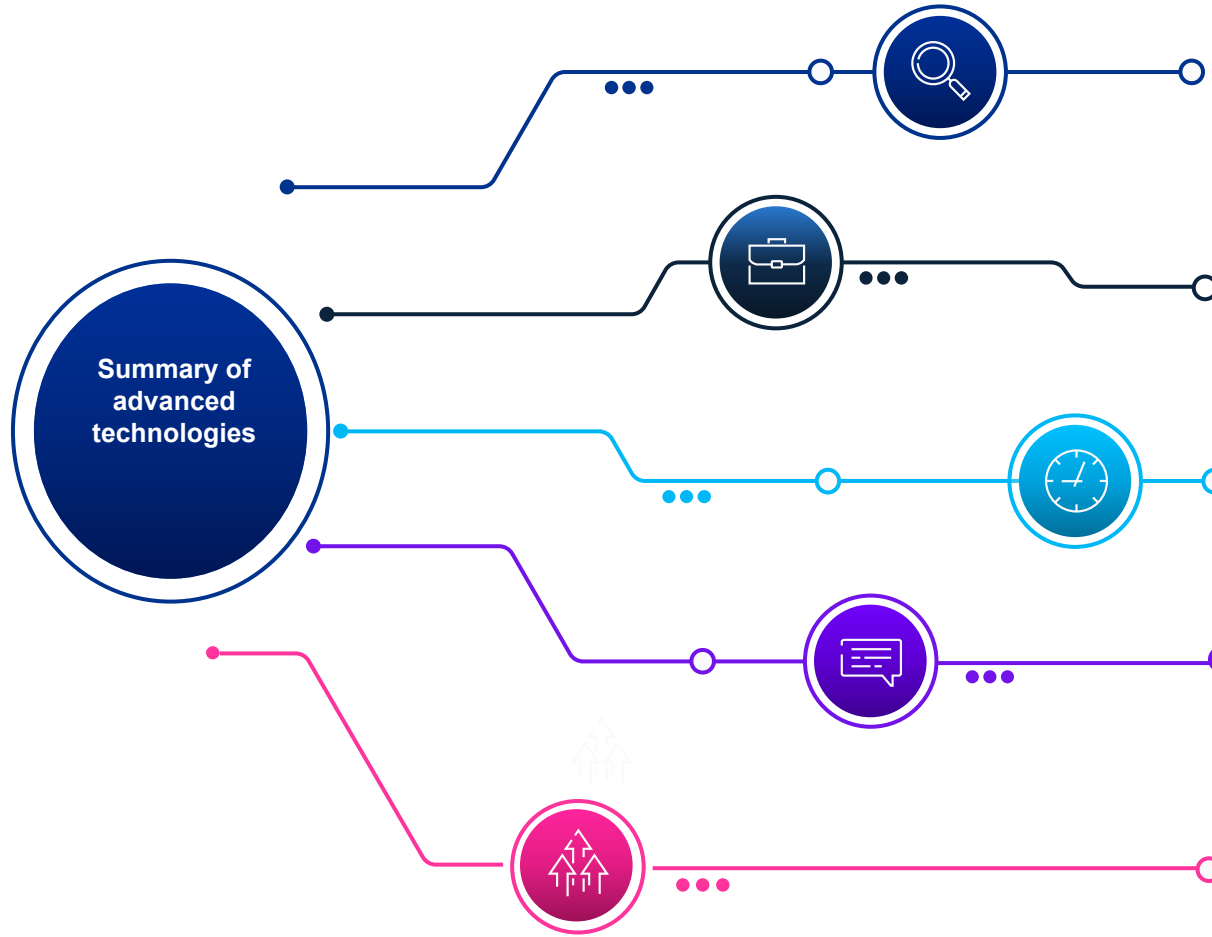


Denotes changes from report previously communicated to the Committee



Technology highlights

We utilized technology to enhance the quality and effectiveness of the audit.



Mindbridge

KPMG Clara Analytics - AI Transaction Scoring, powered by MindBridge AI, is a tool that applies advanced statistical, machine learning, and rules-based analytics technology to analyze transactions on a more granular level and deliver an even higher quality audit.

KPMG Clara for Client (Kcfc)

Allows the client team to see the real-time status of the engagement and who from our KPMG team is leading on a deliverable. The tool is used to control the status of audit requirements and as a collaboration site to share files and data.

iRADAR Derivatives and Securities Valuation Tool

Data analytics tool to assess independent expectation of fair value estimates together with a range of acceptable prices using iRADAR's own approved methods and valuation models for a range of investment types.

Datasnipper

Is an audit tool that uses optical character recognition and robotic process automation to automate vouching procedures within the audit engagement. It automatically matches specified excel data to the corresponding documents, leaving an audit trail behind for review.

Monetary Unit Sampling (MUS)

Sampling tool embedded in our KCw application used by the engagement team to calculate the most efficient sample sizes based on the specific risk considerations of an account and assertion, select and extract items from a population, and evaluate our results after audit procedures have been performed over selected items.



Status

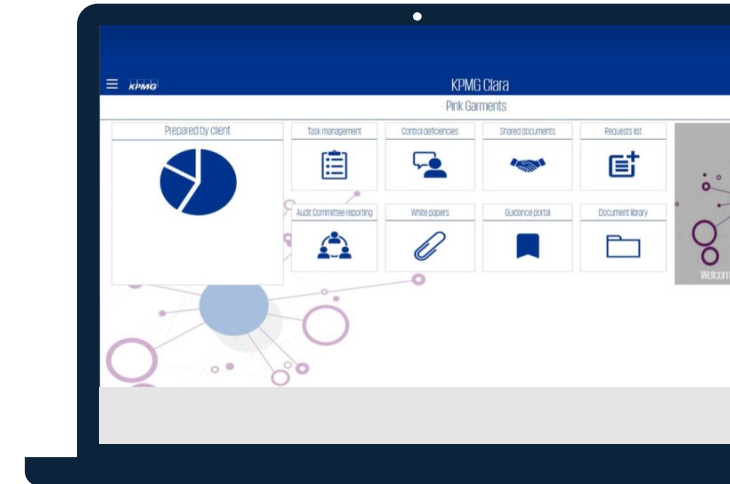
As of October 21, 2024, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Finance & Audit Committee;
- Obtaining evidence of the Board of Governor's approval of the financial statements;
- Obtaining legal confirmations from external legal counsel;
- Updated subsequent event inquiries up to completion of the audit; and
- Obtaining the signed management representation letter.

We will update the Finance & Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is provided in the draft financial statements will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.





Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the University and its environment (e.g. the industry, the wider economic environment in which the University operates, etc.), our understanding of the University's components of its system of internal control, including our business process understanding.

We use advanced technologies in performing our risk assessment procedures.

	Risk of fraud	Risk of error	PY risk rating
● Management Override of Controls	✓		Significant
● Fraudulent revenue recognition	<i>Rebutted</i>		Rebutted
● Going concern considerations		✓	-
● Tuition and residence revenues and related receivables		✓	Base
● Deferred contributions and associated revenue recognition		✓	Base
● Payroll and benefits expense and related accruals		✓	Base
● Financial instruments, including investments, debt and interest rate swaps		✓	Elevated
● Employment and post-employment associated benefit liabilities		✓	Base
● Operating expenses		✓	Base



● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT



Significant risks and results

We highlight our significant findings in respect of **significant risk**.



