

University of King's College Alumni Association

Financial Statements

March 31, 2020

University of King's College Alumni Association

March 31, 2020

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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, 2020 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.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 6 to the financial statements, which describes the situation in the context of the COVID-19 global pandemic declared by the World Health Organization.

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, 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

G&R CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Dartmouth, Nova Scotia
May 25, 2020

University of King's College Alumni Association

Balance Sheet

March 31, 2020

	Endowment \$	General \$	2020 \$	2019 \$
Assets				
Current Assets				
Cash	-	23,720	23,720	17,945
Accounts receivable	-	350	350	451
HST recoverable	-	490	490	462
Investment income receivable	-	4,979	4,979	3,121
Merchandise inventory	-	4,469	4,469	5,283
	-	34,008	34,008	27,262
Investments - at market (Schedule A)	394,146	233,913	628,059	660,502
Total Assets	394,146	267,921	662,067	687,764
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	-	4,100	4,100	4,100
Deferred revenue	-	9,999	9,999	8,370
Total Liabilities	-	14,099	14,099	12,470
Fund Balances				
General Fund (Schedule B)	-	253,822	253,822	257,829
Endowment Funds - restricted (Schedule B)	394,146	-	394,146	417,465
Total Funds	394,146	253,822	647,968	675,294
Total Liabilities and Funds	394,146	267,921	662,067	687,764

SIGNED ON BEHALF OF THE BOARD

Director

Director

University of King's College Alumni Association

Statement of Receipts and Expenditures

For the Year Ended March 31, 2020

	(note 4) Endowment \$	General \$	2020 \$	2019 \$
Receipts				
Annual brunch	-	11,020	11,020	12,468
Donations	1,930	-	1,930	4,835
Golf tournament	-	31,422	31,422	27,924
Investment income (note 3)	19,722	13,085	32,807	22,279
Other	-	351	351	186
Sale of memorabilia	-	6,465	6,465	5,126
Total Receipts	21,652	62,343	83,995	72,818
Expenditures				
Advertising	-	-	-	-
Alumni travel and meetings	-	36	36	-
Annual brunch	-	3,534	3,534	4,615
Awards and bursaries	14,700	-	14,700	13,000
Bank charges	-	177	177	174
Enceania expenses	-	-	-	863
Golf tournament	-	11,089	11,089	10,128
OAC/Hudson awards	-	1,544	1,544	1,716
Professional fees	-	4,015	4,015	3,938
Purchase of memorabilia	-	4,292	4,292	3,151
Student entrance awards	-	20,333	20,333	17,796
Student support	-	250	250	288
The John Godfrey prize	-	100	100	100
Worldwide alumni celebration	-	987	987	2,226
Total Expenditures	14,700	46,357	61,057	57,995
Excess of Receipts over Expenditures before				
Other Income (Schedule B)	6,952	15,986	22,938	14,823
Other Income				
Unrealized gain (loss) on investments (note 5)	(30,271)	(19,993)	(50,264)	18,917
Excess (Deficiency) of Receipts over Expenditures	(23,319)	(4,007)	(27,326)	33,740

University of King's College Alumni Association

Statement of Net Assets

For the Year Ended March 31, 2020

	Endowment \$	General \$	2020 \$	2019 \$
Net Assets - Beginning of year	417,465	257,829	675,294	641,554
Excess (Deficiency) of receipts over expenditures	(23,319)	(4,007)	(27,326)	33,740
Net Assets - End of Year (Schedule B)	394,146	253,822	647,968	675,294

University of King's College Alumni Association

Statement of Cash Flows

For the Year Ended March 31, 2020

	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (Deficiency) of receipts over expenditures	(27,326)	33,740
Realized gain on sale of investments	(7,302)	-
Unrealized (gain) loss on investments	50,264	(18,917)
	15,636	14,823
Changes in non-cash working capital -		
Decrease (Increase) in accounts receivable	101	(451)
Decrease (Increase) in HST recoverable	(28)	12
Increase in investment income receivable	(1,857)	(335)
Decrease in inventory	814	865
Increase in deferred revenue	1,629	8,370
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	16,295	23,284
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(108,787)	(136,437)
Proceeds on sale of investments	98,267	112,661
NET CASH USED BY INVESTING ACTIVITIES	(10,520)	(23,776)
INCREASE (DECREASE) IN CASH FOR THE YEAR	5,775	(492)
CASH - BEGINNING OF YEAR	17,945	18,437
CASH - END OF YEAR	23,720	17,945

University of King's College Alumni Association

Notes to Financial Statements

For the Year Ended March 31, 2020

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 loss on investments of \$50,264 (2019 - \$18,917 gain).

