

Regis College

Financial Statements

April 30, 2018



Clarkson Rouble LLP
Chartered Professional Accountants

Independent Auditor's Report

To the Members of
Regis College

Report on the financial statements

We have audited the accompanying financial statements of **Regis College**, which comprise the statement of financial position as at **April 30, 2018** and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, 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 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

In common with many not-for-profit organizations, the organization derives revenue from donations and 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 organization's records. Therefore, we were not able to determine whether any adjustments might be necessary to the donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended April 30, 2018 and 2017, current assets as at April 30, 2018 and 2017, and net assets as at May 1 and April 30 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended April 30, 2017 was modified accordingly because of the possible effects of this limitation in scope.

This described qualification is typical for an organization of this kind which derives revenue from donations and fundraising activities.

Regis College

Independent Auditor's Report

Page 2

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Regis College** as at **April 30, 2018**, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Clarkson Rouble LLP

Mississauga, Ontario
September 26, 2018

Clarkson Rouble LLP
Chartered Professional Accountants
Licensed Public Accountants



Regis College

Statement of Financial Position As at April 30

	2018	2017
Assets		
Current		
Accounts receivable	\$ 15,306	\$ 207,898
HST receivable	23,497	15,432
Prepaid expenses	17,386	12,069
	56,189	235,399
Investments (Note 2)		
Internally restricted	1,264,244	1,509,877
Externally restricted	7,296,858	5,867,436
	8,561,102	7,377,313
Capital assets (Note 3)	6,930,437	7,145,641
	\$ 15,547,728	\$ 14,758,353
Liabilities		
Current		
Bank indebtedness	\$ 61,401	\$ 40,938
Accounts payable and accrued liabilities	172,160	193,103
Deferred revenue	43,637	14,383
	277,198	248,424
Fund balances		
Unrestricted operating	(220,925)	(12,939)
Internally restricted	1,264,160	1,509,792
Externally restricted	7,296,858	5,867,435
Invested in capital assets	6,930,437	7,145,641
	15,270,530	14,509,929
	\$ 15,547,728	\$ 14,758,353

See accompanying notes to financial statements

On behalf of the Board:



Director

Director

Regis College
Statement of Revenue and Expenses
Year Ended April 30

	2018				2017	
	Restricted Funds		Invested In Capital Assets	Unrestricted Fund	Total	Total
	Internally (Schedule A)	Externally (Schedule B)				
Revenue						
Tuitions	\$ -	\$ -	\$ -	\$ 1,112,112	\$ 1,112,112	\$ 1,097,741
Contributions	-	-	-	257,457	257,457	158,449
Contributions - restricted	-	1,501,707	-	-	1,501,707	2,425
Contributed services	-	-	-	271,400	271,400	234,463
Government grants	-	-	-	248,671	248,671	342,577
Investment income	-	-	-	583	583	221
Investment income - restricted	32,685	420,989	-	-	453,674	121,640
Miscellaneous	-	-	-	26,565	26,565	28,464
Subsidies from The Jesuit Fathers of Upper Canada	-	-	-	-	-	-
- Theological Apostolate Endowment Fund	-	-	-	270,833	270,833	380,000
- Other	-	-	-	2	2	2
	32,685	1,922,696	-	2,187,623	4,143,004	2,365,982
Expenses						
Educational	-	-	-	1,424,007	1,424,007	1,261,676
Student aid, bursaries and scholarships	-	-	-	51,113	51,113	29,052
Student aid, bursaries and scholarships - restricted	45,554	146,800	-	-	192,354	196,904
Administration	-	-	-	399,003	399,003	270,979
Plant	-	-	-	388,827	388,827	324,462
Development	-	-	-	105,572	105,572	106,336
Library	-	-	-	199,713	199,713	202,978
Annuity payments - restricted	-	2,500	-	-	2,500	2,500
Website	7,575	-	-	-	7,575	16,829
Programs	-	64,407	-	-	64,407	41,135
Amortization	-	-	-	242,578	242,578	271,704
	53,129	213,707	-	2,568,235	3,077,649	2,724,555
Excess (deficiency) of revenue over expenses before (loss) gain on investments	(20,444)	1,708,989	(242,578)	(380,612)	1,065,355	(358,573)
Gain (loss) on investments	(25,188)	(279,566)	-	-	(304,754)	592,069
Excess (deficiency) of revenue over expenses	\$ (45,632)	\$ 1,429,423	\$ (242,578)	\$ (380,612)	\$ 760,601	\$ 233,496