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

RISK OF



Significant risk

Estimate?

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.

No

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 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.
- 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 in the performance of the above procedures.



Significant risks and results

We highlight our significant findings in respect of **significant risk**.



Presumption of the risk of fraud involving improper revenue recognition

RISK OF



ERROR FRAUD

Significant risk

Estimate?

This is a presumed fraud risk of material misstatement under Canadian auditing standards.

No

Audit standards require us to assume there are generally pressures and incentives evaluating the business rationale of significant unusual transactions on management to commit fraudulent financial reporting through inappropriate revenue recognition. This can be perpetrated through revenue cut-off or manual journal entries and other adjustments related to revenue recognition.

We exercise professional judgement to rebut the presumed risk of fraud in revenue recognition after we consider and evaluate the facts and circumstances of the audit. We have rebutted the fraud risk over revenue recognition.

There are limited perceived opportunities to commit fraud and all revenue sources require very minimal judgement. The University's performance is not measured based on earnings and a significant portion of revenues can be tied directly to third party funding support.

Our response

No impact as risk has been rebutted.

Despite our rebuttal to the fraud risk, revenue is still an area of focus in our audit and as such we have performed substantive procedures over all material sources of revenue. See detailed procedures on page 13.



Other significant findings and results



Violation of Debt Covenant and Going Concern Implications

Significant risk

Estimate?

Events or conditions that raise substantial doubt about the University's ability to continue as a going concern may arise or may be identified at any point during the audit. For this reason, we remain alert for evidence of events or conditions throughout the audit and consider whether the results of our audit procedures identify events or conditions that raise substantial doubt. Without remaining alert for evidence of these events or conditions, substantial doubt may not be identified, resulting in the financial statements being inappropriately prepared on a going concern basis or material omissions of required disclosures.

No

Our response

We will considered whether any events or conditions raised substantial doubt regarding the University's ability to continue as a going concern. These procedures included:

- Risk assessment procedures, including planning analytical procedures (working capital deficiencies, negative cashflows from operating activities, or other adverse key financial ratios);
- Review of compliance with the terms of debt and loan agreements;
- Review of minutes of meetings of the Board of Governors and the Finance & Audit Committee;
- Inquiry of legal counsel regarding litigation, claims and assessments as outstanding matters may jeopardize the University's ability to operate;
- Confirmation with related and other third parties of the details of arrangements to provide or maintain financial support;
- Review of management's going concern evaluation covering a period of 12 months following the financial statement date;



Other significant findings and results



Violation of Debt Covenant and Going Concern Implications (continued)

Significant findings

At April 30, 2024, Renison was in violation of the TD financial covenants as set by the agreement dated April 29, 2019. This triggers a material reclassification of debt from long-term to short-term and also significantly impact the entities ability to continue as a going concern.

CPA Handbook Section 1510 Current assets and current liabilities – requires long-term debt with a measurable covenant violation to be classified as a current liability unless:

- the creditor has waived, in writing, or subsequently lost, the right, arising from violation of the covenant at the balance sheet date, to demand repayment for a period of more than one year from the balance sheet date, or
- the debt agreement contains a grace period during which the debtor may cure the violation and contractual arrangements have been made to ensure the violation will be cured within the grace period;
- and a violation of the debt covenant giving the creditor the right to demand repayment at a future compliance date within one year of the balance sheet date is not likely.

Renison has successfully obtained a waiver from TD indicating they waive compliance with the covenant requirement for the year ending April 30, 2024 and will not call the debt in the next 12 months.

Management expects prospective covenant compliance for fiscal 2024/25. KPMG has obtained the fiscal 2025 cashflow projection, operating budget, and the year-to-date actual results to assess the reasonability of this statement. There was a one-time \$900K donation received in September 2024 that has provided for a more favourable outcome in fiscal 2024/25.

Canadian Accounting Standards for Not-for-Profit organizations also requires management to make an assessment of an entity's ability to continue as a going concern. When management is aware, in making its assessment of an entity's ability to continue as a going concern, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed.

Management's evaluation considered the discretionary nature of certain expenditures, liquidity based on the fiscal 2025 projections, and the likelihood of TD recalling the outstanding debt within 12 months of the balance sheet date. Management has concluded that material uncertainty that may cast significant doubt of the entity's ability to continue as a going concern does not exist.

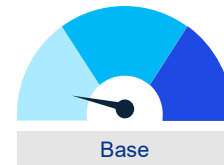
With the TD waiver obtained and the violation of the debt covenant unlikely for the year ended April 30, 2025, we are able to conclude on the appropriateness of the accounting treatment of current vs. long-term debt presentation and the University's ability to continue as a going concern with the circumstances known at this time.



Other risks of material misstatement

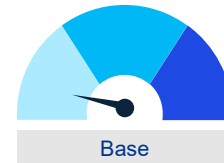


Tuition and residence revenues and related receivables



- 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 audit misstatements were identified.

Deferred contributions and associated revenue recognition



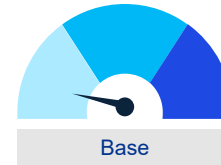
- Selected a sample of additions and disposals and agreed them to relevant supporting documentation to ensure they were appropriately accounted for.
- Selected a sample of additions to capital contributions and agreed them to relevant supporting documentation to ensure they are appropriately deferred.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



Other risks of material misstatement

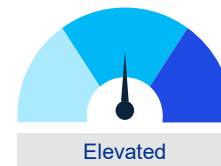


Payroll and benefits expense and related accrual



- KPMG took a combined controls and substantive approach.
- Control testing was performed over new hires and terminations as well as payroll changes.
- Substantive testing performed by inspecting invoices and payments made to the University of Waterloo who administers the payroll function for Renison.
- We have performed audit work over a senior administrative leave accrual to determine whether liabilities should exist at year-end to account for accrued time off for select employees. KPMG reviewed the respective employee contracts to ensure that the accrual met the definition of a liability and was recorded in accordance with the accounting standards.
- We identified a prior year uncorrected audit difference relating to Bill 124 for amounts agreed to and communicated to union employees as of April 30, 2023 as part of negotiations.

Financial instruments, including investments, debt and interest rate swaps



- KPMG confirmed the year-end cash balances directly with the bank and the investment holdings with RBC.
- We performed independent price testing using iRADAR over a sample of investment holdings at April 30, 2024. Based on our testing, there were no deviations in fair value that were outside of an acceptable range. Please refer to [page 15](#) for a diagram of deviations by individual investment market value.
- The debt balances at April 30, 2024 were confirmed with the respective lenders – BMO and TD. Renison University College was not in compliance with the TD financial covenants as of April 30, 2024. This is further discussed on [page 12](#) of our report.
- 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, 2024 was a loss of \$106,776 (2022 – loss of \$29,961). 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.



