

Financial Statements of

**KING'S UNIVERSITY COLLEGE
FOUNDATION AT THE UNIVERSITY OF
WESTERN ONTARIO**

And Independent Auditor's Report thereon

Year ended April 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Opinion

We have audited the accompanying financial statements of King's University College Foundation at The University of Western Ontario (the "Entity"), which comprise:

the statement of financial position as at April 30, 2023

the statements of operations and changes in fund balances for the year then ended

the statement of cash flows for the year then ended

and notes and schedules to the financial statements, comprising a summary of significant accounting policies and other explanatory information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2023, and its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Auditor's 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 auditor's 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 the 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:

- x 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

September 20, 2023

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Statement of Financial Position

April 30, 2023, with comparative information for 2022

	Operating Fund	Restricted Fund	Endowment Fund	2023 Total	2022 Total
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Assets

Current assets:

Cash	\$ 2,100	\$ -	\$ -	\$ 2,100	\$ 1,100
Due from King's University College (note 2)	-	-	-	-	138,956
Prepaid expenses	-	-	-	-	227
Interfund balances (note 3)	1,028,244	(1,028,244)			

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Statement of Operations and Changes in Fund Balances

Year ended April 30, 2023, with comparative information for 2022

	Operating Fund	Restricted Fund (Schedule 1)	Endowment Fund (Schedule 2)	2023 Total	2022 Total
Revenues:					
Donations	\$ 118,753	\$ 687,726	\$ 15,316	\$ 821,795	\$ 875,791
Investment income (loss) (note 4)	241,409	314,703	-	556,112	156,611
Subsidy (note 2)	122,400	-	-	122,400	122,400
Special events	67,330	-	-	67,330	62,387
	549,892	1,002,429	15,316	1,567,637	1,217,189
Expenditures:					
Awards	1,000	340,931	-	341,931	328,224
Salaries and benefits	234,776	-	-	234,776	262,169
Gifts to King's University College	104,417	1,104,941	-	1,209,358	200,401
Administrative	89,462	-	-	89,462	72,144
Investment counsel fees	78,509	-	-	78,509	71,364
Special events	29,511	-	-	29,511	24,947
Annual campaign	20,276	-	-	20,276	14,045
Sundry	-	-	-	-	2,655
	557,951	1,445,872	-	2,003,823	975,949
Excess (deficiency) of revenue over expenditures	(8,059)	(443,443)	15,316	(436,186)	241,240
Fund balances, beginning of year	112,745	4,390,974	7,692,946	12,196,665	11,955,425
Interfund transfers	-	(10,000)	10,000	-	-
Fund balances, end of year	\$ 104,686	\$ 3,937,531	\$ 7,718,262	\$ 11,760,479	\$ 12,196,665

See accompanying notes to financial statements.

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements

Year ended April 30, 2023

King's University College Foundation at The University of Western Ontario (the "Foundation") is an incorporated entity which was founded to raise and manage funds for King's University College at The University of Western Ontario (the "King's University College").

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada), (the "Act"). As such, it is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The financial statements of the Foundation are maintained in accordance with the restricted fund method of accounting. Accordingly, all financial transactions have been recorded in three funds: Operating Fund, Restricted Fund and Endowment Fund.

The Operating Fund accounts for revenue and expenditures involved in the administration of the Foundation. The Operating Fund reports unrestricted resources available for immediate purposes.

The Restricted Fund accounts for the receipt and expenditure of donations for specified purposes.

The Endowment Fund accounts for amounts that are to be maintained in perpetuity. Investment income from the Endowment Fund is allocated to the Restricted Fund.

(b) Revenue recognition:

All donations and bequests are recorded as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts in kind are recorded at their estimated fair market value on the date of their donation.

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

1. Significant accounting policies (continued):

(c) Use of estimates:

The preparation of financial statements 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 expenditures during the year. Actual results could differ from those estimates.

(d) Investments:

Funds available for investment from the Restricted Fund and Endowment Fund are invested in pooled funds which are managed by an external fund manager. The Foundation records its investments in pooled funds at fair value using unit values supplied by the fund administrator, which represents the Foundation's proportionate share of the underlying net assets at fair values determined using closing market prices. Pooled fund distributions, realized gains or losses and the change in unrealized gains or losses on investments are recorded as investment income in the statement of operations.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

2. Related party transactions:

Revenues of the Foundation are received by, and expenditures are paid by, King's University College on behalf of the Foundation, giving rise to an ongoing amount receivable from or payable to King's University College. The amount due to King's University College at April 30, 2023 is \$887,167 (2022 - \$138,956) and is unsecured, non-interest bearing and has no specific repayment terms.

