

Algoma University Foundation
Financial Statements
For the year ended April 30, 2013

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Independent Auditor's Report

To the Board of Directors of Algoma University Foundation

We have audited the accompanying financial statements of Algoma University Foundation, which comprise the statement of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, and the statements of changes in net assets, operations and cash flows for the years ended April 30, 2013 and April 30, 2012, 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.

Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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

As management has not provided us with an appraisal of artwork, we were unable to satisfy ourselves concerning the valuation of the investment in other assets (artwork). Accordingly, we were not able to determine whether any adjustments might be necessary to other assets (artwork), net assets and excess of revenue over expenses.

Qualified Opinion

In our opinion, except for the 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 Algoma University Foundation as at April 30, 2013, April 30, 2012 and May 1, 2011 and the results of its operations, change in its net assets and cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.




Chartered Accountants, Licensed Public Accountants


Sault Ste. Marie, Ontario
November 28, 2013

Algoma University Foundation
Statement of Financial Position

April 30	2013	2012	May 1, 2011
Assets			
Cash	\$ 218,328	\$ 400,825	\$ 134,106
Investments (Note 3)	3,571,863	3,118,075	3,130,352
Prepaid expenses	5,996	219	5,353
Other assets	355,649	355,649	355,649
	<u>\$ 4,151,836</u>	<u>\$ 3,874,768</u>	<u>\$ 3,825,460</u>
Liabilities and Net Assets			
Accounts payable and accrued liabilities	\$ 4,995	\$ 6,398	\$ 4,996
Due to Algoma University (Note 4)	240,561	236,637	197,472
Scholarship funds held in trust	36,957	34,081	39,133
Deferred golf tournament revenue	5,000	3,250	11,650
Deferred campaign contributions (Note 5)	409,612	474,979	169,657
	<u>697,125</u>	<u>755,345</u>	<u>422,908</u>
Net Assets			
Invested in other assets	355,649	355,649	355,649
Endowment funds	3,614,826	3,249,180	3,139,497
Non-endowment funds	(515,764)	(485,406)	(292,594)
	<u>3,454,711</u>	<u>3,119,423</u>	<u>3,202,552</u>
	<u>\$ 4,151,836</u>	<u>\$ 3,874,768</u>	<u>\$ 3,625,460</u>

On behalf of the Board:


 _____ Director


 _____ Director

Algoma University Foundation

Statement of Changes in Net Assets

For the year ended April 30, 2013

	Invested in other assets	Endowment funds	Non-endowment funds	Total
Balance at April 30, 2011	\$ 355,649	\$ 3,139,497	\$ (292,594)	\$ 3,202,552
Endowment contributions	-	72,126	-	72,126
Change in unrealized loss on marketable securities	-	(115,174)	(5,276)	(120,450)
Excess (deficiency) of revenues over expenses	-	152,731	(187,536)	(34,805)
Balance at April 30, 2012	355,649	3,249,180	(485,406)	3,119,423
Endowment contributions	-	61,300	-	61,300
Change in unrealized loss on marketable securities	-	69,383	2,700	72,083
Excess (deficiency) of revenue over expenses	-	234,963	(33,058)	201,905
Balance at April 30, 2013	\$ 355,649	\$ 3,614,826	\$ (515,764)	\$ 3,454,711

Algoma University Foundation

Statement of Operations

For the year ended April 30	2013	2012
Revenue		
Income		
Donations	\$ 781,909	\$ 263,315
Service dinner	31,750	51,225
Golf tournament	41,015	44,941
Other	135	5
	<u>854,809</u>	<u>359,486</u>
Investment income	119,414	67,201
Capital gain on investments	76,742	58,271
Municipal grant	40,000	40,000
	<u>1,090,965</u>	<u>524,958</u>
Expenses		
Capital campaign:		
- Advertising and promotion	450	7,486
- Design fees	-	9,359
- Donor and volunteer recognition	4,834	5,142
- Meetings	331	1,007
- Office supplies	12	2,251
- Professional development	8,450	2,869
- Recruitment	421	1,541
- Salaries and benefits	136	105,873
- Software	1,431	5,353
	<u>16,065</u>	<u>140,881</u>
Donations to Algoma University	646,539	97,864
Golf tournament	9,240	10,282
Other	4,438	8,227
Professional fees	15,620	16,768
Scholarships	184,041	268,987
Service dinner	13,117	16,754
	<u>889,060</u>	<u>559,763</u>
Excess (deficiency) of revenue over expenses	<u>\$ 201,905</u>	<u>\$ (34,805)</u>

