
**LONDON GOODENOUGH
ASSOCIATION OF CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
London Goodenough Association of Canada

We have audited the accompanying financial statements of London Goodenough Association of Canada (the organization), which comprise the statement of financial position as at December 31, 2016, and the statements of changes in fund balances, operations and cash flows for the year then ended, and 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the organization'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 organization'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 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 London Goodenough Association of Canada as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of London Goodenough Association of Canada as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 6, 2016.



Chartered Professional Accountants
Licensed Public Accountants

June 28, 2017
Toronto, Ontario

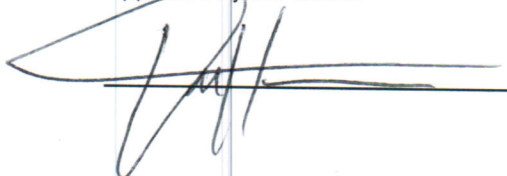
LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash (note 3)	\$ 310,880	\$ 326,182
Marketable securities (note 4)	1,420,234	1,328,635
HST rebate recoverable	9,179	6,011
Interest receivable	<u>2,282</u>	<u>797</u>
	<u>\$ 1,742,575</u>	<u>\$ 1,661,625</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 33,354	\$ 29,923
Deferred revenue (note 5)	<u>390,879</u>	<u>376,544</u>
	<u>424,233</u>	<u>406,467</u>
Fund balances		
Operating Fund	756,202	691,673
Scholarship Fund	<u>562,140</u>	<u>563,485</u>
Total Fund balances	<u>1,318,342</u>	<u>1,255,158</u>
	<u>\$ 1,742,575</u>	<u>\$ 1,661,625</u>

Approved by the Board:

 _____, Director

see accompanying notes

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2016

			2016	2015
	Operating Fund	Scholarship Fund	Total	Total
Fund balances, beginning of year	\$ 691,673	\$ 563,485	\$ 1,255,158	\$ 1,234,150
Transfer to Scholarship Fund (note 7)	(26,129)	26,129	-	-
Excess of revenue over expenses for the year	<u>90,658</u>	<u>(27,474)</u>	<u>63,184</u>	<u>21,008</u>
FUND BALANCES, END OF YEAR	<u>\$ 756,202</u>	<u>\$ 562,140</u>	<u>\$ 1,318,342</u>	<u>\$ 1,255,158</u>

see accompanying notes

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

			2016	2015
	Operating Fund	Scholarship Fund	Total	Total
REVENUE				
Donations				
Operating and Scholarship Fund Donations				
Individual	\$ 32,310	\$ 27,582	\$ 59,892	\$ 31,588
Corporate and Foundation (note 10)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total LGAC donations	32,310	27,582	59,892	81,588
Donations for charitable purposes at Goodenough College (note 5)	<u>132,353</u>	<u>-</u>	<u>132,353</u>	<u>2,368</u>
Total donations	<u>164,663</u>	<u>27,582</u>	<u>192,245</u>	<u>83,956</u>
Investment income				
Realized gains	37,430	-	37,430	3,889
Fund distributions and interest	32,212	-	32,212	49,103
Change in unrealized gains (losses)	18,932	-	18,932	(26,908)
Dividends	5,427	-	5,427	5,789
Other investment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,758)</u>
Total investment income	<u>94,001</u>	<u>-</u>	<u>94,001</u>	<u>30,115</u>
Total revenue	<u>258,664</u>	<u>27,582</u>	<u>286,246</u>	<u>114,071</u>
EXPENSES				
Operating				
Investment management	12,082	-	12,082	11,248
Administrative support	11,380	-	11,380	12,607
Office and general	4,705	-	4,705	3,644
Audit and legal	4,064	-	4,064	4,822
Communications	2,532	-	2,532	5,408
Events	<u>2,435</u>	<u>-</u>	<u>2,435</u>	<u>3,989</u>
Total operating expenses	<u>37,198</u>	<u>-</u>	<u>37,198</u>	<u>41,718</u>
Payments to Goodenough College:				
Scholarship Program (note 6)	-	55,056	55,056	51,345
Capital	125,758	-	125,758	-
Bursaries	<u>5,050</u>	<u>-</u>	<u>5,050</u>	<u>-</u>
Total payments to Goodenough College	<u>130,808</u>	<u>55,056</u>	<u>185,864</u>	<u>51,345</u>
Total expenses	<u>168,006</u>	<u>55,056</u>	<u>223,062</u>	<u>93,063</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 90,658</u>	<u>\$ (27,474)</u>	<u>\$ 63,184</u>	<u>\$ 21,008</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 63,184	\$ 21,008
Add back non-cash items -		
Realized gains (losses) and change in unrealized gains (losses) on disposal of marketable securities	(56,362)	23,019
Net change in non-cash working capital items (see below)	<u>13,112</u>	<u>151,029</u>
Net cash generated from operating activities	<u>19,934</u>	<u>195,056</u>
INVESTING ACTIVITIES		
Marketable securities purchased	(217,022)	(397,049)
Proceeds from disposal of marketable securities	<u>181,786</u>	<u>329,120</u>
Net cash used for investing activities	<u>(35,236)</u>	<u>(67,929)</u>
NET CASH GENERATED (USED) IN THE YEAR	(15,302)	127,127
Cash, beginning of year	<u>326,182</u>	<u>199,055</u>
CASH, END OF YEAR	<u>\$ 310,880</u>	<u>\$ 326,182</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
HST rebate recoverable	\$ (3,168)	\$ (2,305)
Interest receivable	(1,485)	66
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	3,431	(7,902)
Deferred revenue	<u>14,334</u>	<u>161,170</u>
	<u>\$ 13,112</u>	<u>\$ 151,029</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