See accompanying notes to financial statements

Regis College

Statement of Changes in Fund Balances Year Ended April 30

	2018				2017	
	Restricted Funds		Invested in Capital Assets	Unrestricted Fund	Total	Total
	Internally (Schedule A)	Externally (Schedule B)				
Fund balances, beginning of year	\$ 1,509,792	\$ 5,867,435	\$ 7,145,641	\$ (12,939)	\$ 14,509,929	\$ 14,276,433
Excess (deficiency) of revenue over expenses	(45,632)	1,429,423	(242,578)	(380,612)	760,601	233,496
Capital asset acquisitions	-	-	27,374	(27,374)	-	-
Interfund transfers	(200,000)	-	-	200,000	(200,000)	-
Fund balances, end of year	\$ 1,264,160	\$ 7,296,858	\$ 6,930,437	\$ (220,925)	\$ 15,070,530	\$ 14,509,929

See accompanying notes to financial statements

Regis College

Statement of Cash Flows Year Ended April 30

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 760,601	\$ 233,496
Items not requiring an outlay of cash		
Amortization of capital assets	242,578	271,704
	1,003,179	505,200
Cash generated from (used for)		
Operating working capital		
Accounts receivable	192,592	(112,715)
HST receivable	(8,065)	4,390
Prepays	(5,317)	24,444
Accounts payable and accrued expenses	(20,943)	84,057
Deferred revenue	29,254	(3,427)
Increase from operating activities	1,190,700	501,949
Investing activity		
Increase in investments	(1,183,789)	(458,850)
Net purchase of capital assets	(27,374)	(24,890)
Decrease from investing activity	(1,211,163)	(483,740)
(Decrease) increase in cash	(20,463)	18,209
Bank indebtedness, beginning of year	(40,938)	(59,147)
Bank indebtedness, end of year	\$ (61,401)	\$ (40,938)

See accompanying notes to financial statements

Regis College

Notes to Financial Statements

April 30, 2018

Regis College ("the College") was incorporated under the Corporations Act of Ontario by Letters Patent dated February 27, 1958, as amended by special acts of Ontario Legislature known as The Regis College Act, 1989. The College is a founding member of the Toronto School of Theology, affiliated with the University of Toronto. As an institute of learning, the College is a registered charity whose objects are the advancement of learning and the dissemination of knowledge and the intellectual, social, moral and physical development of the members of the student body and faculty and the betterment of society. As a registered charity, it is exempt from income taxes under Section 149 of the Income Tax Act.

1. Summary of significant accounting policies

a) Basis of presentation

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations and include only the assets, liabilities, revenues and expenses relating to the organization operated as Regis College. They have been prepared using the restricted fund method of reporting restricted contributions.

b) Restricted Funds

Funds restricted by donors and by decision of the College, the related investments and expenditures from restricted funds are so identified and are reflected in the Statements of Operations for Restricted Funds.

Internally Restricted Funds - Represent amounts which have been designated by Board Resolution of the College for specific purposes:

Endowment - designated for student aid, bursaries, scholarships, and educational purposes.

The Tuohy Foundation Regis Fund - contributions received less related expenses for the long term financing of the College.

Restricted General - designated for certain faculty benefits.

Externally Restricted Funds - Represent amounts contributed by donors who have specified how the funds are to be used:

Ontario Student Opportunity Funds I, II, and the Ontario Trust Student Scholarship Fund - these are programs established by the Province of Ontario to encourage individuals and corporations to contribute funds to assist qualified students to attend university or college. The donors designated the combined funds as permanent endowments, with the income there from to be used to provide scholarships to Ontario residents.

Tuohy Chair Endowment Fund - the contributing foundation has designated these funds to be used exclusively to establish and maintain a specific educational program.

Asselin Chair Fund - the contributor has designated that these funds and the income there from to be used for the establishment of a specific education program when adequate additional funds, as defined, are accumulated.

