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**LONDON GOODENOUGH  
ASSOCIATION OF CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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## 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, 2020, and the statements of operations, changes in net assets 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, 2020 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 Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

April 28, 2021  
Toronto, Ontario

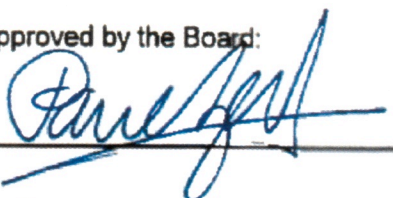
# LONDON GOODENOUGH ASSOCIATION OF CANADA

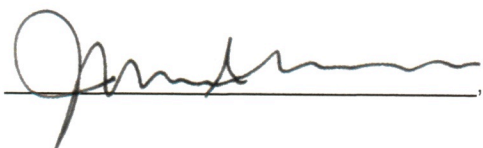
## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash	\$ 54,671	\$ 148,797
Marketable securities (note 3)	1,757,245	1,971,162
HST rebate recoverable	<u>10,486</u>	<u>7,738</u>
	<u>\$ 1,822,402</u>	<u>\$ 2,127,697</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,329	\$ 8,872
Deferred contributions (note 4)	<u>453,226</u>	<u>808,401</u>
	<u>459,555</u>	<u>817,273</u>
Net assets		
Unrestricted (note 11)	670,921	889,794
Designated (note 5)	259,472	-
Endowment (note 6)	<u>432,454</u>	<u>420,630</u>
	<u>1,362,847</u>	<u>1,310,424</u>
	<u>\$ 1,822,402</u>	<u>\$ 2,127,697</u>

Approved by the Board:

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

see accompanying notes

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

				2020	2019
	Unrestricted (note 11)	Designated (note 5)	Endowment (note 6)	Total	Total
Net assets, beginning of year	\$ 889,794	\$ -	\$ 420,630	\$ 1,310,424	\$ 753,979
Transfer for internally restricted scholarship reserve	(259,472)	259,472	-	-	-
Contribution to endowment	-	-	-	-	420,630
Investment income attributed to endowment	-	-	29,444	29,444	-
Transfer for Jackman Scholarship	17,620	-	(17,620)	-	-
Excess of revenue over expenses for the year	<u>22,979</u>	<u>-</u>	<u>-</u>	<u>22,979</u>	<u>135,815</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 670,921</b></u>	<u><b>\$ 259,472</b></u>	<u><b>\$ 432,454</b></u>	<u><b>\$ 1,362,847</b></u>	<u><b>\$ 1,310,424</b></u>

see accompanying notes

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>REVENUE</b>		
Contributions (note 7)	\$ 477,512	\$ 204,201
Investment income (note 8)	<u>98,708</u>	<u>189,222</u>
	<u>576,220</u>	<u>393,423</u>
<b>EXPENSES</b>		
Payments to Goodenough College (note 9)	482,924	196,069
Administrative support	31,203	19,502
Investment management	15,992	15,532
Office and general	15,519	11,803
Audit and legal	7,603	13,564
Events	<u>-</u>	<u>1,138</u>
	<u>553,241</u>	<u>257,608</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 22,979</u>	<u>\$ 135,815</u>

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 22,979	\$ 135,815
Add back non-cash items -		
Change in unrealized gains on marketable securities	(65,132)	(117,045)
Net change in non-cash working capital items (see below)	<u>(360,466)</u>	<u>(110,972)</u>
Net cash used for operating activities	<u>(402,619)</u>	<u>(92,202)</u>
<b>INVESTING ACTIVITIES</b>		
Marketable securities purchased	(242,782)	(955,434)
Proceeds from disposal of marketable securities	<u>521,831</u>	<u>579,438</u>
Net cash generated from (used for) investing activities	<u>279,049</u>	<u>(375,996)</u>
<b>FINANCING ACTIVITIES</b>		
Endowment contribution received	-	420,630
Investment income on endowment	<u>29,444</u>	<u>-</u>
Net cash generated from financing activities	<u>29,444</u>	<u>420,630</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	<b>(94,126)</b>	<b>(47,568)</b>
Cash, beginning of year	<u>148,797</u>	<u>196,365</u>
<b>CASH, END OF YEAR</b>	<b><u>\$ 54,671</u></b>	<b><u>\$ 148,797</u></b>
Net change in non-cash working capital items:		
Decrease (increase) in current assets-		
HST rebate recoverable	\$ (2,748)	\$ (3,433)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(2,543)	(1,338)
Deferred contributions	<u>(355,175)</u>	<u>(106,201)</u>
	<b><u>\$ (360,466)</u></b>	<b><u>\$ (110,972)</u></b>

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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:

#### **Revenue recognition**

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

##### *Contributions*

The Association follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions are recorded when received. Externally restricted endowment contributions are recognized as direct increases in net assets when received. Contributed materials and services which are normally purchased by the Association, are not recorded in the accounts.

##### *Investment income*

Investment income, which comprises i) interest from cash, ii) interest and dividends from fixed-income and equity securities, iii) changes in unrealized gains, iv) realized gains and losses on the sale of marketable securities and v) distributions from pooled funds is recorded in statement of operations, except to the extent that it related to endowed marketable securities, which is added directly to endowment net assets.



# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies have been translated into Canadian dollars at the rate of exchange prevailing at the year end. Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Foreign exchange gains and losses are included in the statement of operations.

### 2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Association's financial instruments include cash, marketable securities, 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. Accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. The Association's financial instruments are exposed to various financial risks through transactions in financial instruments including the following:

#### *Interest rate risk*

The Association's fixed income securities are exposed to interest rate risk because the fair value of these securities will fluctuate based on changes in market interest rates.

#### *Currency risk*

The Association's equities and pooled funds are exposed to foreign currency risk with respect to its investments denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to the changes in the relative value of foreign currencies against the Canadian dollar.

#### *Other price risk*

The Association's equities and pooled funds are exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks).

### 3. 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:

	2020	2019
Equities and pooled funds	\$ 959,234	\$ 1,004,406
Fixed income securities	<u>798,011</u>	<u>966,756</u>
	<u>\$ 1,757,245</u>	<u>\$ 1,971,162</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.

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. DEFERRED CONTRIBUTIONS

The following amounts have been deferred at year end:

	2020	2019
LGAC scholarships (note 10)	\$ 445,268	\$ 492,078
College bursaries	5,741	20,148
College capital projects	1,867	282,384
College activities	<u>350</u>	<u>13,791</u>
	<u>\$ 453,226</u>	<u>\$ 808,401</u>

Continuity of deferred contributions for the year is as follows:

	2020	2019
Deferred contributions, beginning of year	\$ 808,401	\$ 372,159
Add: Cash received from contributions	122,337	640,443
Less: Contribution revenue recognized	<u>(477,512)</u>	<u>(204,201)</u>
Deferred contributions, end of year	<u>\$ 453,226</u>	<u>\$ 808,401</u>

### 5. DESIGNATED NET ASSETS

Designated net assets are internally restricted funds which represent the resources estimated for the Association to honour its obligation to the Molson Foundation to award in perpetuity an annual scholarship in its name. The Molson Foundation Scholarship is to be awarded to a Francophone Canadian.

### 6. ENDOWMENT

The endowment represents resources that are required by the Jackman Foundation to be maintained in perpetuity by the Association. These resources are used to fund the annually awarded Jackman Foundation Scholarship. In 2020, investment income of \$29,444 was earned on endowment net assets. During the year, the Association made \$17,620 available to be transferred to the College in respect of this scholarship (\$nil in 2019).

### 7. CONTRIBUTIONS

Contribution revenue recognized in the year was for the following purposes:

	2020	2019
College capital projects	\$ 282,584	\$ 100,054
College bursaries	105,499	-
LGAC scholarships (note 10)	63,430	96,015
College activities	13,791	-
Unrestricted	<u>12,208</u>	<u>8,132</u>
	<u>\$ 477,512</u>	<u>\$ 204,201</u>

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# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. INVESTMENT INCOME

Investment income for the year was as follows:

	2020	2019
Change in unrealized gains	\$ 65,132	\$ 117,045
Fund distributions and interest	32,884	46,585
Realized gains	18,834	15,486
Dividends	11,302	10,106
Transfer to endowment (note 6)	<u>(29,444)</u>	<u>-</u>
	<u>\$ 98,708</u>	<u>\$ 189,222</u>

### 9. PAYMENTS TO GOODENOUGH COLLEGE

The Association disbursed the following amounts to Goodenough College in the year:

	2020	2019
College capital projects	\$ 282,584	\$ 100,054
College bursaries	105,499	-
LGAC scholarships (note 10)	81,050	96,015
College activities	<u>13,791</u>	<u>-</u>
	<u>\$ 482,924</u>	<u>\$ 196,069</u>

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.

### 10. SCHOLARSHIP PROGRAM

The Scholarship 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 fiscal year and the balance in the first quarter of the following fiscal year.

# LONDON GOODENOUGH ASSOCIATION OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 11. RETROSPECTIVE CHANGE IN ACCOUNTING POLICY

The organization retrospectively changed its accounting policy for recognizing contribution revenue to the deferral method from the restricted fund method and the deferral method. The accounting policy was changed in order to recognize revenue in the period in which the related expenses are incurred.

The result of the retrospective change in the revenue recognition policy on the comparative amounts as at December 31, 2019 and for the year ended is as follows:

- The restricted fund balance previously recorded as at December 31, 2019 has been reduced by \$509,319 and deferred contributions increased by \$492,078.
- The previously stated closing fund balance as at December 31, 2019 (and the opening net assets balance as at January 1, 2020) of \$1,802,502 has been restated to \$1,310,424.
- The excess of revenue over expenses for the year ended December 31, 2019 of \$85,450 as previously stated has been restated to \$135,815.
- There was no change to the operating, investing and financing activities reported on the statement of cash flows for the year ended December 31, 2019.

### 12. PRIOR PERIOD RECLASSIFICATIONS

Prior period financial statement amounts have been reclassified to conform to current period presentation.