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.

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

... (continued) ...

University of King's College Alumni Association

Notes to the Financial Statements

For the Year Ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES . . . (continued)

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, 2020 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, 2020 an allowance for doubtful accounts of \$nil (2019 - \$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.

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

. . . (continued) . . .

University of King's College Alumni Association

Notes to Financial Statements

For the Year Ended March 31, 2020

2. FINANCIAL INSTRUMENTS . . . (continued)

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 \$32,807 (2019 - \$22,279) represents interest and dividends received and actual gains and losses on the sale of investments.

4. ENDOWMENT RECEIPTS AND EXPENDITURES

				2020	2019	
	Investment Income	Donation and Other Receipts	Total Receipts	Total Awards and Expenditures	Net Receipts over (under) Expenditures	Net Receipts over (under) Expenditures
	\$	\$	\$	\$	\$	\$
Athletics Appeal	633	-	633	(500)	133	(54)
Michael Saunders Award	732	-	732	(500)	232	490
G. Frederick Butler Scholarship	2,146	-	2,146	(1,700)	446	(235)
New Brunswick Award	916	-	916	(700)	216	612
Hunt Library Fund	1,346	-	1,346	(1,000)	346	46
Sandra MacLeod Award	5,500	-	5,500	(4,100)	1,400	2,056
E. Mabel Mason Bursary	1,209	-	1,209	(900)	309	570
Mark DeWolf Award	325	180	505	-	505	389
Memorial Fund Bursary	1,480	-	1,480	(1,200)	280	(155)
Marion G. Fry Bursary	2,760	1,000	3,760	(2,100)	1,660	796
Michael Elliott Award	2,675	750	3,425	(2,000)	1,425	406
	19,722	1,930	21,652	(14,700)	6,952	4,921

5. UNREALIZED GAINS ON INVESTMENTS

During the year, the Association recorded non-cash, unrealized loss on investments of \$50,264 (2018 - \$18,917 gain). The cumulative unrealized gain on investments as at March 31, 2020 is \$148,851 (2018 - \$199,205).

University of King's College Alumni Association

Notes to Financial Statements

For the Year Ended March 31, 2020

6. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is closely monitoring the situation and has cancelled Alumni association events until 2021. Management estimates that it will result in, among other things, a net loss of income of approximately \$24,000 from the annual brunch and golf tournament for the fiscal year ending March 31, 2021, may also reduce donations. The Association's ability to advance its mission, such as issuing awards and bursaries, is not expected to be affected in the fiscal year ending March 31, 2021. The funds from the 2019 golf tournament will be awarded in the fiscal year ending March 2021.

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and volatility in financial markets across the world. Depending on the severity and length of the outbreak, this could present material uncertainty and risk with respect to the Association's investment performance, liquidity and overall financial condition. The Association anticipates lower investment income and no income from fundraising in the fiscal year ending March 31, 2021. At the fiscal year ending March 31, 2020, the Association recognized an unrealized loss on its investments to market of \$50,264. While this is expected to be temporary, the impact of the pandemic continues to evolve and is too uncertain to estimate the potential impact on the Association's operations as at the date of these financial statements.

