



The Mohawk College Foundation

FINANCIAL STATEMENTS

MARCH 31, 2020

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opportunities**

THE MOHAWK COLLEGE FOUNDATION

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Mohawk College Foundation

Qualified Opinion

We have audited the financial statements of The Mohawk College Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows and for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2020 and March 31, 2019
- the fundraising revenues and excess of revenues over expenses reported in the statements of operations for the years ended March 31, 2020 and March 31, 2019
- the unrestricted fund balances, at the beginning and end of the year, reported in the statements of changes in fund balances for the years ended March 31, 2020 and March 31, 2019
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2020 and March 31, 2019



Our opinion on the financial statements for the year ended March 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity public 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.
- 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.



Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 30, 2020

THE MOHAWK COLLEGE FOUNDATION
Statement of Financial Position
March 31, 2020, with comparative figures for 2019


	General Fund \$	Restricted Funds \$	Total 2020 \$	Total 2019 \$
ASSETS				
CURRENT				
Cash and investments	1,648,276	270,124	1,918,400	2,074,764
Accounts receivable	2,748	2	2,750	4,498
Due from Mohawk College (note 2)	126,891	-	126,891	12,420
Prepaid expenses	19,403	-	19,403	27,682
Donated artwork	1	-	1	1
	<u>1,797,319</u>	<u>270,126</u>	<u>2,067,445</u>	<u>2,119,365</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities (note 3)	95,228	49	95,277	72,475
Deferred revenue	4,400	-	4,400	585
Due to Mohawk College (note 2)	-	62,956	62,956	89,240
	<u>99,628</u>	<u>63,005</u>	<u>162,633</u>	<u>162,300</u>
NET ASSETS				
Unrestricted	1,697,691	-	1,697,691	1,686,941
Restricted (note 4)	-	207,121	207,121	270,124
	<u>1,697,691</u>	<u>207,121</u>	<u>1,904,812</u>	<u>1,957,065</u>
Impact of COVID-19 (note 8)				
	<u>1,797,319</u>	<u>270,126</u>	<u>2,067,445</u>	<u>2,119,365</u>

See accompanying notes to financial statements.

On behalf of the Board of Directors:



Ron J. McKerlie, President



Glen Steeves, Chair

THE MOHAWK COLLEGE FOUNDATION**Statement of Operations and Changes in Fund Balances****For the year ended March 31, 2020, with comparative figures for 2019**

	General Fund \$	Restricted Funds \$	Total 2020 \$	Total 2019 \$
REVENUE				
Cash donations	1,303,913	-	1,303,913	1,150,951
Donations of other assets to Mohawk College (note 5)	2,168,040	-	2,168,040	1,819,169
Donations from Mohawk College	1,359,378	-	1,359,378	1,184,855
Investment (loss) income	(64,876)	(7,974)	(72,850)	140,505
Other revenue	226,263	-	226,263	225,937
	<u>4,992,718</u>	<u>(7,974)</u>	<u>4,984,744</u>	<u>4,521,417</u>
EXPENDITURES				
Donations of cash to Mohawk College	1,428,495	-	1,428,495	1,276,573
Donations of other assets to Mohawk College (note 5)	2,168,040	-	2,168,040	1,819,169
Fund transfer to Mohawk College (note 6)	-	54,375	54,375	18,241
Salaries and benefits	991,892	-	991,892	1,012,838
Contract services and professional fees	157,081	654	157,735	94,997
Supplies and other expenses	118,280	-	118,280	114,843
Promotion and public relations	93,696	-	93,696	49,539
Travel and professional development	24,484	-	24,484	35,008
	<u>4,981,968</u>	<u>55,029</u>	<u>5,036,997</u>	<u>4,421,208</u>
Excess (deficiency) of revenue over expenditures	10,750	(63,003)	(52,253)	100,209
Fund balances, beginning of year	1,686,941	270,124	1,957,065	1,856,856
Fund balances, end of year	<u>1,697,691</u>	<u>207,121</u>	<u>1,904,812</u>	<u>1,957,065</u>

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION**Statement of Cash Flows****For the year ended March 31, 2020, with comparative figures for 2019**