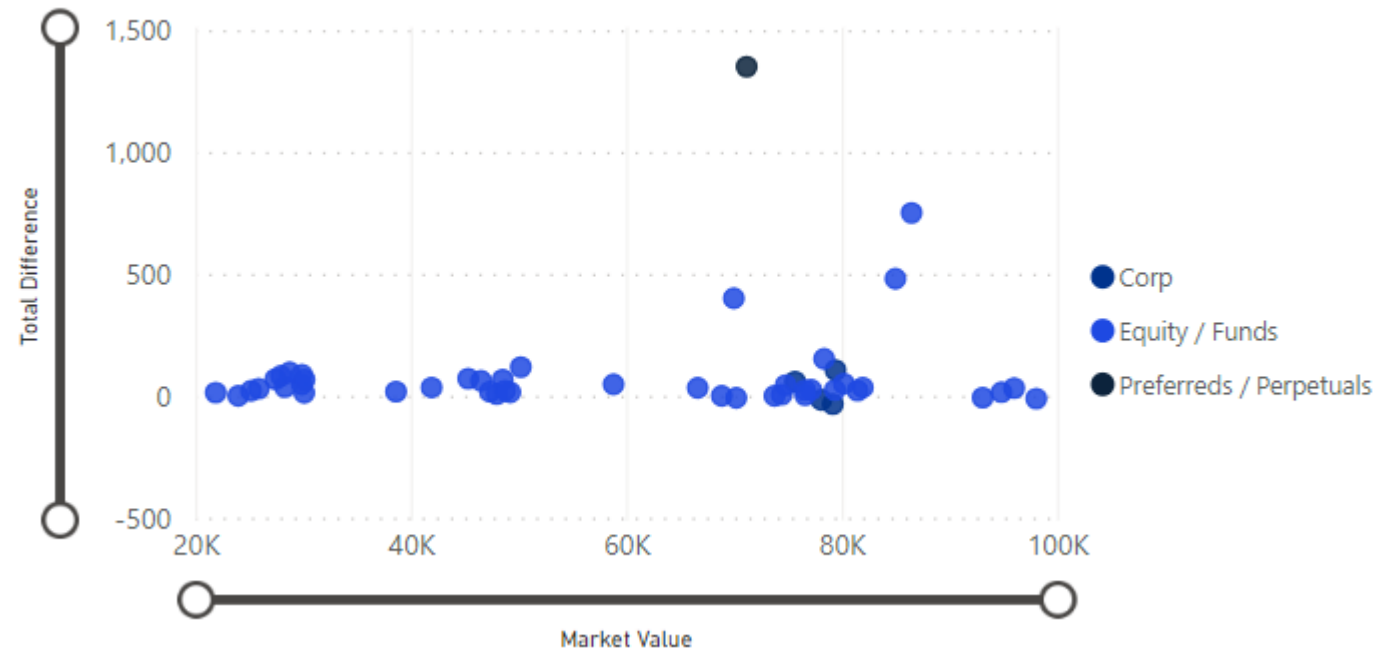
Other risks of material misstatement



Valuation of Investments – iRADAR results

Significant findings from the use of advanced technologies

Market Value Differences



We did not identify any differences outside of our acceptable range of deviation.



Other risks of material misstatement



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 9 of the financial statements. 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 \$3,736,000 (2023 - \$ 3,421,000) for the post-retirement benefits and \$133,000 (2023 - \$175,000) for the post-employment benefits. The difference in each plan year over year is mainly attributable to the actuarial gains driven by the increase in discount rates.

In addition to the mortality and retirement rates/tables, the following are key assumptions were assessed by our actuarial specialists:

	April 30, 2024	April 30, 2023
Discount rate (RPP)	6.00% per year	6.25% per year
Discount Rate (PPP and SRA Plans)	5.25% per year	4.85% per year
Consumer Price Index	2.00% per year	2.00% per year
Salary increase rate	4.00% per year	3.00% for one year; 4.00% thereafter

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.



KPMG Clara AI Transaction Scoring – Operating expenses

We have utilized our new Mindbridge AI Transaction Scoring tool to enhance the quality and effectiveness of the audit. AI Transaction scoring simultaneously tested each operating expense transaction through a mix of control points, machine learning algorithms, and statistical scenarios to assign a risk score and bucket the entire relevant population. This allowed our team to focus primarily on transactions with the highest risk, while giving you positive assurance over the remaining population.

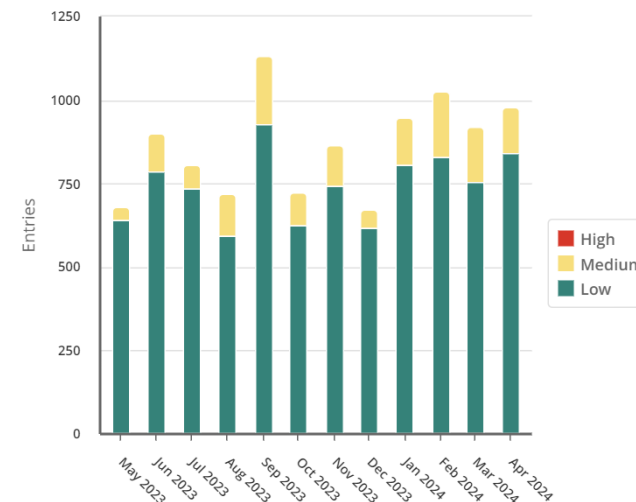
The visualization below is a snapshot of our AI Transaction Scoring tool displaying the results of the analysis performed over operating expenses (existence and accuracy). We focused our testing on the high and medium risk categories. The high and medium risk entries are driven by prepaid expenditures and accruals.

We tested amortization, bad debt, and payroll expenses separately outside of our Mindbridge AI tool.

No audit misstatements were identified as a result of our procedures.

Total # of entries	% of value - high risk by \$	% of value - medium risk by \$	% of value - low risk by \$
10,372	0.9%	11.2%	87.9%

Risk rating by number of entries by month
(high risk entries are negligible)



See Appendix for further details on our new AI methodology.



Uncorrected audit misstatements

Uncorrected audit misstatements include financial presentation and disclosure omissions.



Impact of uncorrected audit misstatements – Not material to the financial statements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements—individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Below is a summary of the impact of the uncorrected misstatement:

Total revenues	
As currently presented	\$ 23,298,574
Uncorrected misstatements	\$ 135,680
As a % of the balance	0.58%



Individually significant uncorrected audit misstatements

Uncorrected audit misstatements greater than \$23,750 individually:

Presented in \$	Income effect	Financial position		
		Assets	Liabilities	Net Assets
Impact of unrecorded Bill 124 accruals at April 30, 2023. Entry considers the impact to opening retained earnings and the understatement of net income for the year ended April 30, 2024 as Fiscal 2023 expenses have been recorded in Fiscal 2024.	\$135,680	-	-	\$135,680 (\$135,680)

Management continues to be aware of the reason for the recurring uncorrected misstatement, which is deemed immaterial to the users of the financial statements.



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 deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough 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.



Other financial reporting matters

We also highlight the following:



Financial statement presentation - form, arrangement, and content



Appropriate.

Significant accounting policies or practices are disclosed in Note 2 to the financial statements. There are no changes in accounting policies in the current year.



