

The Mohawk College Foundation

FINANCIAL STATEMENTS

MARCH 31, 2019



Engaged communities creating
transformational opportunities

Photo by: Ema Peter

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, 2019
- 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, 2019, 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, 2019 and March 31, 2018
- the fundraising revenues and excess of revenues over expenses reported in the statements of operations for the years ended March 31, 2019 and March 31, 2018
- 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, 2019 and March 31, 2018
- the excess of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2019 and March 31, 2018



Our opinion on the financial statements for the year ended March 31, 2018 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants


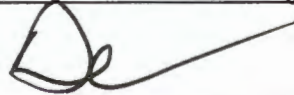
Hamilton, Canada
June 25, 2019

THE MOHAWK COLLEGE FOUNDATION
Statement of Financial Position
March 31, 2019, with comparative figures for 2018

	General Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
ASSETS				
CURRENT				
Cash and investments	1,817,021	257,743	2,074,764	1,686,847
Accounts receivable	4,488	10	4,498	28,412
Due from Mohawk College (note 2)	-	12,420	12,420	262,946
Prepaid expenses	27,682	-	27,682	48,262
Donated artwork	1	-	1	1
	<u>1,849,192</u>	<u>270,173</u>	<u>2,119,365</u>	<u>2,026,468</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities (note 3)	72,426	49	72,475	96,025
Deferred revenue	585	-	585	64,347
Due to Mohawk College (note 2)	89,240	-	89,240	9,240
	<u>162,251</u>	<u>49</u>	<u>162,300</u>	<u>169,612</u>
NET ASSETS				
Unrestricted	1,686,941	-	1,686,941	1,599,113
Restricted (note 4)	-	270,124	270,124	257,743
	<u>1,686,941</u>	<u>270,124</u>	<u>1,957,065</u>	<u>1,856,856</u>
	<u>1,849,192</u>	<u>270,173</u>	<u>2,119,365</u>	<u>2,026,468</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, 2019, with comparative figures for 2018

	General Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
REVENUE				
Cash donations	1,150,951	-	1,150,951	4,893,582
Donations of other assets (note 5)	1,819,169	-	1,819,169	653,368
Donations from Mohawk College	1,184,855	-	1,184,855	1,220,885
Investment income	120,704	19,801	140,505	26,699
Other revenue	214,270	11,667	225,937	277,630
	<u>4,489,949</u>	<u>31,468</u>	<u>4,521,417</u>	<u>7,072,164</u>
EXPENDITURES				
Donations of cash to Mohawk College	1,276,573	-	1,276,573	5,006,027
Donations of other assets to Mohawk College (note 5)	1,819,169	-	1,819,169	653,368
Fund transfer to Mohawk College (note 6)	-	18,241	18,241	44,392
Salaries and benefits	1,012,838	-	1,012,838	643,643
Supplies and other expenses	114,843	-	114,843	213,167
Contract services and professional fees	94,151	846	94,997	117,549
Promotion and public relations	49,539	-	49,539	36,552
Travel and professional development	35,008	-	35,008	10,846
	<u>4,402,121</u>	<u>19,087</u>	<u>4,421,208</u>	<u>6,725,544</u>
Excess of revenue over expenditures	87,828	12,381	100,209	346,620
Fund balances, beginning of year	1,599,113	257,743	1,856,856	1,510,236
Fund balances, end of year	<u>1,686,941</u>	<u>270,124</u>	<u>1,957,065</u>	<u>1,856,856</u>

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION**Statement of Cash Flows****For the year ended March 31, 2019, with comparative figures for 2018**

	General Fund \$	Restricted Funds \$	Total 2019 \$	Total 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess of revenue over expenditures	87,828	12,381	100,209	346,620
Changes in non-cash working capital items:				
Accounts receivable	23,913	1	23,914	(1,882)
Due from (to) Mohawk College	262,946	(12,420)	250,526	47,738
Inventories	-	-	-	-
Prepaid expenses	20,580	-	20,580	(28,155)
Accounts payable and accrued liabilities	(23,585)	35	(23,550)	(39,573)
Deferred revenue	(52,095)	(11,667)	(63,762)	(2,840)
Due to Mohawk College	89,240	(9,240)	80,000	8,134
	<u>408,827</u>	<u>(20,910)</u>	<u>387,917</u>	<u>330,042</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	408,827	(20,910)	387,917	330,042
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>1,408,194</u>	<u>278,653</u>	<u>1,686,847</u>	<u>1,356,805</u>
CASH AND INVESTMENTS, END OF YEAR	<u><u>1,817,021</u></u>	<u><u>257,743</u></u>	<u><u>2,074,764</u></u>	<u><u>1,686,847</u></u>

See accompanying notes to financial statements.

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2019

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, 2019

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 \$3,477 (2018 - \$3,383).

4. RESTRICTED FUNDS:

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

	2019	2018
	\$	\$
Centre for Insurance and Financial Planning	215,749	212,516
Alumni	54,375	45,227
	270,124	257,743

THE MOHAWK COLLEGE FOUNDATION
Notes to Financial Statements
For the year ended March 31, 2019

5. DONATIONS OF OTHER ASSETS TO MOHAWK COLLEGE:

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

	2019 \$	2018 \$
Aviation	1,238,830	391,137
Engineering Equipment	329,159	500
Health Sciences	110,000	-
Media & Entertainment	109,435	-
Apprenticeship & Skilled Trades	31,745	1,864
Music	-	245,570
City School	-	11,500
Recruitment	-	2,797
	<u>1,819,169</u>	<u>653,368</u>

6. FUND TRANSFER TO MOHAWK COLLEGE:

The fund transfer to Mohawk College consists of \$12,241 (2018 - \$2,225) from the Centre for Insurance and Financial Planning fund and \$6,000 (2018- \$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, 2019

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.