London Goodenough Association of Canada (the Association or LGAC) is continued under the Canada Not-for-profit Corporations Act. The Association is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The purposes of the Association are as follows:

- (a) To assist by all means at its disposal, financial and otherwise, Goodenough College of London, England (the College) (formerly The London Goodenough Trust for Overseas Graduates) in the maintenance, development and improvement of the facilities administered by the College to Canadian students continuing their education in the United Kingdom;
- (b) To acquire, accept, solicit or receive legacies, gifts, grants, settlements, bequests, endowments, and donations of any kind whatsoever for the purposes of furthering the objects of the Association;
- (c) To assist Canadian graduate students of academic distinction to continue their education in the United Kingdom by providing financial support for their accommodation in properties administered by the College;
- (d) To assist students in financial need who are resident at the College through the provision of bursaries;
- (e) To assist the College in the provision of educational, cultural, athletic, social and other programs and activities for the benefit of students resident at the College;
- (f) To serve as an alumni association for Canadian students who have resided in the properties administered by the College; and
- (g) If the College shall at any time cease to provide facilities to Canadian students in the United Kingdom of the same or similar nature as now afforded, to utilize the funds and property of the Association for such exclusively charitable purposes in Canada as may be determined by the Board of Directors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Fund accounting

Operating Fund

Donations for the purposes of funding general operations and for charitable purposes at Goodenough College are reported in the Operating Fund. Investment income and related expenses are only reported in the Operating Fund.

Scholarship Fund

The purpose of the Scholarship Fund is to receive scholarship related donations and to make Scholarship Program payments to Goodenough College.

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Donations received for operations and scholarships

The Association uses the restricted fund method for accounting for donations received for the purpose of general operations and for funding scholarships whereby donations are recorded as revenue in the period received.

Other restricted donations

The Association follows the deferral method of revenue recognition for restricted donations for which no corresponding restricted fund is presented. Other restricted donations are initially recorded as deferred revenue and subsequently recognized as revenue in the Operating Fund in the year in which the related expenses are incurred.

Investment income

Investment income comprises interest from cash, interest and dividends from fixed income and equity securities and unrealized and realized gains and losses on the sale of marketable securities. Interest on fixed income investments is recognized over the terms of these investments. Transaction costs associated with the acquisition and disposal of marketable securities are expensed as incurred.

Event revenue

Event revenue is recognized in the year in which the related event occurs.

Scholarship payments

Scholarship payments are recorded as an expense when awarded.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Association's financial instruments include cash, marketable securities, interest receivable, accounts payable and accrued liabilities. Marketable securities are measured at fair market value. Fair market values are determined by reference to published price quotations in an active market at year end. Interest receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

It is management's opinion that the Association's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the Association's financial liabilities.