Concerns regarding application of new accounting pronouncements



There are no significant future accounting standards impacting the next fiscal year.



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



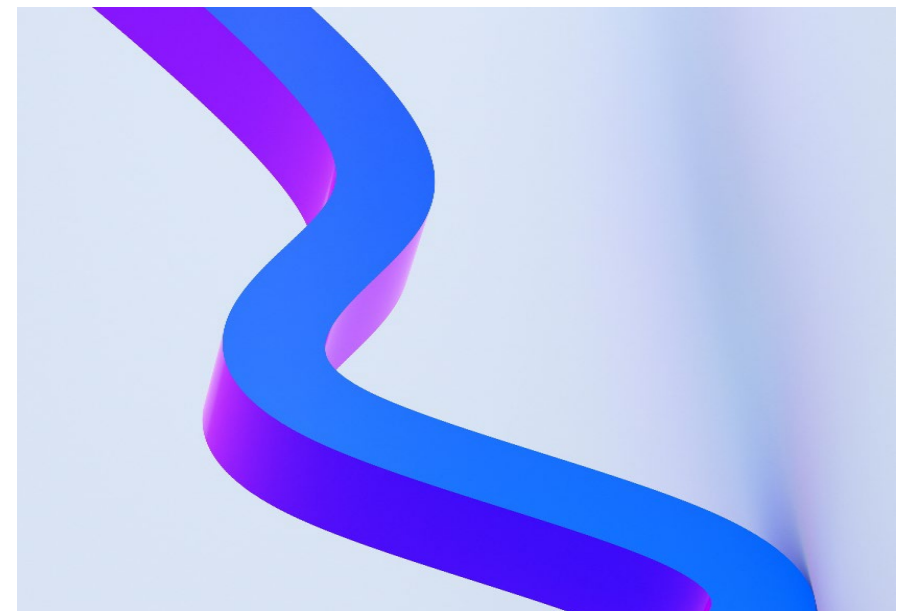
Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

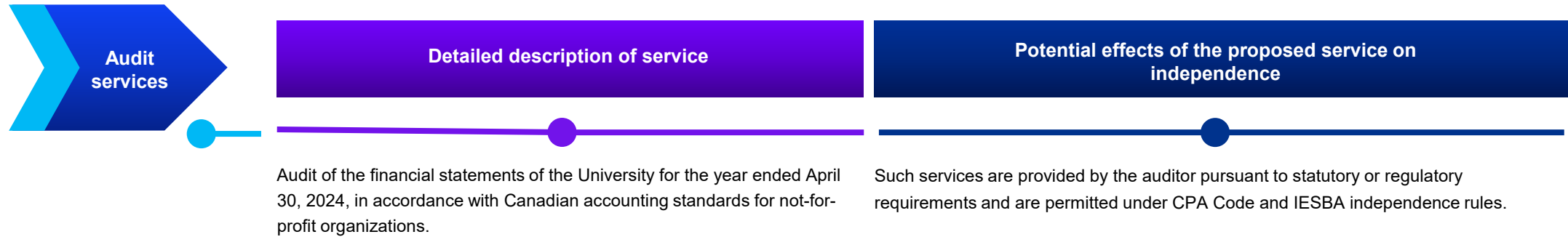
We confirm that, as of the date of this communication, **we are independent** of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)



Independence: Additional detail



Appendices

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Appendix 1: Draft auditor's report

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 University), which comprise:

- the statement of financial position as at April 30, 2024
- the statement of operations for the year then ended
- the statement of changes 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

(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 University as at April 30, 2024, and its results of operations and its cash flows for the year then ended 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 University 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 University'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 University'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 University 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



Appendix 2: Management representation letter

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

DATE

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 University”) as at and for the period ended April 30, 2024.

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 March 21, 2024, 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 University 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 university, 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
 - otherswhere 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 University'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 University's ability to continue as a going concern.

Misstatements:

- 11) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Non-SEC registrants or non-reporting issuers:

- 12) We confirm that the University 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 University 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.

General Standards of Financial Statement Presentation:

- 14) We have no knowledge of any significant matters that may have arisen that would require a restatement of the comparative information.

Accounting Policies:

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

Accounting Changes:

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

Measurement Uncertainty:

- 17) 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:

- 18) Current assets include only amounts that are realizable within one year from the date of the balance sheet.
- 19) Current liabilities include only amounts payable within one year from the date of the balance sheet.
- 20) 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.

Inventories:

- 21) Inventories have been appropriately measure at the lower of cost and net realizable value.

- 22) We have no plans or intentions that will result in any excess or obsolete inventory.
- 23) Provision, when material, has been made for losses to be sustained as a result of the reduction of excess, damaged, unusable or obsolete inventories to their estimated net realizable value.

Investments:

- 24) Investments classified as current assets are capable of reasonably prompt liquidation.
- 25) Provision, when material, has been made for losses to be sustained as a result of impairment of the carrying value of investments.

Impairment of long-lived assets:

- 26) The University has appropriately grouped long-lived assets together for purposes of assessing impairment.
- 27) 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:

- 28) 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:

- 29) We have reduced the carrying value of receivables to recognize any impairment loss.
- 30) 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.
- 31) All sales transactions entered into by the University are final and there are no side agreements (contractual or otherwise) with customers.

Employee future benefits:

- 32) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 33) 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.
- 34) All plan amendments, curtailments and settlements have been identified and properly accounted for under the financial reporting framework.
- 35) The set of actuarial assumptions for each plan is individually consistent.
- 36) We have provided you with all information regarding significant assumptions applied in measuring fair value of plan assets.
- 37) The assumptions included in the actuarial valuation are those that management instructed Aon Hewitt to use in computing amounts to be used by the University 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.
- 38) In arriving at these assumptions, management has obtained the advice of Aon Hewitt, but has retained the final responsibility for them.

- 39) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 40) 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.
- 41) 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.
- 42) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.
- 43) Accounting valuations are prepared in accordance with the change in accounting standard section 3462 (by virtue of section 3463) effective for the year ended April 30, 2024.

Non-Monetary Transactions

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

Economic Dependence:

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

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

- 46) Guarantees, whether written or oral, under which the University is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.
- 47) 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 University 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 University is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the University is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the University for accounting purposes because the University is not the primary beneficiary pursuant to the relevant financial reporting framework.
- 48) 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.
- 49) All transactions involving free-standing derivative instruments have been identified, conducted at arm's length and accurately recorded in the financial records of the University.
- 50) There are no side agreements associated with any derivative financial instrument except as disclosed to you.
- 51) 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

- 52) 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:

- 53) 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.
- 54) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in cash, negotiable instruments, etc.).
- 55) 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.
- 56) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.
- 57) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
- 58) 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,

Rev. Dr. Marc Jerry, President & Vice Chancellor

Jill Pauls, Director of Finance

cc: Finance & Audit Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

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.