Algoma University Foundation

Statement of Cash Flows

For the year ended April 30	2013	2012
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ 201,905	\$ (34,805)
Changes in non-cash working capital balances		
Due to/from Algoma University College	3,924	39,165
Prepaid expenses	(5,777)	5,134
Accounts payable and accrued liabilities	(1,403)	1,402
Deferred golf tournament revenue	1,750	(8,400)
Scholarship funds held in trust	2,876	(5,052)
Deferred campaign contributions	(65,367)	305,322
	<u>137,908</u>	<u>302,766</u>
Cash flows from investing activities		
Decrease (increase) in investments	(453,788)	12,277
Change in unrealized gain on investments	72,083	(120,450)
	<u>(381,705)</u>	<u>(108,173)</u>
Cash flows from financing activities		
Endowment contribution received	61,300	72,126
Increase (decrease) in cash for the year	<u>(182,497)</u>	<u>266,719</u>
Cash, beginning of year	<u>400,825</u>	<u>134,106</u>
Cash, end of year	<u>\$ 218,328</u>	<u>\$ 400,825</u>

Algoma University Foundation

Notes to Financial Statements

April 30, 2013

1. Summary of significant accounting policies

- Nature of Operations** The Foundation is engaged in fundraising and related activities for the purpose of providing scholarships to students of Algoma University and other funding to Algoma University. The Foundation is registered as a charity under the Income Tax Act.
- Basis of Accounting** The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
- Revenue Recognition** The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Endowment Funds** Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Net investment income earned is available for distribution according to the terms of the endowment.
- Scholarships** Scholarships are recorded as an expenditure when the conditions of the award are satisfied.
- Capital Assets** Capital assets are not recorded on the balance sheet. Expenditures for capital assets in the year are recorded as expenses and disclosed in the statement of operations. Capital assets consist of furniture and equipment.
- Other Assets** Other assets consists of 521 pieces of donated paintings and other pieces of art. These assets are recorded at fair value at the date of contribution, being the appraised value.
- Use of Estimates** The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- Financial Instruments** Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all balanced funds, and guaranteed investment certificates have been designated to be in the fair value category, with 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.

Algoma University Foundation

Notes to Financial Statements

April 30, 2013

2. First time adoption

Effective May 1, 2012, the foundation adopted the new accounting framework, Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO) or Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the foundation's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1500, First-time Adoption have been applied. Section 1500 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - significant accounting policies have been applied in preparing the financial statements for the year ended April 30, 2013, the comparative information presented in these financial statements for the year ended April 30, 2012 and in the preparation of an opening ASNPO balance sheet at the date of transition of May 1, 2011.

The foundation issued financial statements for the year ended April 30, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenses and cash flows of the foundation, nor were there any changes to net assets at the date of transition of May 1, 2011.

3. Investments

	Cost	Market Value
GIC, 4.57%, maturing June 11, 2013	\$ 83,206	\$ 83,206
GIC, 4.00%, maturing January 23, 2014	50,000	50,000
GIC, 3.77%, maturing January 23, 2014	90,000	90,000
GIC, 3.75%, maturing January 23, 2014	67,977	67,977
Accrued Interest	5,352	5,352
Bonavista Asset Management Balanced Fund	3,488,331	3,275,329
	<u>\$ 3,784,866</u>	<u>\$ 3,571,864</u>

4. Due to Algoma University

Amounts due to or from Algoma University result from Algoma University paying expenses and Scholarships on behalf of the Foundation. These amounts are due on demand and not subject to interest.

5. Deferred campaign contributions

	2013	2012
Bioscience Centre	\$ 75,233	\$ 7,798
Fine Arts & Music Wing	50,807	42,235
Other	283,572	424,946
	<u>\$ 409,612</u>	<u>\$ 474,979</u>

Algoma University Foundation

Notes to Financial Statements

April 30, 2013

6. Ontario Student Opportunities Trust Fund

Included in endowment funds on the statement of financial position are the following:

	2013	2012
Trust Fund I		
Balance, beginning of the year	\$ 445,457	\$ 466,790
investment income	27,611	16,834
Bursaries awarded	(2,300)	(17,100)
Administrative expenses	(2,556)	(3,608)
Change in unrealized gain (loss) on marketable securities	9,986	(17,459)
Balance, end of year	<u>\$ 478,198</u>	<u>\$ 445,457</u>
Trust Fund II		
Balance, beginning of the year	\$ 1,783,854	\$ 1,708,096
Funds received	117,146	141,860
Investment income	110,569	61,482
Bursaries awarded	(33,400)	(50,500)
Administrative expenses	(10,234)	(13,202)
Change in unrealized gain (loss) on marketable securities	39,990	(63,882)
Balance, end of year	<u>\$ 2,007,925</u>	<u>\$ 1,783,854</u>

The Ministry of Training, Colleges and Universities established this program whereby funds raised under this program were matched by the Ministry. This program ended during the 2013 year end. Interest earned on the balance of unallocated funds will provide bursaries to qualifying students.

7. Contingent liabilities

The Foundation is involved with pending litigation and claims which arise in the normal course of operations. In the opinion of the administration, a liability that may arise from such contingencies would not have a significant adverse effect on the financial statements of the Foundation. Losses, if any, arising from these matters will be accounted for in the year in which they are resolved.

8. Financial instrument risks

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 organization is exposed to interest rate risk arising from the possibility that changes in the interest rates will affect the value of fixed income denominated investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The organization is exposed to fluctuations in equity markets on its long-term investments.