Financial Statements of

RENISON UNIVERSITY COLLEGE

Year ended April 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Renison University College

We have audited the accompanying financial statements of Renison University College, which comprise the statement of financial position as at April 30, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Renison University College as at as at April 30, 2018 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
September 26, 2018

RENISON UNIVERSITY COLLEGE

Statement of Financial Position

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 9,096,003	$ 8,000,310
Accounts receivable (note 3)	92,677	68,934
Due from University of Waterloo (note 6)	353,836	401,331
Prepaid expenses	113,827	134,632
Inventories	19,875	-
	9,676,218	8,605,207
Investments	2,530,308	2,593,364
Capital assets (note 4)	30,124,784	30,923,328
	$ 42,331,310	$ 42,121,899
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 680,065	$ 864,956
Student deposits and fee advances	1,375,908	1,533,206
Due to University of Waterloo (note 6)	1,414,729	2,203,715
Current portion of long-term debt (note 7)	2,720,413	2,833,531
	6,191,115	7,435,408
Long-term debt (note 7)	7,466,371	7,906,908
Deferred contributions (note 9)	3,258,945	3,059,550
Post-employment benefits obligation (note 10)	2,561,750	2,929,744
Pension plan obligation (note 11)	195,200	55,100
	13,482,266	13,951,302
	19,673,381	21,386,710
Net assets:		
Unrestricted net assets	1,079,596	735,680
Internally restricted - capital	2,246,878	1,473,351
Internally restricted - other (note 12)	1,309,592	517,479
Internally restricted - employee future benefits	(2,159,981)	(2,387,875)
Investment in capital assets (note 13)	17,330,713	17,491,980
Endowment funds	2,851,131	2,904,574
	22,657,929	20,735,189
	$ 42,331,310	$ 42,121,899

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Governor

_______________ Governor

RENISON UNIVERSITY COLLEGE

Statement of Operations

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Government grants	$ 5,256,647	$ 5,186,253
Tuition	12,746,444	11,521,507
Residence fees	2,590,952	2,789,968
Food services sales	1,054,793	-
Donations	134,726	160,801
Chapel donations	47,511	40,797
Conferences	80,737	68,276
Interest and investment income	206,955	200,701
Amortization of deferred research grant contributions (note 9)	380,721	314,500
Amortization of deferred capital contributions (note 9)	92,284	96,000
Miscellaneous income	724,562	693,798
	23,316,332	21,072,601
Expenses:		
Salaries, wages and benefits	15,070,386	12,776,465
University services (note 6)	1,415,737	1,380,968
Amortization of capital assets	1,041,880	1,062,693
Contracted services	963,985	1,256,583
Office, general and admin	590,784	484,074
Food service purchases	426,692	-
Promotion and public relations	423,072	300,050
Interest and bank charges	415,060	442,486
Utilities	349,727	338,423
Repairs and maintenance	318,864	343,184
Scholarships	305,505	267,799
Student activities	216,096	164,060
Library and academic support costs	171,365	125,161
Professional fees	152,653	84,015
Insurance	94,359	90,031
Research	85,850	46,100
Other	68,716	122,245
	22,110,731	19,284,337
Excess of revenue over expenses before undernoted	1,205,601	1,788,264
Gain (loss) on disposal of capital assets	220,884	(14,641)
Excess of revenue over expenses	$ 1,426,485	$ 1,773,623

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Changes in Net Assets

Year ended April 30, 2018, with comparative information for 2017

	Unrestricted	Internally restricted - capital	Internally restricted - other	Internally restricted - employee future benefits	Investment in capital assets	Endowment fund	Total 2018	Total 2017
Balance, beginning of year	$ 735,680	$ 1,473,351	$ 517,479	$ (2,387,875)	$17,491,980	$ 2,904,574	$ 20,735,189	$ 18,990,659
Excess (deficiency) of revenue over expenses	2,534,477	-	(57,476)	(327,596)	(728,712)	5,792	1,426,485	1,773,623
Investment in capital assets (note 13)	(960,366)	-	-	-	960,366	-	-	-
Interfund transfers (note 13)	-	-	392,921	-	(392,921)	-	-	-
Internally imposed restrictions	(1,230,195)	773,527	456,668	-	-	-	-	-
Remeasurement of employee future benefits	-	-	-	555,490	-	-	555,490	(145,448)
Endowment - fair market value adjustment on investments	-	-	-	-	-	(24,966)	(24,966)	110,232
Endowment contributions (redemptions)	-	-	-	-	-	(34,269)	(34,269)	6,123
Balance, end of year	$1,079,596	$ 2,246,878	$1,309,592	$ (2,159,981)	$17,330,713	$ 2,851,131	$ 22,657,929	$ 20,735,189

See accompanying notes to financial statements.