Attachment II – Uncorrected Misstatements

Presented in \$	Income effect	Financial position		
		Assets	Liabilities	Net Assets
Impact of <u>unrecorded Bill 124 accruals</u> at April 30, 2023. Entry considers the impact to opening retained <u>earnings</u> and the <u>understatement</u> of net income for the year ended April 30, 2024 as Fiscal 2023 <u>expenses</u> have been <u>recorded</u> in Fiscal 2024.	\$135,680	-	-	\$135,680 (\$135,680)



Appendix 3: Other required communications



Engagement terms

A copy of the engagement letter was included in our audit planning report that was presented to the Finance & Audit Committee on May 27, 2024.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Finance & 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 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



Appendix 4: Audit quality: How do we deliver audit quality?

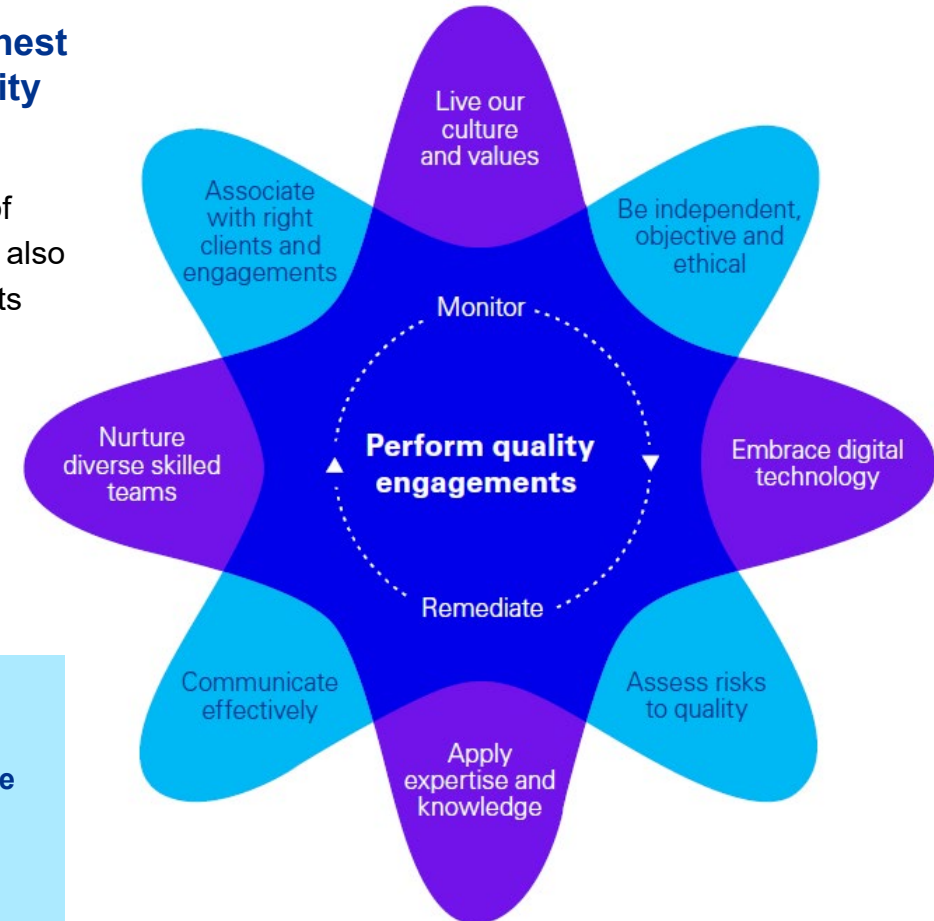
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

 [KPMG 2023 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 management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.



Appendix 4: Audit quality - Indicators (AQIs)

The objective of these measures is to provide more in-depth information about factors that influence audit quality within an audit process. Below are the AQIs that we have agreed with management are relevant for the audit. We would like to obtain agreement of the Finance & Audit Committee that these are the relevant AQIs.

We will communicate the status of the below AQIs on an annual basis.



Team composition



Experience of the team

- Role – number of years experience in the industry, number of years on this engagement



Technology in the audit



Implementation of Technology in the Audit

- Increase in use of technology in the audit year over year



Timing of prepared by client (PBC) items



Timeliness of PBC items

- Number of timely and overdue items received by the audit team.



