

THE MOHAWK COLLEGE FOUNDATION

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Mohawk College Foundation

We have audited the accompanying financial statements of The Mohawk College Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2018 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, 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 Foundation. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2018, any adjustments might be necessary to donation revenues and excess of revenue over expenditures reported in the statement of operations, and current assets and unrestricted and restricted net assets reported in the statement of financial position.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2018, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada


June 25, 2018


THE MOHAWK COLLEGE FOUNDATION
Statement of Financial Position
March 31, 2018, with comparative figures for 2017

	General Fund \$	Restricted Funds \$	Total 2018 \$	Total 2017 \$
ASSETS				
CURRENT				
Cash and investments	1,408,194	278,653	1,686,847	1,356,805
Accounts receivable	28,401	11	28,412	26,530
Due from Mohawk College (note 2)	262,946		262,946	310,684
Prepaid expenses	48,262	-	48,262	20,107
Donated artwork	1	-	1	1
	<u>1,747,804</u>	<u>278,664</u>	<u>2,026,468</u>	<u>1,714,127</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities (note 3)	96,011	14	96,025	135,598
Deferred revenue	52,680	11,667	64,347	67,187
Due to Mohawk College (note 2)	-	9,240	9,240	1,106
	<u>148,691</u>	<u>20,921</u>	<u>169,612</u>	<u>203,891</u>
NET ASSETS				
Unrestricted	1,599,113	-	1,599,113	1,231,583
Restricted (note 4)	-	257,743	257,743	278,653
	<u>1,599,113</u>	<u>257,743</u>	<u>1,856,856</u>	<u>1,510,236</u>
	<u>1,747,804</u>	<u>278,664</u>	<u>2,026,468</u>	<u>1,714,127</u>

See accompanying notes to financial statements.

On behalf of the Board of Directors:





THE MOHAWK COLLEGE FOUNDATION**Statement of Operations and Changes in Fund Balances****For the year ended March 31, 2018, with comparative figures for 2017**

	General Fund \$	Restricted Funds \$	Total 2018 \$	Total 2017 \$
REVENUE				
Cash donations	4,893,582	-	4,893,582	4,612,516
Donations from Mohawk College	1,220,885	-	1,220,885	1,620,694
Donations of other assets (note 5)	653,368	-	653,368	2,984,840
Investment income	22,446	4,253	26,699	110,922
Other revenue	257,630	20,000	277,630	284,194
	<u>7,047,911</u>	<u>24,253</u>	<u>7,072,164</u>	<u>9,613,166</u>
EXPENDITURES				
Donations of cash to Mohawk College	5,006,027	-	5,006,027	4,783,461
Donations of other assets to Mohawk College (note 5)	653,368	-	653,368	2,984,840
Fund transfer to Mohawk College (note 6)	-	44,392	44,392	55,944
Salaries and benefits	643,643	-	643,643	962,261
Supplies and other expenses	213,167	-	213,167	157,350
Contract services and professional fees	116,778	771	117,549	282,472
Promotion and public relations	36,552	-	36,552	36,162
Travel and professional development	10,846	-	10,846	9,769
	<u>6,680,381</u>	<u>45,163</u>	<u>6,725,544</u>	<u>9,272,259</u>
Excess (deficiency) of revenue over expenditures	367,530	(20,910)	346,620	340,907
Fund balances, beginning of year	1,231,583	278,653	1,510,236	1,169,329
Fund balances, end of year	<u>1,599,113</u>	<u>257,743</u>	<u>1,856,856</u>	<u>1,510,236</u>

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION
Statement of Cash Flows
For the year ended March 31, 2018, with comparative figures for 2017

	General Fund \$	Restricted Funds \$	Total 2018 \$	Total 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess (deficiency) of revenue over expenditures	367,530	(20,910)	346,620	340,907
Changes in non-cash working capital items:				
Accounts receivable	(1,871)	(11)	(1,882)	(8,409)
Due from Mohawk College	47,738	-	47,738	(99,416)
Prepaid expenses	(28,155)	-	(28,155)	4,316
Accounts payable and accrued liabilities	(39,562)	(11)	(39,573)	46,293
Deferred revenue	(2,840)	-	(2,840)	23,140
Due to Mohawk College	-	8,134	8,134	1,106
	342,840	(12,798)	330,042	317,106
INCREASE (DECREASE) IN CASH AND INVESTMENTS	342,840	(12,798)	330,042	317,106
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,065,354	291,451	1,356,805	1,039,699
CASH AND INVESTMENTS, END OF YEAR	1,408,194	278,653	1,686,847	1,356,805

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2018

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, 2018

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.

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 \$3,383 (2017 - \$6,521).

4. RESTRICTED FUNDS:

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

	<u>2018</u>	<u>2017</u>
Centre for Insurance and Financial Planning	\$ 212,516	\$ 211,975
Alumni	<u>45,227</u>	<u>66,678</u>
	<u>\$ 257,743</u>	<u>\$ 278,653</u>

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Notes to Financial Statements
For the year ended March 31, 2018

5. DONATIONS OF OTHER ASSETS TO MOHAWK COLLEGE:

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

	<u>2018</u>	<u>2017</u>
Aviation	391,137	63,361
Music	245,570	-
City School	11,500	-
Recruitment	2,797	3,357
Apprenticeship & Skilled Trades	1,864	166,485
Engineering Equipment	<u>500</u>	<u>2,751,637</u>
	<u>\$ 653,368</u>	<u>\$ 2,984,840</u>

6. FUND TRANSFER TO MOHAWK COLLEGE:

The fund transfer to Mohawk College consists of \$2,225 (2017 - \$13,777) from the Centre for Insurance and Financial Planning fund and \$42,167 (2017 - \$42,167) from the Alumni 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, 2018

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.