King's University College provides an annual subsidy of \$122,400 (2022 - \$122,400) to assist in the operation of the Foundation.

3. Interfund balances:

Due to the nature of the Foundation's budgeting and banking systems, all cash transactions are initially recorded in the Operating Fund. Any transactions pertaining to other funds are then balanced through the interfund balance accounts.

4. Investments:

(a) The fair values of investments in pooled funds are as follows:

	2023	2022
Russell Canadian Equity Fund	\$ 1,493,326	\$ 1,435,022
Russell Global Equity Fund	4,381,379	3,954,928
Russell Canadian Fixed Income Fund	2,497,090	2,435,117
Russell Global Universe Bond Fund	599,519	613,100
Russell Global Infrastructure Fund	1,324,616	1,206,694
Russell Global Real Estate Fund	854,834	955,562
Russell Global Emerging Market Fund	851,933	860,657
Russell Global Credit Fund	616,954	612,900
Equity instruments	64,386	-
	<u>\$ 12,684,037</u>	<u>\$ 12,073,980</u>

For the years ended April 30, 2023 and April 30, 2022, investments were managed by Russell Investments Canada Limited. Included in equity instruments is \$64,386 held in Linamar Corp. common shares (2022 - \$nil).

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

4. Investments (continued):

(b) Investment income (loss):

2023	Operating Fund	Restricted Fund	Total
Distributions	\$ 241,409	\$ 222,889	\$ 464,298
Change in unrealized gains	-	91,814	91,814
	\$ 241,409	\$ 314,703	\$ 556,112

2022	Operating Fund	Restricted Fund	Total
Distributions	\$ 233,177	\$ 516,623	\$ 749,800
Realized gains	-	477,568	477,568
Change in unrealized gains	-	(1,070,757)	(1,070,757)
	\$ 233,177	\$ (76,566)	\$ 156,611

Total investment income earned in the year is allocated to each fund, calculated based on the average Endowed and Restricted Fund balances outstanding for the year, as follows:

- (i) 4% is directed towards student awards and bursaries within the Restricted Fund;
- (ii) 2% is allocated to the Operating Fund, and;
- (iii) 1.5% is allocated to the Income Stabilization Fund within the Restricted Fund, subject to available funds.

Each year, irrespective of investment income earned, a minimum amount is allocated to the Operating Fund to offset investment counsel fees incurred for the year.

In years when investment returns are insufficient to satisfy the stated allocations to the Restricted and Operating Funds, amounts are transferred from the Income Stabilization Fund into these funds.

To the extent that any unallocated investment income remains, amounts are allocated to the Endowed Fund or King's University College priority projects as recommended annually by the Foundation Board of Directors.

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

5. Pledges:

The estimated value of donations which have been pledged but not received as at April 30, 2023 was \$3,958,989 (2022 - \$4,517,850). These amounts are not reflected in the financial statements

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Notes to Financial Statements (continued)

Year ended April 30, 2023

6. Financial instruments (continued):

(b) Financial risks (continued):

(ii) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to investments. Investments are invested in accordance with the Foundation's investment policy.

(iii) Market price risk:

Market price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market. All of the Foundation's investments are carried at fair value with fair value changes recognized in the statement of operations. Market price risk is managed by the investment managers through construction of a diversified portfolio of instruments traded on various markets and across various industries.

(iv) Interest rate risk:

A portion of the Foundation's financial assets and liabilities are interest bearing and as a result, the Foundation is subject to interest rate risk. In general, bond returns are sensitive to changes in the level of interest rates, with longer bond prices being more sensitive to interest rate changes than shorter term bonds.

Fixed rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject the Foundation to a cash flow risk.