Nothing to report



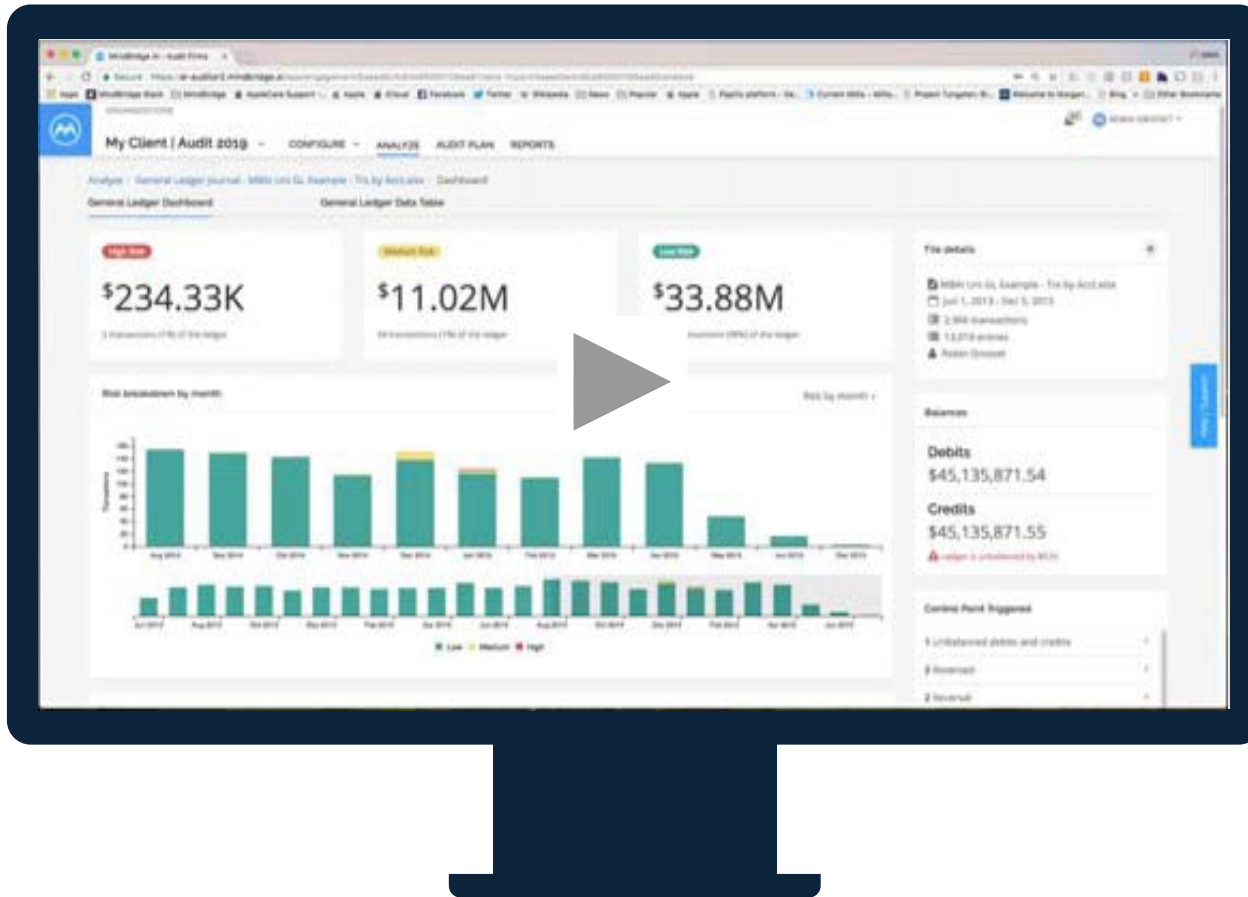
Some matters to report



Specific matters to report



Appendix 4: KPMG Clara AI Transaction Scoring



Description

KPMG Clara AI Transaction Scoring is a tool that applies advanced statistical, machine-learning, and rules-based analytics technology to analyze transactions on a more granular level and deliver an even higher audit quality. Transaction scoring simultaneously tests each transaction through a mix of control points, machine learning algorithms, and statistical scenarios to assign a risk score and bucket your entire population. This allows our team to focus primarily on transactions with the highest risk, while giving you positive assurance over the remaining population.



100% testing of transactions

Performs risk assessment and substantive testing procedures simultaneously over 100% of the transactions that are in scope for audit procedures.



Enhanced testing approach

Reduces the need for additional corroborating evidence on lower risk items and enables more meaningful discussions with management.



Increased audit quality

Drives audit quality by directing our focus to higher risk areas and meaningful outliers.



Anomaly detection

Finding the needle in the haystack has never been more easy, by using machine learning algorithms to detect transactions which don't follow the norm.



Appendix 5: Audit and assurance insights

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

[KPMG Audit & Assurance Insights](#)

Curated research and insights for Finance & Audit committees and boards.

[Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

[Current Developments](#)

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

[Finance & Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping Finance & Audit committee effectiveness in Canada.

[Accelerate 2023/24](#)

The key issues driving the Finance & Audit committee agenda in 2023/24.

[Momentum](#)

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

[KPMG Climate Change Financial Reporting Resource Centre](#)

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

[Government and public sector - KPMG Canada](#)

KPMG in Canada's Government & Public Sector practice aims to deliver meaningful results through a deep understanding of the issues, an intimate appreciation of how the public sector works, and global and local insight into the cultural, social and political environments.



Insights and Resources



Public sector and not-for-profit organizations across Canada are facing a plethora of challenges: financial uncertainty, advanced technological risk, environmental, social, and governance objectives, all which demand innovative approaches to policy, strategies, and operating models.

To help you understand and navigate these challenges, we have compiled insights and resources in one spot for you. This page was built for you, to ensure you have the right information in a timely way to ensure the University's success.

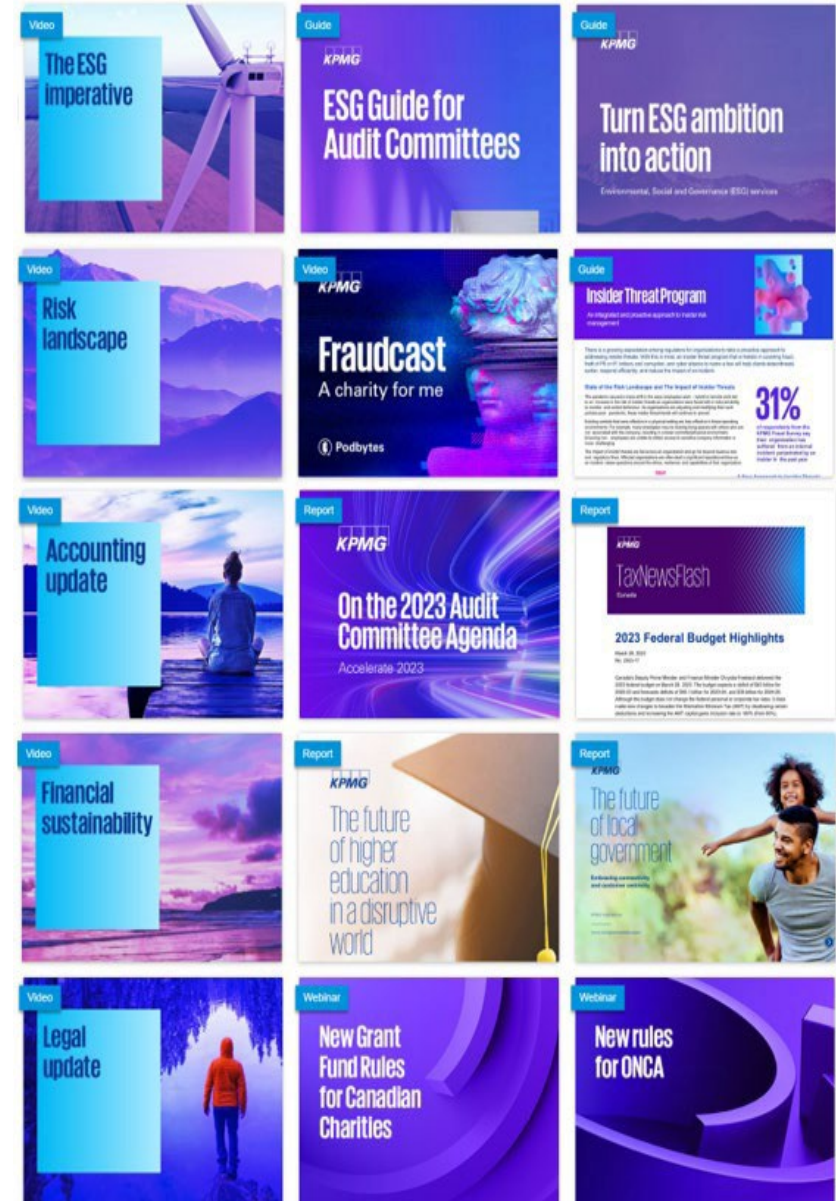
Organized into five content tracks, each section is dedicated to a specific area of relevance to the public sector and not-for-profit organizations. This resource site has guides, reports, on-demand webinars and articles. You will find content on topics such as ESG, legal considerations, accounting updates, risk considerations and financial sustainability.

The resources on this site go beyond the traditional areas of tax and accounting and will be of interest and importance to Board Members and Executive Directors, as well as CFOs, Directors of Finance, and accounting professionals.

We encourage you to visit the site to learn more about these topics; simply [scan/click the QR code to access](#).

Our local team of trusted advisors in the Waterloo Wellington Region bring a creative and innovative approach to problem solving that reflects a keen understanding of the public sector and not-for-profit organizations.

We can help you understand relevant sector insights to help achieve sustainable results.





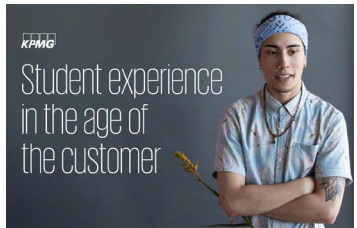
Appendix 6: Higher Education thought leadership and insights

Note: Click on images to visit document link.



