

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

TO THE MEMBERS OF THE
UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

We have reviewed the accompanying financial statements of the University of King's College Alumni Association that comprise of the balance sheet as at March 31, 2018 and the statements of receipts and expenditures, net assets, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the University of King's College Alumni Association as at March 31, 2018, in accordance with Canadian accounting standards for not-for-profit organizations.

G&R CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Dartmouth, Nova Scotia
July 26, 2018

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED BALANCE SHEET AS AT MARCH 31, 2018

ASSETS	Endowment \$	General \$	2018 \$	2017 \$
CURRENT ASSETS				
Cash	-	18,437	18,437	32,652
HST recoverable	-	474	474	406
Investment income receivable	-	2,786	2,786	2,437
Merchandise inventory	<u>-</u>	<u>6,148</u>	<u>6,148</u>	<u>5,663</u>
	-	27,845	27,845	41,158
INVESTMENTS - at market (Schedule A)	<u>401,008</u>	<u>216,801</u>	<u>617,809</u>	<u>617,896</u>
	<u>401,008</u>	<u>244,646</u>	<u>645,654</u>	<u>659,054</u>
 LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>-</u>	<u>4,100</u>	<u>4,100</u>	<u>4,100</u>
 FUND BALANCES				
GENERAL FUND (Schedule B)	-	240,546	240,546	237,966
ENDOWMENT FUNDS - restricted (Schedule B)	<u>401,008</u>	<u>-</u>	<u>401,008</u>	<u>416,988</u>
	<u>401,008</u>	<u>240,546</u>	<u>641,554</u>	<u>654,954</u>
	<u>401,008</u>	<u>244,646</u>	<u>645,654</u>	<u>659,054</u>

SIGNED ON BEHALF OF THE BOARD

Director

Director

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Endowment \$	General \$	2018 \$	2017 \$
NET ASSETS - BEGINNING OF YEAR	416,988	237,966	654,954	584,795
Excess (Deficiency) of receipts over expenditures	<u>(15,980)</u>	<u>2,580</u>	<u>(13,400)</u>	<u>70,159</u>
NET ASSETS - END OF YEAR (Schedule B)	<u><u>401,008</u></u>	<u><u>240,546</u></u>	<u><u>641,554</u></u>	<u><u>654,954</u></u>

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION
 UNAUDITED STATEMENT OF RECEIPTS AND EXPENDITURES
 FOR THE YEAR ENDED MARCH 31, 2018

	(note 4) Endowment \$	General \$	2018 \$	2017 \$
RECEIPTS				
Annual dinner	-	13,033	13,033	11,825
Donations	1,180	-	1,180	1,180
Golf tournament	-	25,534	25,534	27,962
Investment income (note 3)	12,267	7,321	19,588	16,641
Other	-	578	578	75
Sale of memorabilia	-	6,577	6,577	5,727
TOTAL RECEIPTS	<u>13,447</u>	<u>53,043</u>	<u>66,490</u>	<u>63,410</u>
EXPENDITURES				
Advertising	-	38	38	63
Ancient Commoner award	-	115	115	94
Annual dinner	-	4,530	4,530	3,916
Awards	12,450	-	12,450	12,950
Bank charges	-	174	174	176
Branch development	-	-	-	400
Bursaries	1,150	15,065	16,215	20,021
Enceania expenses	-	719	719	813
Golf tournament	-	10,469	10,469	9,094
Professional fees	-	3,899	3,899	3,887
Purchase of memorabilia	-	4,293	4,293	3,535
Student support	-	420	420	559
The John Godfrey prize	-	100	100	100
Worldwide alumni celebration	-	1,196	1,196	1,457
TOTAL EXPENDITURES	<u>13,600</u>	<u>41,018</u>	<u>54,618</u>	<u>57,065</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES BEFORE OTHER INCOME (Schedule B)				
	<u>(153)</u>	<u>12,025</u>	<u>11,872</u>	<u>6,345</u>
OTHER INCOME				
Unrealized gain (loss) on investments (note 5)	<u>(15,827)</u>	<u>(9,445)</u>	<u>(25,272)</u>	<u>63,814</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER EXPENDITURES				
	<u>(15,980)</u>	<u>2,580</u>	<u>(13,400)</u>	<u>70,159</u>

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of receipts over expenditures	(13,400)	70,159
Realized loss on sale of investments	-	318
Unrealized (gain) loss on investments	<u>25,272</u>	<u>(63,814)</u>
	11,872	6,663
Changes in non-cash working capital -		
Decrease in accounts receivable	-	350
Decrease (Increase) in HST recoverable	(68)	7
Increase in investment income receivable	(350)	(539)
Increase in inventory	(485)	(455)
Increase in accounts payable	<u>-</u>	<u>100</u>
	<u>10,969</u>	<u>6,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,184)	(137,566)
Proceeds on sale of investments	<u>-</u>	<u>155,652</u>
	<u>(25,184)</u>	<u>18,086</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(14,215)	24,212
CASH - BEGINNING OF YEAR	<u>32,652</u>	<u>8,440</u>
CASH - END OF YEAR	<u><u>18,437</u></u>	<u><u>32,652</u></u>

The University of King's College Alumni Association (the "Association") promotes the interest of the University and helps alumni connect with one another and the College.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

Financial Instruments

The financial assets and liabilities are recorded at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost and at fair value. Changes in fair value are recognized in net income.

