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**LONDON GOODENOUGH  
ASSOCIATION OF CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## 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, 2017, 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, 2017, 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.



Chartered Professional Accountants  
Licensed Public Accountants

May 28, 2019  
Toronto, Ontario

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash (note 3)	\$ 302,012	\$ 310,880
Marketable securities (note 4)	1,535,180	1,420,234
HST rebate recoverable	3,078	9,179
Interest receivable	<u>2,345</u>	<u>2,282</u>
	<u>\$ 1,842,615</u>	<u>\$ 1,742,575</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,460	\$ 33,354
Deferred contributions (note 5)	<u>449,678</u>	<u>390,879</u>
	<u>453,138</u>	<u>424,233</u>
Fund balances		
Operating Fund	847,034	754,857
Scholarship Fund	<u>542,443</u>	<u>563,485</u>
Total Fund balances	<u>1,389,477</u>	<u>1,318,342</u>
	<u>\$ 1,842,615</u>	<u>\$ 1,742,575</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, 2017

			2017	2016
	Operating Fund	Scholarship Fund	Total	Total
Fund balances, beginning of year	\$ 754,857	\$ 563,485	\$ 1,318,342	\$ 1,255,158
Excess of revenue over expenses for the year	<u>92,177</u>	<u>(21,042)</u>	<u>71,135</u>	<u>63,184</u>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 847,034</u></b>	<b><u>\$ 542,443</u></b>	<b><u>\$ 1,389,477</u></b>	<b><u>\$ 1,318,342</u></b>

see accompanying notes

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017		2016	
	Operating Fund	Scholarship Fund (note 6)	Total	Total
<b>REVENUE</b>				
Donations				
Operating and Scholarship Fund Donations				
Individual	\$ 8,623	\$ 14,703	\$ 23,326	\$ 59,892
Donations for charitable purposes at Goodenough College (note 5)	<u>65,716</u>	<u>-</u>	<u>65,716</u>	<u>132,353</u>
Total donations	<u>74,339</u>	<u>14,703</u>	<u>89,042</u>	<u>192,245</u>
Investment income				
Change in unrealized gains	47,762	-	47,762	18,932
Fund distributions and interest	39,326	-	39,326	32,212
Realized gains	27,798	-	27,798	37,430
Dividends	<u>5,928</u>	<u>-</u>	<u>5,928</u>	<u>5,427</u>
Total investment income	<u>120,814</u>	<u>-</u>	<u>120,814</u>	<u>94,001</u>
Total revenue	<u>195,153</u>	<u>14,703</u>	<u>209,856</u>	<u>286,246</u>
<b>EXPENSES</b>				
Operating				
Investment management	12,974	-	12,974	12,082
Administrative support	7,509	-	7,509	11,380
Office and general	6,455	-	6,455	4,705
Audit and legal	4,573	-	4,573	4,064
Events	3,125	-	3,125	2,435
Communications	<u>2,624</u>	<u>-</u>	<u>2,624</u>	<u>2,532</u>
Total operating expenses	<u>37,260</u>	<u>-</u>	<u>37,260</u>	<u>37,198</u>
Payments to Goodenough College:				
Capital	65,716	-	65,716	125,758
Scholarship Program (note 6)	-	35,745	35,745	55,056
Bursaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,050</u>
Total payments to Goodenough College	<u>65,716</u>	<u>35,745</u>	<u>101,461</u>	<u>185,864</u>
Total expenses	<u>102,976</u>	<u>35,745</u>	<u>138,721</u>	<u>223,062</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 92,177</u>	<u>\$ (21,042)</u>	<u>\$ 71,135</u>	<u>\$ 63,184</u>

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 71,135	\$ 63,184
Add back non-cash items -		
Change in unrealized gains on marketable securities	(47,762)	(18,932)
Net change in non-cash working capital items (see below)	<u>34,944</u>	<u>13,112</u>
Net cash generated from operating activities	<u>58,317</u>	<u>57,364</u>
<b>INVESTING ACTIVITIES</b>		
Marketable securities purchased	(283,848)	(254,452)
Proceeds from disposal of marketable securities	<u>216,663</u>	<u>181,786</u>
Net cash used for investing activities	<u>(67,185)</u>	<u>(72,666)</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	(8,868)	(15,302)
Cash, beginning of year	<u>310,880</u>	<u>326,182</u>
<b>CASH, END OF YEAR</b>	<u>\$ 302,012</u>	<u>\$ 310,880</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
HST rebate recoverable	\$ 6,100	\$ (3,168)
Interest receivable	(62)	(1,485)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(29,894)	3,431
Deferred contributions	<u>58,800</u>	<u>14,334</u>
	<u>\$ 34,944</u>	<u>\$ 13,112</u>

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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, 2017

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### 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 contributions 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.

#### 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:

	2017	2016
BMO bank account	\$ 263,958	\$ 264,501
BMO Harris investment portfolio	<u>38,054</u>	<u>46,379</u>
	<u>\$ 302,012</u>	<u>\$ 310,880</u>



# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 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:

	2017	2016
Equities and pooled funds	\$ 824,970	\$ 741,853
Fixed income securities	<u>710,210</u>	<u>678,381</u>
	<u>\$ 1,535,180</u>	<u>\$ 1,420,234</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 CONTRIBUTIONS

The following amount has been deferred at the year end:

	2017	2016
Donations received for charitable purposes at Goodenough College (note 8)	<u>\$ 449,678</u>	<u>\$ 390,879</u>

Continuity of deferred contributions for the year is as follows:

	2017	2016
Deferred contributions, beginning of year	\$ 390,879	\$ 376,544
Add: Cash received from donations for charitable purposes related to Goodenough College	124,515	146,688
Less: Donations for charitable purposes at Goodenough College revenue recognized	<u>(65,716)</u>	<u>(132,353)</u>
Deferred contributions, end of year	<u>\$ 449,678</u>	<u>\$ 390,879</u>

During the year, the Association recognized donation revenue of \$65,716 related to amounts received for charitable purposes related to Goodenough College as described in parts (b), (d) and (e) of the purposes of the Association (\$132,353 recognized as revenue in 2016).

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, 2017**

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### **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. 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.

### **8. MOLSON CHALLENGE**

In 2017, the Association received a donation in the amount of \$80,000 from the Molson Foundation (the Foundation) as the fourth 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, 2015 and 2016. 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.