AI in Higher Education

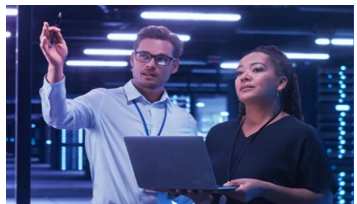
Artificial intelligence (AI) is changing how higher education institutions can deliver services, manage operations, and engage faculty to stay relevant in the market. Historically faced with barriers to quick adoption of emerging technologies, institutions must intentionally redesign their processes to keep pace and integrate with the fast-evolving capabilities that AI continues to present. While initial interest in AI in higher education has been focused on assessment, its potential applications extend to various use cases, such as streamlining administrative processes, powering student services, predicting and monitoring student success, and identifying student attrition risk. Dive into our first of a series of thought leadership articles as we explore the trends, challenges and opportunities shaping academia's digital transformation.



Student Experience

The broader context in which students live and work has influenced how they learn and engage with higher education institutions. Research conducted by KPMG revealed 5 key trends in student demographics and behaviors that have become driving forces behind changes in student needs. Students are increasingly diverse, digital, discerning, demanding, and debt-averse.

KPMG's approach to working with higher education institutions combines sector knowledge and leading global practices to provide a blueprint for institutions to enhance student experiences during the "moments that matter" in their journey from being candidates to alumni.



Higher education cybersecurity survey

As we navigate an era marked by rapid digital evolution, our daily lives, academic pursuits, and institutional operations are becoming increasingly interwoven with technology. While the transformative power of innovation brings unprecedented opportunities, it also exposes us to new challenges, particularly in the realm of cybersecurity. KPMG in Canada recently invited higher education institutions from both Canada and the United States to participate in a benchmarking survey to identify the areas where institutions are thriving, and where there is opportunity to improve.



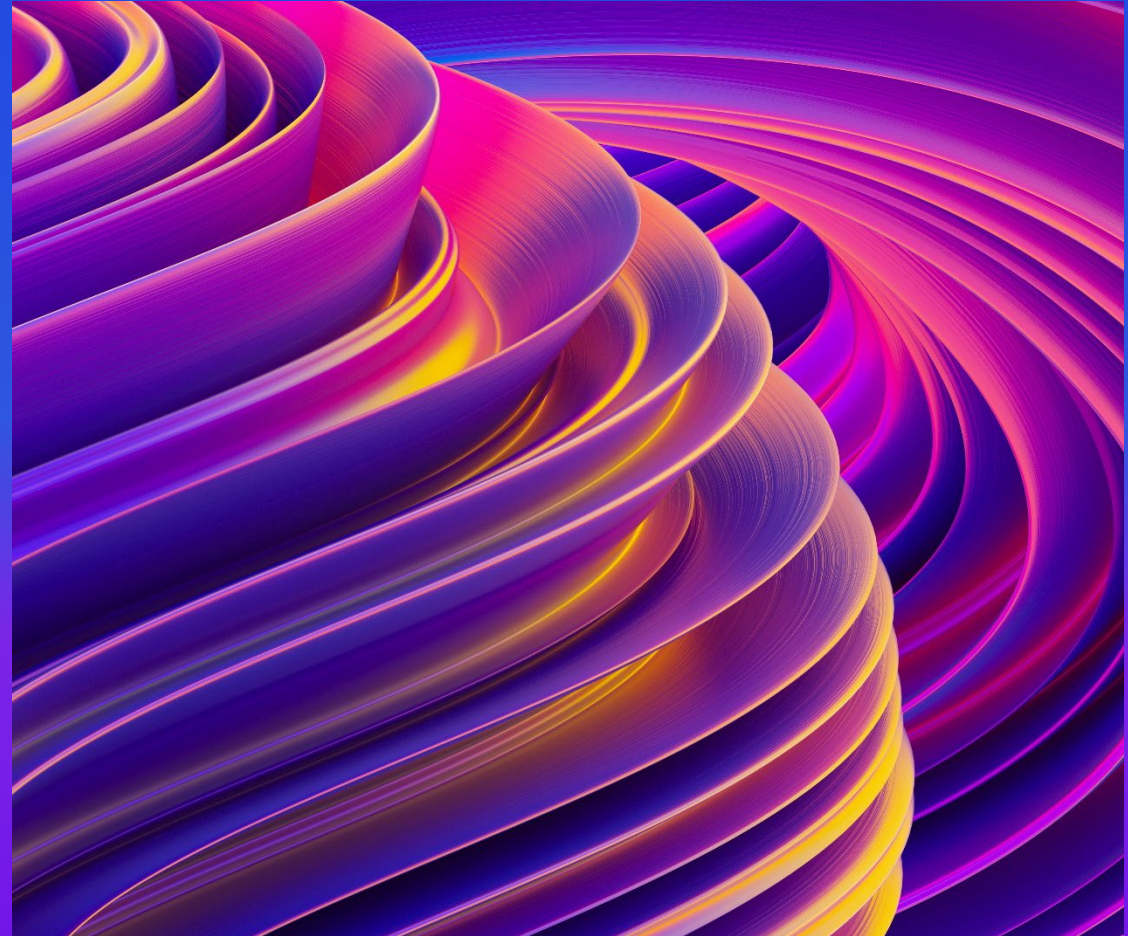
Decarbonization

Decarbonization and infrastructure resiliency is becoming central to ESG programs across Canada, and higher education institutions are no exception. Building decarbonization and climate resiliency strategies that account for evolving priorities from diverse stakeholders is key. When considering the need for standardized decarbonization initiatives and enhanced climate resiliency, institutions must consider the operational needs of their facilities and departments with decarbonization targets. A campus-level approach to developing solutions that can be applied across various assets and infrastructure is critical to accommodate competing requirements in a multi-stakeholder environment. Institutions should implement initiatives that move the needle toward emission targets early, while protecting against the impacts of extreme weather.



<https://kpmg.com/ca/en/home.html>

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AFFILIATED WITH THE **UNIVERSITY OF WATERLOO**

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

October 30, 2024

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 University”) as at and for the period ended April 30, 2024.

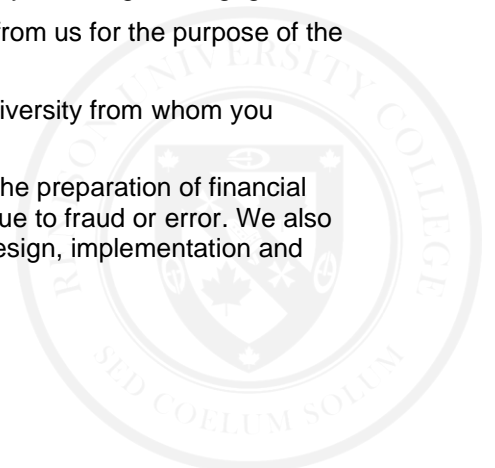
General:

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 March 21, 2024, 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 University 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 university, 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
 - otherswhere 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:

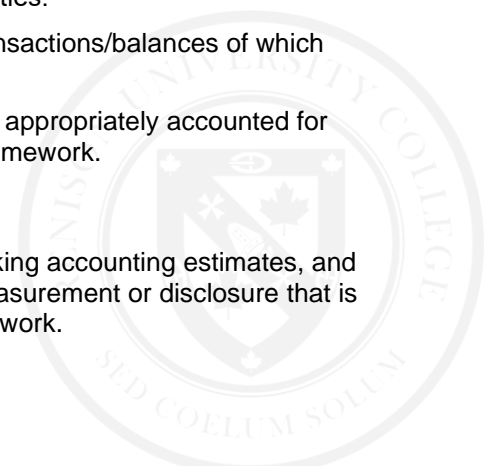
- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the University'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 University's ability to continue as a going concern.