RENISON UNIVERSITY COLLEGE

Statement of Cash Flows

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 1,426,485	$ 1,773,623
Items not involving cash:		
Amortization of capital assets	1,041,880	1,062,693
Amortization of deferred contributions (note 9)	(473,005)	(410,500)
Employee future benefits expense	398,196	348,697
(Gain) loss on disposal of capital assets	(220,884)	14,641
Change in non-cash operating working capital	(1,106,493)	994,223
Contributions to employee future benefits	(70,600)	(54,000)
	995,579	3,729,377
Investing activities:		
Purchase of capital assets	(416,464)	(122,110)
Proceeds on sale of capital assets	394,012	-
Sale (purchase) of investments, net	38,090	(24,700)
	15,638	(146,810)
Financing activities:		
Repayment of long-term debt	(553,655)	(564,507)
Repayment of long-term note payable	-	(222,491)
Deferred contributions received (note 9)	672,400	275,096
Endowment contributions (redemptions)	(34,269)	6,123
	84,476	(505,779)
Increase in cash	1,095,693	3,076,788
Cash, beginning of year	8,000,310	4,923,522
Cash, end of year	$ 9,096,003	$ 8,000,310

See accompanying notes to financial statements.

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

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

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

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

1. Significant accounting policies:

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

(a) Revenue recognition:

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

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

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

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

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

1. Significant accounting policies (continued):

(b) Financial instruments:

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

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

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

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

(c) Investments and interest income:

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

(d) Capital assets:

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

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.

1. Significant accounting policies (continued):

(d) Capital assets (continued):

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

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 combined pension plans of the University of Waterloo and other related colleges. 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 its defined benefit plans. Renison accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits 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, 2018, and the next required valuation will be as of January 1, 2021.

Renison recognizes the accrued benefit obligations 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.

1. Significant accounting policies (continued):

(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.

(h) 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.

(i) Pledges receivable:

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

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Future accounting changes:

In March 2018, the Accounting Standards Board issued Section 4433, Tangible capital assets held by not-for-profit organizations; Section 4434, Intangible assets held by not-for-profit organizations; and Section 4441, Collections held by not-for-profit organizations in Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

These new standards are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2019 and requires that tangible capital assets, intangible assets, and collections recorded at cost be written down to their fair value or replacement cost to reflect partial impairment.

For tangible capital assets and intangible assets, a write down is required when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the assets are less than their net carrying amount.

For collections recorded at cost, a writedown is required whenever events or changes in circumstances indicate that the net carrying value may exceed fair value.

Renison intends to adopt these new standards in its financial statements for the annual period beginning on May 1, 2019. Renison does not expect these new standards to have a material impact on the financial statements.

3. Accounts receivable:

	2018	2017
Students	$ 16,635	$ 5,833
Sales tax receivable	26,938	28,829
Other	49,104	34,272
	$ 92,677	$ 68,934

4. Capital assets:

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	$ 7,680,000	$ -	$ 7,680,000	$ 7,680,000
Buildings	29,027,074	7,618,093	21,408,981	22,079,436
Grounds and roads	18,834	4,698	14,136	7,184
Furniture and fixtures	2,617,571	1,595,904	1,021,667	995,508
Artwork	-	-	-	161,200
	$ 39,343,479	$ 9,218,695	$ 30,124,784	$ 30,923,328

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $nil (2017 - $750), which includes amounts payable for HST and payroll related taxes.

6. University of Waterloo:

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

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

The University of Waterloo charges Renison a fee for services and the use of its facilities by Renison students. For 2018, this fee was $1,415,737 (2017 - $1,380,968).

These activities result in amounts payable to or receivable from the University of Waterloo. As at April 30, 2018, the amount due to the University of Waterloo was $1,414,729 (2017 - $2,203,715) and the amount due from the University of Waterloo was $353,836 (2017 - $401,331).

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

7. Long-term debt:

		2018		2017
TD:				
Committed term facility bearing interest at 2.75%, and monthly payments of $27,110, including principal and interest. The loan matures October 31, 2020	$	4,517,474	$	4,715,587
Banker's acceptance bearing interest of 0.75%, due May 7, 2018, renewed on a monthly basis		2,279,876		2,411,984
Bank of Montreal ("BMO"):				
Mortgages payable with interest rates ranging from the Canadian dealer offered rate plus 0.25% to 0.35%, maturities between September 1, 2027 and August 31, 2031 and monthly instalments between $11,680 and $24,255 (2016 - $11,680 and $23,793), including principal and interest		3,389,434		3,612,868
		10,186,784		10,740,439
Current portion of long-term debt		2,720,413		2,833,531
Long-term debt	$	7,466,371	$	7,906,908

The land and buildings of Renison at 240 Westmount Road North, Waterloo, Ontario are pledged as collateral for the loans held by BMO.

Renison has entered into fixed interest rate swaps on certain long-term debt. At April 30, 2018, the difference between the fair value and the carrying value of the related debt, being the fair value of the interest rate swaps was $596,699 (2017 - $939,981).