University of King's College Alumni Association

Schedule of Investments

SCHEDULE A

For the Year Ended March 31, 2020

	2020		2019	
	Market \$	Cost \$	Market \$	Cost \$
BONDS, DEBENTURES GIC'S AND COUPONS				
\$30,000 AG Growth 5.250%, due Dec 31, 2024	23,100	30,000	-	-
\$15,000 Bank of NS 2.540%, due Jul 17, 2023	15,000	15,000	-	-
\$20,000 Province of ON. 4.200%, due Jun 2, 2020	20,124	19,737	20,562	19,737
\$25,000 Concentra 2.200%, due Jul 15, 2019	-	-	25,000	25,000
\$15,000 AG Growth 5.000%, due Dec 31, 2020	-	-	16,481	15,225
\$30,000 Crombie 5.250%, due Mar 31, 2021	-	-	-	-
\$15,000 Premium Brands 4.600%, due Dec 31, 2023	14,395	14,947	15,450	14,947
\$25,000 Chemtrade Log. 4.750%, due May 31, 2024	14,500	25,000	21,345	25,000
\$15,000 AG Growth 4.500%, due Dec 31, 2022	-	-	15,075	14,999
\$20,000 Bell Canada 3.000%, due Oct 03, 2022	20,057	19,884	20,265	19,884
\$25,000 Manulife Bank 3.050%, due Sep 20, 2021	25,000	25,000	25,000	25,000
\$10,000 Bank of NS 2.700%, due Jul 02, 2020	10,000	10,000	10,000	10,000
\$10,000 Bank of NS 2.960%, due Feb 28, 2022	10,000	10,000	10,000	10,000
\$17,500 Bank of NS 3.150%, due Dec 11, 2020	17,500	17,500	17,500	17,500
\$17,500 Bank of NS 3.250%, due Dec 13, 2021	17,500	17,500	17,500	17,500
	187,176	204,568	214,178	214,792
SHARES / UNITS				
Bank of Nova Scotia - 700 shares	40,229	9,407	49,798	9,407
Royal Bank of Canada - 600 shares	52,302	25,173	60,492	25,173
Toronto-Dominion Bank - 500 shares	29,915	27,883	36,260	27,883
TC Energy Corporation - 1,000 shares	62,550	26,255	60,020	26,255
Enbridge Inc - 1,300 shares	53,274	21,561	62,920	21,561
Fortis Inc - 1,000 shares	54,270	28,230	49,390	28,230
Power Financial Corporation - 1,260 shares	28,527	43,230	-	-
Algonquin Power & Utilities - 3,000 shares	56,850	31,860	45,090	31,860
Power Financial Corporation - 1,200 shares	-	-	37,464	35,651
Bank of Nova Scotia Corporate Tiered - 40,716 investment savings units	40,716	40,716	20,160	20,160
Telus Corporation - 1,000 shares (2019 - 500)	22,250	20,325	24,730	20,325
	440,883	274,640	446,324	246,505
	628,059	479,208	660,502	461,297
INVESTMENTS				
- at market		628,059		660,502
- at cost		(479,208)		(461,297)
CUMULATIVE UNREALIZED GAINS ON INVESTMENTS - (note 5)				
		148,851		199,205

University of King's College Alumni Association

Schedule of Net Assets

For the Year Ended March 31, 2020

SCHEDULE B

	Fair Value Net Assets Beginning of Year \$	Fair Value Net Receipts Over Expenditures \$	Fair Value Current Unrealized gains (losses) \$	2020 Fair Value Net Assets End of Year \$	2019 Fair Value Net Assets End of Year \$
ATHLETICS APPEAL	13,536	133	(971)	12,698	13,536
MICHAEL SAUNDERS AWARD	15,187	232	(1,124)	14,295	15,187
G. F. BUTLER SCHOLARSHIP	46,819	446	(3,293)	43,972	46,819
NEW BRUNSWICK AWARD	19,533	216	(1,406)	18,343	19,533
HUNT LIBRARY FUND	28,805	346	(2,065)	27,086	28,805
SANDRA MACLEOD AWARD	115,575	1,400	(8,443)	108,532	115,575
E. MABEL MASON BURSARY	25,871	309	(1,855)	24,325	25,871
MARK DEWOLF AWARD	5,698	505	(500)	5,703	5,698
MEMORIAL FUND BURSARY	32,298	280	(2,272)	30,306	32,298
MARION G. FRY BURSARY	58,165	1,660	(4,236)	55,589	58,165
MICHAEL ELLIOTT AWARD	55,978	1,425	(4,106)	53,297	55,978
ENDOWMENT FUNDS	417,465	6,952	(30,271)	394,146	417,465
GENERAL FUND	257,829	15,986	(19,993)	253,822	257,829
NET ASSETS	675,294	22,938	(50,264)	647,968	675,294