Royacker Lecture Fund - the contributor has designated that these funds and the income there from to be used to provide for lectures pertaining to the subject of Faith and Justice.

Regis College

Notes to Financial Statements

April 30, 2018

1. Summary of significant accounting policies (continued)

Scarboro Missions Chair Fund - the contributor in accordance with the Endowment Fund Agreement, has designated that these funds and the income there from to be used to establish the Scarboro Missions Chair in Interreligious Dialogue and the Msgr. John Mary Fraser Centre for Practical Theology

c) Revenue recognition

Revenue from contributions is recognized as such when received or receivable if the amount to be received can be reasonably estimated and the collection is reasonably assured.

Contributions associated with a specific program or project are;

- i) Reported as such in the year in which the expenditure for the specific program or project is made and
- ii) Where the corresponding expenditures have not occurred, are recorded as deferred revenue.

d) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn. Cash and cash equivalents held in investment portfolio accounts have been included with investments as the purpose of this cash is for investment rather than meeting short term cash commitments.

e) Capital assets

- i) College premises - the Jesuit Fathers of Upper Canada leases on a long term basis the premises in which the College operates. Renovations to these premises, being the responsibility of the College, are recorded at cost and are being amortized on a straight line basis over their estimated useful life of forty (40) years (2.5% per annum). Although responsible for maintenance, the College is not being charged for rent for use of the premises; to acknowledge this support from the Jesuit Fathers of Upper Canada, these financial statements include a nominal rent expense of \$2 and corresponding subsidy revenue.
- ii) Beginning in 1999, the College records the purchases and donations of rare and historical books and works of art at cost and at the appraised market value respectively and are not depreciated. Previously, such acquisitions were expensed in the year acquired.

The purchase of non-historical books and periodicals are expensed in the year of acquisition.
- iii) Furniture and office equipment are recorded at cost and are being amortized on a straight line basis over their estimated useful life of 10 years (10% per annum)

Computer equipment (acquired since 1998) is recorded at cost and is being amortized on a straight line basis over its estimated useful life of 3 years (33 1/3% per annum).
- iv) Amortization of these capital assets is charged to the Capital Asset Fund and not the Unrestricted Operating Fund.

Regis College

Notes to Financial Statements

April 30, 2018

1. Summary of significant accounting policies (continued)

f) Impairment of long-lived assets

A long lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. There are no indications of impairment in the current year.

g) Measurement of Financial instruments

The College initially measures its financial assets and liabilities at fair value, except certain non-arm's length transactions. The College subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the bank overdraft, accounts payable and accrued liabilities, and deferred revenue.

Financial assets measured at fair value include investments which consist of marketable securities (Note 2). The College has elected to recognize all of its investments at fair market value. The College has no financial liabilities measured at fair value and has not elected to carry any financial liability at fair value.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amount of this instruments are adjusted by the transaction costs that are directly attributable to their issuance.

h) Measurement uncertainty

The preparation of the College's financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent 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 those estimates. Estimated life of capital assets, valuation of accounts receivable and accrued liabilities are the most significant items that involve use of estimates

i) Contributed services

Contributed services represents the difference between salaries drawn by religious faculty members and normal market rates. The contributions are based on salary levels established by the University of Toronto and are recorded in the Unrestricted Operating Fund as both revenue and expenses. The expense element is recorded within educational and administration expenses.

Regis College

Notes to Financial Statements

April 30, 2018

1. Summary of significant accounting policies (continued)

j) Allocation of expenses

The College engages in various activities as noted on the Statement of Revenue and Expenses. The costs of these include the costs of personnel and other expenses that are directly related to providing the activities. The College also incurs payroll expenses that are common to the administration of the organization and each of its activities.

The College allocates certain of its payroll expenses on the basis of estimated time spent on each function. This basis is applied consistently each year.