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule 1 - Restricted Fund

Year ended April 30, 2023

	Balance, beginning of year	Gifts and other revenues	Investment income	Awards	Transfers	Gifts to King's University College	Balance end of year
Restricted Fund:							
Building Faith, Building Futures:							
Library	\$ 575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575
Awards	79,764	162,543	-	(25,550)	(8,588)	(498)	207,671
Library	1,016,510	1,380	-	-	-	(969,946)	47,944
Library acquisitions	4,326	-	-	-	-	-	4,326
General restricted donations	85,951	13,933	-	(11,166)	(1,412)	-	87,306
Campus Ministry	45,293	1,150	-	-	-	-	46,443
Jean Vanier Research							
Centre-Excellence	33,366	-	-	-	-	-	33,366
Pine Chanel	4,402	-	-	-	-	-	4,402
Refugee	35,664	28,548	-	-	-	(54,955)	9,257
Humanitarian Scholarship	31,600	-	-	-	-	-	31,600
Mental Health Initiatives	14,512	-	-	-	-	(9,243)	5,269
Bell Let's Talk	18,606	-	-	-	-	(10,201)	8,405
Debating and public							
speaking	11,695	-	-	-	-	-	11,695
Student Emergency Funds	39,359	16,010	-	-	-	(6,490)	48,879
BIPOC (LCF)	5,223	-	-	-	-	-	5,223
John & Robert Hall (LCF)	-	7,200	-	-	-	-	7,200
SAFE Prog (LCF)	3,199	17,550	-	-	-	(13,940)	6,809
Student life campai							

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule 2 - Endowment Fund

Year ended April 30, 2023

	Balance, beginning of year	Gifts and other revenues	Transfers	Balance, end of year
Endowed Fund:				
Building Faith, Building Futures:				
Scholarships and bursaries	\$ 223,396	\$ 578	\$ -	\$ 223,974
Accessibility	46,924	-	-	46,924
Pastoral leadership	46,228	-	-	46,228
Ontario Student Opportunity Trust Fund (Schedule 3)	1,773,388	25	-	1,773,413
Ontario Trust for Student Support (Schedule 4)	4,388,442	7,080	-	4,395,522
Sisters of St. Joseph	242,517	-	-	242,517
Endowed Chair - Catholic Jewish Centre	13,575	-	-	13,575
Wemple Fund	41,369	-	-	41,369
Faculty Student Aid Fund	30,160	-	-	30,160
St. Peter's Bursary	10,361	-	-	10,361
KUCSC Class 2020	57,000	-	-	57,000
Goutor	32,679	1,200	-	33,879
Peace Camp	201,675	-	-	201,675
Havelka Katz	7,630	-	-	7,630
Indigenous Student Award	37,799	-	-	37,799
Hayhoe	75,067	-	-	75,067
Hugh Mellon	20,900	-	-	20,900
Noel Fund	10,105	-	-	10,105
McMahon	25,000	-	-	25,000
Awards	408,731	6,433	10,000	425,164
	\$ 7,692,946	\$ 15,316	\$ 10,000	\$ 7,718,262

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule 3 - Ontario Student Opportunity Trust Fund (OSOTF)

Year ended April 30, 2023

	OSOTF I	OSOTF II	Total
Changes in Endowment Fund balance:			
Fund balance, beginning of year	\$ 1,022,591	\$ 750,797	\$ 1,773,388
Donations received	25	-	25
Fund balance, end of year	\$ 1,022,616	\$ 750,797	\$ 1,773,413
Changes in expendable funds available for awards:			
Balance, beginning of year	\$ 52,956	\$ 39,227	\$ 92,183
Investment income net of direct investment-related expenses and preservation of capital contributions	41,944	31,071	73,015
Bursaries awarded - OSOTF I - 43 and OSOTF II - 30 (2022 - 43 and 30)	(46,209)	(34,230)	(80,439)
Balance, end of year	\$ 48,691	\$ 36,068	\$ 84,759

KING'S UNIVERSITY COLLEGE FOUNDATION AT THE UNIVERSITY OF WESTERN ONTARIO

Schedule 4 - Ontario Trust for Student Support (OTSS)

Year ended April 30, 2023, with comparative information for 2022

	2023	2022
Changes in Endowment Fund balance:		
Fund balance, beginning of year	\$ 4,388,442	\$ 4,385,772
Cash donations received	7,080	2,670
Transfers	-	-
Fund balance, end of year	\$ 4,395,522	\$ 4,388,442
Changes in Expendable Funds available for awards:		
Funds available for awards:		
Balance, beginning of year	\$ 251,883	\$ 268,056
Investment income, net of direct investment - related expenses and preservation of capital contributions	181,916	182,238
Cash donations received	-	100
Transfers	-	-
Bursaries awarded - 133 (2022 - 133)	(191,936)	(198,511)
Balance, end of year	\$ 241,863	\$ 251,883