7. Long-term debt (continued):

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

2019	$ 2,720,413
2020	460,187
2021	481,487
2022	503,568
2023	526,799
Thereafter	5,494,330
	$ 10,186,784

Included in interest and bank charges is interest on long-term debt of $390,680 (2017 - $424,243).

8. Interest rate swap contracts:

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

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

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

9. Deferred contributions:

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

The deferred contributions balance consists of the following amounts:

	2018	2017
Deferred capital contributions	$ 2,607,287	$ 2,690,909
Deferred operating contributions	651,658	368,641
	$ 3,258,945	$ 3,059,550

9. Deferred contributions (continued):

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

	2018	2017
Balance, beginning of year	$ 2,690,909	$ 2,786,409
Contributions received during the year	8,662	500
Amounts amortized to revenue	(92,284)	(96,000)
Balance, end of year	$ 2,607,287	$ 2,690,909

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

	2018	2017
Balance, beginning of year	$ 368,641	$ 534,717
Contributions received during the year	663,738	281,043
Amounts amortized to revenue	(380,721)	(314,500)
Amount transferred to net assets	-	(132,619)
Balance, end of year	$ 651,658	$ 368,641

10. Post-employment 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

Renison has a plan which provides extended health and dental benefits to eligible retirees. The figures stated here include the information from all plans.

10. Post-employment benefits (continued):

		2018		2017
Change in benefit obligation:				
Benefit obligation, beginning of year	$	2,929,744	$	2,544,699
Current service cost		211,000		190,000
Interest cost		163,096		146,097
Benefits paid		(62,000)		(54,000)
Plan amendment		9,000		4,000
Actuarial (gain) loss		(689,090)		98,948
Benefit obligation, end of year	$	2,561,750	$	2,929,744
Change in plan assets:				
Plan assets, beginning of year	$	-	$	-
Employer contributions		62,000		54,000
Benefits paid		(62,000)		(54,000)
Plan assets, end of year	$	-	$	-

For measurement purposes, a 7% increase in the per capita cost of prescription drug costs are assumed for 2018, 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, a 5.69% increase in the per capita cost of health care are assumed for 2018, with the rate of the annual increase decreasing by 0.0845% per annum until the annual rate of increase reaches an ultimate rate of 4% in 2038. Lastly, a 4% annual increase in the cost of dental care was assumed.

	2018	2017
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.50%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.70%

		2018		2017
Components of benefit expense:				
Current service costs	$	211,000	$	190,000
Interest costs		163,096		146,097
Benefit expense	$	374,096	$	336,097

11. Pension plan:

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.

	2018	2017
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 55,100	$ -
Interest costs	4,100	900
New claims reserve	20,000	11,700
Benefits paid	(8,600)	-
Plan amendment	100	-
Actuarial loss	124,500	42,500
Benefit obligation, end of year	$ 195,200	$ 55,100

	2018	2017
Change in plan assets:		
Plan assets, beginning of year	$ -	$ -
Employer contributions	8,600	-
Benefits paid	(8,600)	-
Plan assets, end of year	$ -	$ -

	2018	2017
For determining benefit obligations as at April 30:		
Discount rate	5.50%	5.50%
Rate of compensation increase	4.00%	4.00%
For determining benefit costs for the year ending April 30:		
Discount rate	5.50%	5.70%
Rate of compensation increase	4.00%	4.00%

11. Pension plan (continued):

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, 2018, were $765,483 (2017 - $668,231). The expense incurred and contributions made to this multi-employer plan were $1,049,698 (2017 - $896,730).

	2018	2017
Components of benefit expense:		
New claims reserve	$ 20,000	$ 11,700
Interest costs	4,100	900
Benefit expense	$ 24,100	$ 12,600

12. Internally restricted funds - other:

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

	2018	2017
Faculty research	$ 427,903	$ 417,479
International initiatives	545,689	100,000
Strategic resourcing	266,000	-
Student life	70,000	-
	$ 1,309,592	$ 517,479

13. Investment in capital assets:

	2018	2017
Capital assets	$ 30,124,784	$ 30,923,328
Amounts financed by long-term debt and construction credit facility	(10,186,784)	(10,740,439)
Deferred capital contributions	(2,607,287)	(2,690,909)
Balance, end of year	$ 17,330,713	$ 17,491,980

13. Investment in capital assets (continued):

The change in investment in capital assets is as follows:

		2018		2017
Repayment of long-term debt	$	553,655	$	953,865
Purchase of capital assets		416,464		122,110
Disposition of capital assets		(1,090)		-
Deferred contributions received for capital assets		(8,663)		(500)
Change in investment in capital assets		960,366		1,075,475
Amortization of capital assets		(1,041,880)		(1,062,693)
Amortization of deferred capital contributions		92,284		96,000
Gain (loss) on disposal of capital assets		220,884		(14,641)
Net increase in investment in capital assets	$	231,654	$	94,141

14. Financial risks:

(a) Credit risk:

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

(b) Liquidity risk:

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

(c) Market risk:

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

15. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.