Financial assets measured at cost include cash, accounts receivable, HST recoverable, and investment income receivable. Financial assets measured at fair value include investments. Financial liabilities measured at cost include accounts payable and accrued liabilities.

Cash

The Association defines cash as the amount of cash on hand and cash on deposit net of cheques that are issued and outstanding at the end of the year.

Investments

Investments consist of guaranteed investment certificates and securities that are publicly traded on Canadian exchanges and are initially and subsequently measured at fair value, determined on the basis of market value. Changes in fair value are recognized in net income in the period incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in net income in the period incurred. Realized and unrealized gains and losses on investments are reported in the statement of receipts and expenditures. During the year, the Association recorded non-cash, unrealized losses on investments of \$25,272 (2017 - \$63,814 gains), realized gains/loss on investments of \$nil (2017 - \$318 loss).

Inventory

Inventory is valued at the lower of average cost determined on the first-in, first-out cost method and net realizable value and consists entirely of memorabilia held for resale. Net realizable value is defined as replacement cost.

Income Taxes

The Association is a not-for-profit organization, as described in Section 149(1)(1) of the *Income Tax Act*, and is therefore exempt from taxes.

Revenue Recognition

The Association follows the restricted fund method of accounting for contributions. Contributions are recognized in the fund corresponding to the purpose for which they were contributed and recognized as revenue when received.

... (continued) ...

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES . . . (continued)

Fund Accounting

The Association follows the fund method of accounting for contributions. The Association follows the restricted fund method in which externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized in the general fund.

The Association has received various gifts over the years that are for specific endowment purposes, and as such are restricted funds, recognized as the endowment fund. These gifts have been set up in separate individual funds, with disbursements made according to the fund specifications. Any amounts received for non-specific purposes are allocated to the general fund.

Contributed Services

The Association would not be able to carry out its activities without the services of the many volunteers who donate a considerable amount of time. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Statement of Cash Flows

The Association prepares the statement of cash flows on a net cash basis and reports cash flows from operating and investing activities using the indirect method.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that effect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities as at March 31, 2018 and the reported amount of revenues and expenses for the year then ended. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. FINANCIAL INSTRUMENTS

The significant financial risks to which the Association is exposed are credit risk, market risk, interest rate risk, and liquidity risk

Credit Risk

Financial instruments that potentially subject the Association to credit risk consist of cash, accounts receivable, investment income receivable, and investments. The Association uses reputable institutions for cash and investments and believes risk of loss to be remote. The Association estimated an allowance for doubtful accounts receivable. As at March 31, 2018 an allowance for doubtful accounts of \$nil (2017 - \$nil) for accounts receivable was recorded. Any credit losses are provided for in the financial statements and consistently have been within management's expectations.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association's investments in publicly traded securities expose the Association to market risk as such investments are subject to price changes in the open market. The Association does not use derivative financial instruments to alter the effects of this risk.

. . . (continued) . . .

NOTES TO UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

2. FINANCIAL INSTRUMENTS . . . (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of the investments held by the Association, fluctuate with market rates. The association does not use derivative financial instruments to alter the effects of this risk.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its obligations as they become due. The Association is exposed to liquidity risk arising primarily from accounts payable. The Association's approach to managing liquidity risk is to ensure that it always has sufficient cash flows and cash on hand to meet its operating obligations.

3. INVESTMENT INCOME

Investment income of \$19,588 (2017 - \$16,641) represents interest and dividends received and actual gains and losses on the sale of investments.

4. ENDOWMENT RECEIPTS AND EXPENDITURES	2018			2017		
	Investment Income \$	Donation and Other Receipts \$	Total Receipts \$	Total Awards and Expenditures \$	Net Receipts over (under) Expenditures \$	Net Receipts over (under) Expenditures \$
Athletics Appeal	405	-	405	(450)	(45)	(98)
Michael Saunders Award	423	-	423	-	423	(130)
G. Frederick Butler Scholarship	1,379	-	1,379	(1,650)	(271)	(445)
New Brunswick Award	557	-	557	(650)	(93)	(164)
Hunt Library Fund	855	-	855	(1,000)	(145)	(253)
Sandra MacLeod Award	3,411	-	3,411	(3,900)	(489)	(926)
E. Mabel Mason Bursary	746	-	746	(900)	(154)	(248)
Mark DeWolf Award	174	180	354	-	354	318
Memorial Fund Bursary	952	-	952	(1,150)	(198)	(318)
Marion G. Fry Bursary	1,702	500	2,202	(2,000)	202	(32)
Michael Elliott Award	<u>1,663</u>	<u>500</u>	<u>2,163</u>	<u>(1,900)</u>	<u>263</u>	<u>32</u>
	<u>12,267</u>	<u>1,180</u>	<u>13,447</u>	<u>(13,600)</u>	<u>(153)</u>	<u>(2,264)</u>

5. UNREALIZED GAINS ON INVESTMENTS

During the year, the Association recorded non-cash, unrealized losses on investments of \$25,272 (2017 - \$63,814 gains). The cumulative unrealized gains on investments as at March 31, 2018 are \$180,187 (2017 - \$205,458).