Misstatements:

- 11) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Non-SEC registrants or non-reporting issuers:

- 12) We confirm that the University 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 University 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.

General Standards of Financial Statement Presentation:

- 14) We have no knowledge of any significant matters that may have arisen that would require a restatement of the comparative information.

Accounting Policies:

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

Accounting Changes:

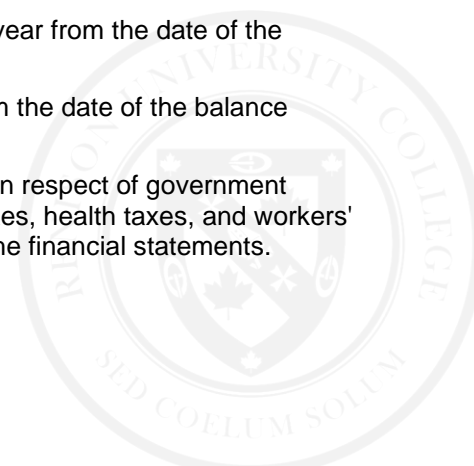
- 16) There have been no changes in accounting policies that have not been disclosed to you and appropriately reflected in the financial statements

Measurement Uncertainty:

- 17) 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:

- 18) Current assets include only amounts that are realizable within one year from the date of the balance sheet.
- 19) Current liabilities include only amounts payable within one year from the date of the balance sheet.
- 20) 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.



Inventories:

- 21) Inventories have been appropriately measured at the lower of cost and net realizable value.
- 22) We have no plans or intentions that will result in any excess or obsolete inventory.
- 23) Provision, when material, has been made for losses to be sustained as a result of the reduction of excess, damaged, unusable or obsolete inventories to their estimated net realizable value.

Investments:

- 24) Investments classified as current assets are capable of reasonably prompt liquidation.
- 25) Provision, when material, has been made for losses to be sustained as a result of impairment of the carrying value of investments.

Impairment of long-lived assets:

- 26) The University has appropriately grouped long-lived assets together for purposes of assessing impairment.
- 27) 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:

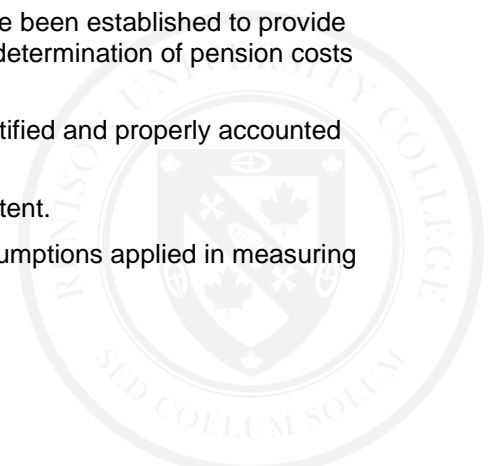
- 28) There are no:
 - a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities 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:

- 29) We have reduced the carrying value of receivables to recognize any impairment loss.
- 30) 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.
- 31) All sales transactions entered into by the University are final and there are no side agreements (contractual or otherwise) with customers.

Employee future benefits:

- 32) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 33) 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.
- 34) All plan amendments, curtailments and settlements have been identified and properly accounted for under the financial reporting framework.
- 35) The set of actuarial assumptions for each plan is individually consistent.
- 36) We have provided you with all information regarding significant assumptions applied in measuring fair value of plan assets.



- 37) The assumptions included in the actuarial valuation are those that management instructed Aon Hewitt to use in computing amounts to be used by the University 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.
- 38) In arriving at these assumptions, management has obtained the advice of Aon Hewitt, but has retained the final responsibility for them.
- 39) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 40) 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.
- 41) 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.
- 42) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.
- 43) Accounting valuations are prepared in accordance with the change in accounting standard section 3462 (by virtue of section 3463) effective for the year ended April 30, 2024.

Non-Monetary Transactions

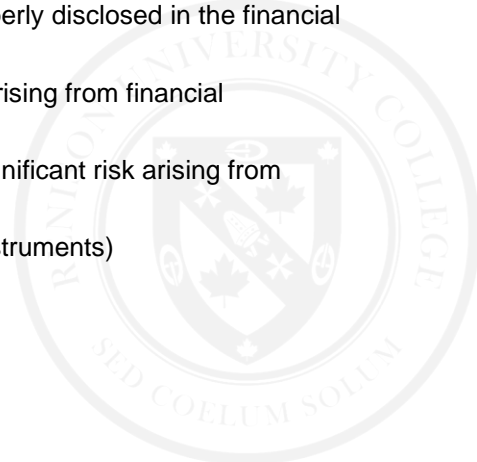
- 44) We have no knowledge of any non-monetary transactions that have not been disclosed to you.

Economic Dependence:

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

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

- 46) Guarantees, whether written or oral, under which the University is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.
- 47) 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 University 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 University is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the University is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the University for accounting purposes because the University is not the primary beneficiary pursuant to the relevant financial reporting framework
- 48) 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.
- 49) All transactions involving free-standing derivative instruments have been identified, conducted at arm's length and accurately recorded in the financial records of the University.
- 50) There are no side agreements associated with any derivative financial instrument except as disclosed to you.
- 51) 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

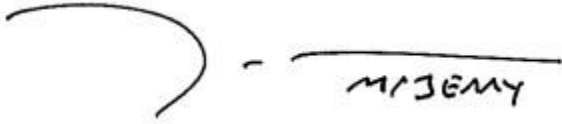
- 52) We agree with the findings of Aon Hewitt as management's expert in evaluating the pension plan, retirement incentive plans, and other post-employment benefits. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias 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:

- 53) 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.
- 54) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in cash, negotiable instruments, etc.).
- 55) 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.
- 56) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.
- 57) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
- 58) 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,

A handwritten signature in black ink, appearing to read "M. JERRY". The signature is written in a cursive style with a large, sweeping initial "M".

Rev. Dr. Marc Jerry, President & Vice Chancellor

A handwritten signature in black ink, appearing to read "Jill Pauls". The signature is written in a cursive style with a large, sweeping initial "J".

Jill Pauls, Director of Finance

cc: Finance & Audit Committee



Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

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.



Attachment II – Uncorrected Misstatements

Presented in \$	Income effect	Financial position		
		Assets	Liabilities	Net Assets
Impact of <u>unrecorded</u> Bill 124 <u>accruals</u> at April 30, 2023. Entry considers the impact to opening retained <u>earnings</u> and the <u>understatement</u> of net income for the year ended April 30, 2024 as Fiscal 2023 <u>expenses</u> have been recorded in Fiscal 2024.	\$135,680	-	-	\$135,680 (\$135,680)

