
**LONDON GOODENOUGH
ASSOCIATION OF CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of London Goodenough Association of Canada,

Opinion

We have audited the financial statements of London Goodenough Association of Canada (the organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of London Goodenough Association of Canada as at December 31, 2018 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.

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 report. We are independent of the organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

We 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.

Pennylegion Chuig LLP

Chartered Professional Accountants
Licensed Public Accountants

October 24, 2019
Toronto, Ontario

LONDON GOODENOUGH ASSOCIATION OF CANADA

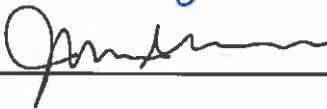
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash (note 3)	\$ 196,365	\$ 302,012
Marketable securities (note 4)	1,475,848	1,535,180
HST rebate recoverable	4,305	3,078
Interest receivable	<u>2,273</u>	<u>2,345</u>
	<u>\$ 1,678,791</u>	<u>\$ 1,842,615</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,210	\$ 3,460
Deferred contributions (note 5)	<u>372,159</u>	<u>449,678</u>
	<u>382,369</u>	<u>453,138</u>
Fund balances		
Operating Fund	757,280	847,034
Scholarship Fund	<u>539,142</u>	<u>542,443</u>
	<u>1,296,422</u>	<u>1,389,477</u>
	<u>\$ 1,678,791</u>	<u>\$ 1,842,615</u>

Approved by the Board:


_____, Director


_____, Director

see accompanying notes

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2018

			2018	2017
	Operating Fund	Scholarship Fund (note 6)	Total	Total
Fund balances, beginning of year	\$ 847,034	\$ 542,443	\$ 1,389,477	\$ 1,318,342
Excess of revenue over expenses for the year	<u>(89,754)</u>	<u>(3,301)</u>	<u>(93,055)</u>	<u>71,135</u>
FUND BALANCES, END OF YEAR	<u>\$ 757,280</u>	<u>\$ 539,142</u>	<u>\$ 1,296,422</u>	<u>\$ 1,389,477</u>

see accompanying notes

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		2017	
	Operating Fund	Scholarship Fund (note 6)	Total	Total
REVENUE				
Donations				
Operating and Scholarship Fund Donations				
Individual	\$ 10,367	\$ 14,886	\$ 25,253	\$ 23,326
Donations for charitable purposes at Goodenough College (note 5)	<u>156,402</u>	<u>-</u>	<u>156,402</u>	<u>65,716</u>
Total donations	<u>166,769</u>	<u>14,886</u>	<u>181,655</u>	<u>89,042</u>
Investment income				
Realized gains	28,137	-	28,137	27,798
Dividends	7,616	-	7,616	5,928
Fund distributions and interest	40,859	-	40,859	39,326
Change in unrealized gains	<u>(122,165)</u>	<u>-</u>	<u>(122,165)</u>	<u>47,762</u>
Total investment income (loss)	<u>(45,553)</u>	<u>-</u>	<u>(45,553)</u>	<u>120,814</u>
Total revenue	<u>121,216</u>	<u>14,886</u>	<u>136,102</u>	<u>209,856</u>
EXPENSES				
Operating				
Office and general	22,133	-	22,133	6,455
Investment management	13,612	-	13,612	12,974
Administrative support	9,577	-	9,577	7,509
Audit and legal	6,790	-	6,790	4,573
Communications	4,588	-	4,588	2,624
Events	<u>1,468</u>	<u>-</u>	<u>1,468</u>	<u>3,125</u>
Total operating expenses	<u>58,168</u>	<u>-</u>	<u>58,168</u>	<u>37,260</u>
Payments to Goodenough College:				
Capital	152,802	-	152,802	65,716
Scholarship Program (note 6)	<u>-</u>	<u>18,187</u>	<u>18,187</u>	<u>35,745</u>
Total payments to Goodenough College	<u>152,802</u>	<u>18,187</u>	<u>170,989</u>	<u>101,461</u>
Total expenses	<u>210,970</u>	<u>18,187</u>	<u>229,157</u>	<u>138,721</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (89,754)</u>	<u>\$ (3,301)</u>	<u>\$ (93,055)</u>	<u>\$ 71,135</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ (93,055)	\$ 71,135
Add back non-cash items -		
Change in unrealized gains on marketable securities	122,165	(47,762)
Net change in non-cash working capital items (see below)	<u>(71,924)</u>	<u>34,944</u>
Net cash generated from (used for) operating activities	<u>(42,814)</u>	<u>58,317</u>
INVESTING ACTIVITIES		
Marketable securities purchased	(297,043)	(283,848)
Proceeds from disposal of marketable securities	<u>234,210</u>	<u>216,663</u>
Net cash used for investing activities	<u>(62,833)</u>	<u>(67,185)</u>
NET DECREASE IN CASH FOR THE YEAR	(105,647)	(8,868)
Cash, beginning of year	<u>302,012</u>	<u>310,880</u>
CASH, END OF YEAR	<u>\$ 196,365</u>	<u>\$ 302,012</u>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
HST rebate recoverable	\$ (1,227)	\$ 6,100
Interest receivable	72	(62)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	6,750	(29,894)
Deferred contributions	<u>(77,519)</u>	<u>58,800</u>
	<u>\$ (71,924)</u>	<u>\$ 34,944</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018

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:

	2018	2017
BMO bank account	\$ 159,404	\$ 263,958
BMO Harris investment portfolio	<u>36,961</u>	<u>38,054</u>
	<u>\$ 196,365</u>	<u>\$ 302,012</u>

LONDON GOODENOUGH ASSOCIATION OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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:

	2018	2017
Fixed income securities	\$ 751,169	\$ 710,210
Equities and pooled funds	<u>724,679</u>	<u>824,970</u>
	<u>\$ 1,475,848</u>	<u>\$ 1,535,180</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.

5. DEFERRED CONTRIBUTIONS

The following amount has been deferred at the year end:

	2018	2017
Donations received for charitable purposes at Goodenough College	<u>\$ 372,159</u>	<u>\$ 449,678</u>

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 449,678	\$ 390,879
Add: Cash received from donations for charitable purposes related to Goodenough College	78,883	124,515
Less: Donations for charitable purposes at Goodenough College revenue recognized	<u>(156,402)</u>	<u>(65,716)</u>
Deferred contributions, end of year	<u>\$ 372,159</u>	<u>\$ 449,678</u>

During the year, the Association recognized donation revenue of \$156,402 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 (\$65,716 recognized as revenue in 2017).

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.

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.