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED SCHEDULE OF INVESTMENTS

SCHEDULE A

FOR THE YEAR ENDED MARCH 31, 2018

	2018		2017	
	Market \$	Cost \$	Market \$	Cost \$
BONDS, DEBENTURES GIC'S AND COUPONS				
\$40,000 Veresen Inc. 4.000%, due Nov 22, 2018	40,496	39,744	41,273	39,744
\$20,000 Concentra 2.120%, due Feb 19, 2019	20,000	20,000	20,000	20,000
\$20,000 Province of ON. 4.200%, due Jun 2, 2020	20,914	19,737	21,777	19,737
\$25,000 Concentra 2.200%, due Jul 15, 2019	25,000	25,000	25,000	25,000
\$15,000 AG Growth 5.000%, due Dec 31, 2020	15,600	15,225	15,637	15,225
\$30,000 Crombie 5.250%, due Mar 31, 2021	30,825	30,357	31,350	30,357
\$15,000 Premium Brands 4.600%, due Dec 31, 2023	18,300	14,947	16,125	14,947
\$25,000 Chemtrade Log. 4.750%, due May 31, 2024	<u>24,500</u>	<u>25,000</u>	-	-
	<u>195,635</u>	<u>190,010</u>	<u>171,162</u>	<u>165,010</u>
SHARES / UNITS				
Bank of Nova Scotia - 700 shares	55,552	9,407	54,460	9,407
Royal Bank of Canada - 600 shares	59,712	25,173	58,134	25,173
TD Bank - 500 shares	36,555	27,883	33,305	27,883
Transcanada Corporation - 1,000 shares	53,280	26,255	61,370	26,255
Enbridge Inc - 1,300 shares	52,676	21,561	72,423	21,561
Fortis Inc - 1,000 subscription receipts	43,490	28,230	44,070	28,230
Algonquin Power & Utilities - 3,000 shares	38,310	31,860	38,100	31,860
Power Financial Corporation - 1,200 shares	38,712	35,651	42,204	35,651
Bank of Nova Scotia - investment savings units	21,267	21,267	21,083	21,083
Telus Corporation - 500 shares	<u>22,620</u>	<u>20,325</u>	<u>21,585</u>	<u>20,325</u>
	<u>422,174</u>	<u>247,612</u>	<u>446,734</u>	<u>247,428</u>
	<u>617,809</u>	<u>437,622</u>	<u>617,896</u>	<u>412,438</u>
INVESTMENTS				
- at market		617,809		617,896
- at cost		<u>(437,622)</u>		<u>(412,438)</u>
CUMULATIVE UNREALIZED GAINS ON INVESTMENTS - (note 5)				
		<u>180,187</u>		<u>205,458</u>

UNIVERSITY OF KING'S COLLEGE ALUMNI ASSOCIATION

UNAUDITED SCHEDULE OF NET ASSETS

SCHEDULE B

FOR THE YEAR ENDED MARCH 31, 2018

	2018			2017	
	Fair Value Net Assets Beginning of Year \$	Fair Value Net Receipts Over Expenditures \$	Fair Value Current Unrealized gains \$	Fair Value Net Assets End of Year \$	Fair Value Net Assets End of Year \$
ATHLETICS APPEAL	13,778	(45)	(522)	13,211	13,778
MICHAEL SAUNDERS AWARD	14,404	423	(546)	14,281	14,404
G. F. BUTLER SCHOLARSHIP	47,817	(271)	(1,779)	45,767	47,817
NEW BRUNSWICK AWARD	19,212	(93)	(718)	18,401	19,212
HUNT LIBRARY FUND	29,209	(145)	(1,104)	27,960	29,209
SANDRA MACLEOD AWARD	115,219	(489)	(4,400)	110,330	115,219
E. MABEL MASON BURSARY	25,723	(154)	(964)	24,605	25,723
MARK DEWOLF AWARD	5,001	354	(224)	5,131	5,001
MEMORIAL FUND BURSARY	32,992	(198)	(1,228)	31,566	32,992
MARION G. FRY BURSARY	57,753	202	(2,196)	55,759	57,753
MICHAEL ELLIOTT AWARD	<u>55,880</u>	<u>263</u>	<u>(2,146)</u>	<u>53,997</u>	<u>55,880</u>
ENDOWMENT FUNDS	416,988	(153)	(15,827)	401,008	416,988
GENERAL FUND	<u>237,966</u>	<u>12,025</u>	<u>(9,445)</u>	<u>240,546</u>	<u>237,966</u>
NET ASSETS	<u>654,954</u>	<u>11,872</u>	<u>(25,272)</u>	<u>641,554</u>	<u>654,954</u>