3. CASH

Cash comprises:

	2016	2015
BMO bank account	\$ 264,501	\$ 284,500
BMO Harris investment portfolio	<u>46,379</u>	<u>41,682</u>
	<u>\$ 310,880</u>	<u>\$ 326,182</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

4. MARKETABLE SECURITIES

Marketable securities consist of fixed income investments, including government and corporate bonds, and equities, including pooled funds. The market value of marketable securities at December 31 was as follows:

	2016	2015
Equities and pooled funds	\$ 741,853	\$ 714,984
Fixed income securities	<u>678,381</u>	<u>613,651</u>
	<u>\$ 1,420,234</u>	<u>\$ 1,328,635</u>

The Association's marketable securities are managed by a professional investment manager in accordance with risk management guidelines that are approved by the Board. It is the Association's opinion that its marketable securities not exposed to risks that are inappropriate.

5. DEFERRED REVENUE

The following amount has been deferred at the year end:

	2016	2015
Donations received for charitable purposes at Goodenough College (note 9)	<u>\$ 390,879</u>	<u>\$ 376,544</u>

Continuity of deferred revenue for the year is as follows:

	2016	2015
Deferred revenue, beginning of year	\$ 376,544	\$ 215,374
Add: Cash received from donations for charitable purposes related to Goodenough College	146,688	163,538
Less: Donations for charitable purposes at Goodenough College revenue recognized	<u>(132,353)</u>	<u>(2,368)</u>
Deferred revenue, end of year	<u>\$ 390,879</u>	<u>\$ 376,544</u>

During the year, the Association recognized donation revenue of \$132,353 related to amounts received for charitable purposes related to Goodenough College as described in parts (b), (d) and (e) in note 1 (\$2,368 recognized as revenue in 2015).

Payments to Goodenough College for charitable purposes resumed in 2016 after a revised agreement between the Association and Goodenough College was finalized.

The Association monitors the use of the funds disbursed to Goodenough College to ensure that the funds are utilized in the manner specified by the LGAC and are in accordance with the Association's charitable purposes.

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

6. SCHOLARSHIP PROGRAM

The Scholarship Program (the Program) is a key purpose of the LGAC's fundraising activity. Scholarship Program payments are made to Goodenough College as a rental subsidy on behalf of the winners and are incurred in September in respect of each academic year. Payments to the College are remitted in two installments, one in the fourth quarter of the year and the balance in the first quarter of the following year.

7. INTERFUND TRANSFER

During the year, the Board of directors approved a transfer of \$26,129 from the Operating Fund to the Scholarship Fund (2015 - \$27,076).

8. LGAC/MOLSON FOUNDATION SCHOLARSHIP FOR FRANCOPHONE CANADIANS

From 2008 to 2012, the Association received five annual donations of \$50,000 from the Molson Foundation that totaled \$250,000 to establish and fund the LGAC/Molson Foundation Scholarship for Francophone Canadians. The scholarships are being awarded by the Association to Francophone applicants that first qualify as winners of LGAC Scholarships. Scholarships are funded to the extent that the Association determines available funds permit. Available funds are generated from cumulative donations and investment income less cumulative scholarships paid.

A scholarship of GBP 5,500 was awarded in 2016 (no scholarship was awarded in 2015). The portion of the Scholarship Fund that is related to the LGAC/Molson Foundation Scholarship at December 31, 2016 was \$299,065 (2015 - \$286,377).

9. MOLSON CHALLENGE

In 2016, the Association received a donation in the amount of \$80,000 from the Molson Foundation (the Foundation) as the third installment in connection with 'The Molson Challenge'. The first installment of \$80,000 was received in 2013, and additional installments of \$80,000 were received in 2014 and 2015. The Foundation has offered to match up to \$400,000 of donations received by the LGAC designated for the support of the refurbishment of Goodenough College. Only donations to the Association designated for this purpose will count towards The Molson Challenge goal. The Association will use the funds related to the Molson Challenge, less related expenses, to assist in the maintenance, development, and improvement of the facilities administered by Goodenough College in accordance with agreements between the Association and the College.

10. JACKMAN FOUNDATION SCHOLARSHIP

In 2014 and 2015 the Association received donations totaling \$100,000 from the Jackman Foundation. The donation is in support of the LGAC's Named Scholarship Program. In recognition of the donation, the LGAC will designate a Jackman Foundation Scholarship under its Scholarship Program for a minimum period of fifteen years. The LGAC tracks the imputed capital value of the donation as determined by the cumulative donations and investment income less cumulative scholarships paid, and will continue to name a scholarship after the fifteenth year, while this value remains positive. The amount of the Jackman Foundation Scholarship each year is the amount that the LGAC determines as the award amount applicable for the scholarship program for that year. The portion of the Scholarship Fund that related to the Jackman Foundation Scholarship at December 31, 2016 was \$91,391 (2015 - \$90,575).