	General Fund \$	Restricted Funds \$	Total 2020 \$	Total 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenue over expenditures	10,750	(63,003)	(52,253)	100,209
Changes in non-cash working capital items:				
Accounts receivable	1,740	8	1,748	23,914
Due from Mohawk College	(126,891)	12,420	(114,471)	250,526
Prepaid expenses	8,279	-	8,279	20,580
Accounts payable and accrued liabilities	22,802	-	22,802	(23,550)
Deferred revenue	3,815	-	3,815	(63,762)
Due to Mohawk College	(89,240)	62,956	(26,284)	80,000
	(168,745)	12,381	(156,364)	387,917
(DECREASE) INCREASE IN CASH AND INVESTMENTS	(168,745)	12,381	(156,364)	387,917
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,817,021	257,743	2,074,764	1,686,847
CASH AND INVESTMENTS, END OF YEAR	1,648,276	270,124	1,918,400	2,074,764

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Operations

The Mohawk College Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario to generate revenues and to operate a series of funds to be used exclusively for the advancement of learning and dissemination of knowledge at The Mohawk College of Applied Arts and Technology ("Mohawk College"). The Foundation is a registered charity exempt from income taxes under the Canadian Income Tax Act.

(b) Basis of accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Fund accounting

The Foundation follows the deferral method of accounting for contributions.

Revenue and expenses related to fundraising and administrative activities are reported in the General Fund.

Revenue and expenses related to established affiliates are reported in the Restricted Fund.

(d) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, pooled funds traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

(e) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Other revenue is recognized when the services are provided. Other revenue received in advance is recorded as deferred revenue.

Interest income is recognized when earned.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

(f) Donated assets

Donated artwork is recorded at nominal value as the fair market value is not readily determinable. Other donated assets are recorded at fair market value, if determinable, at the date of receipt.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(h) Changes in accounting policies

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations*" resulting in the introduction of three new handbook sections in accounting standards for not-for-profits in Part III of the Handbook as follows:

- A. *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.
- B. *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.
- C. *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at the transition date, based on the most readily determinable value.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2020

2. DUE FROM AND DUE TO MOHAWK COLLEGE:

The amounts due from and due to Mohawk College are interest free, unsecured, and due within the next fiscal year.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,413 (2019 - \$3,477).

4. RESTRICTED FUNDS:

Restricted funds are designated for established affiliates. The funds and fund balances established at March 31 are as follows:

	2020 \$	2019 \$
Centre for Insurance and Financial Planning	207,121	215,749
Alumni	-	54,375
	207,121	270,124

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2020

5. DONATIONS OF OTHER ASSETS TO MOHAWK COLLEGE:

Donations of other assets to Mohawk College for the year end include the following:

	2020 \$	2019 \$
Aviation	1,114,211	1,238,830
Media & Entertainment	630,100	109,435
Engineering Equipment	314,000	329,159
Community Partnerships	43,112	-
Apprenticeship & Skilled Trades	28,034	31,745
Health Sciences	15,500	110,000
IDEAWORKS	11,583	-
Indigenous Studies	11,500	-
	<u>2,168,040</u>	<u>1,819,169</u>

6. FUND TRANSFER TO MOHAWK COLLEGE:

The fund transfer to Mohawk College consists of \$54,375 (2019- \$6,000) from the Alumni fund and \$nil transfer (2019 - \$12,241) from the Centre for Insurance and Financial Planning fund.

7. FINANCIAL INSTRUMENTS:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of pooled funds.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk arising from its accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2020

7. FINANCIAL INSTRUMENTS (continued):

Liquidity risk

Liquidity risk is the risk that the Foundation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

Market risk

The Foundation is exposed to fluctuations in equity markets on its investments.

There have been no changes to the Foundation's financial instrument risk exposures from the prior year.

8. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic which has had a significant financial, market and social dislocating impact across the Country. At this time, as with many organizations, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. In order to mitigate the impact of COVID-19, the Foundation ordered a systematic and orderly scale back of operations to transition staff to work remotely. As a result, the Foundation experienced a significant drop in revenues and therefore quickly responded by implementing measures to reduce expenditures. The Foundation is confident that fundraising for new donations will continue in the upcoming year but also recognizes that growth may resume slowly as economic restrictions are lifted.