2. Investments

Investments are exclusively in marketable securities, either directly or through pooled funds, and are directly related to internally and externally restricted funds. They are carried at market value and consist of the following:

	Internally Restricted	Externally Restricted	Total 2018	Total 2017
Fixed income and cash	\$ 485,518	\$ 1,509,132	\$ 1,994,650	\$ 2,041,642
Equities	778,726	-	778,726	1,047,692
Pooled funds	-	5,787,726	5,787,726	4,287,979
	\$ 1,264,244	\$ 7,296,858	\$ 8,561,102	\$ 7,377,313

3. Capital assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Library and works of art	\$ 32,805	\$ -	\$ 32,805	\$ 32,805
Furniture and equipment	508,545	486,854	21,691	17,375
Premises improvements	8,837,930	1,981,818	6,856,112	7,077,138
Computer equipment	253,953	234,124	19,829	18,323
	\$ 9,633,233	\$ 2,702,796	\$ 6,930,437	\$ 7,145,641

Regis College

Notes to Financial Statements

April 30, 2018

4. Related party transactions

Regis is a Roman Catholic college in the Jesuit tradition. The English-speaking Jesuits of Canada founded the College over eighty years ago. The College belongs to a world-wide network of Jesuit institutions of higher education. Transactions with the Jesuit Fathers of Upper Canada were as follows:

	2018	2017
a) Subsidies received	\$ 270,833	\$ 380,000
b) Contributed services	248,323	212,691
c) Paid fees for teaching services	164,619	136,596
d) Student aid for Jesuit students	40,000	60,000
e) Rent (Note 1(e)(i))	2	2

5. Financial instruments risk exposure

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposure and concentrations at the balance sheet date.

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 College's main credit risks relate to accounts receivable, however the risk is limited due to the nature of its accounts receivable. Contributions are not recorded in receivables unless collection is reasonably assured. The allowance for doubtful accounts is \$nil (2017 - \$nil).

Liquidity risk

Liquidity risk is the risk that the College will encounter difficulty in meeting obligations associated with its financial liabilities. The College is exposed to this risk mainly in respect of its accounts payable. The College expects to meet these obligations as they come due through sufficient cash flow from operations. The College has not had issues with meeting obligations in the past.

There has been no change in risk assessment from the prior period.

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. Market risk comprises three types of risk: Currency risk, interest rate risk and other price risk.

Currency Risk

Certain of the investments of the College are denominated in currencies other than its reporting currency, the Canadian dollar. Consequently, the College is exposed to risks that the exchange rate of the Canadian dollar relative to other currencies may change in a manner that has an adverse effect on the reported value of the related marketable securities denominated in foreign currencies. In addition to regularly monitoring individual equity movements, interest rates, the stock market, and pooled fund net asset values, the College also monitors currency relationships to determine the appropriate investment decisions to be taken.

Regis College

Notes to Financial Statements

April 30, 2018

5. Financial instruments risk exposure (continued)

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 College is exposed to interest rate risk on its interest bearing investments. Specifically the College is exposed to fair value risk due to changes in market rates of interest. The College regularly monitors interest rates to determine the appropriate investment decisions to be taken.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or the issuer, or factors affecting all similar financial instruments traded in the market. Marketable securities consisting of bonds, equities and pooled funds are subject to other price risk. The College regularly monitors individual equity movements, the stock market, and pooled fund net asset values to determine the appropriate investment decisions to be taken.

6. Comparative amounts

Certain of the prior year comparative amounts have been re-classified to conform to the current year's financial statement presentation.

Regis College

Internally Restricted Funds

Statement of Operations and Changes in Fund Balances - Detail

Year Ended April 30

Schedule A

	2018			2017
	Tuohy Foundation Regis Fund	Endowment Fund	Total	Total
Revenues				
Investment income	\$ -	\$ 32,685	\$ 32,685	\$ 32,685
	-	32,685	32,685	32,685
Expenses				
Website	7,575	-	7,575	16,829
Programs	-	-	-	6,437
Student aid, bursaries and scholarships	-	45,554	45,554	45,804
	7,575	45,554	53,129	69,070
(Deficiency) excess of revenues over expenses before (loss) gain on investments	(7,575)	(12,869)	(20,444)	(36,385)
(Loss) gain on investments	-	(25,188)	(25,188)	139,835
(Deficiency) excess of revenues over expenses	(7,575)	(38,057)	(45,632)	103,450
Fund balances, beginning of year	47,212	1,462,580	1,509,792	1,406,342
	39,637	1,424,523	1,464,160	1,509,792
Interfund transfers	-	(200,000)	(200,000)	-
Fund balances, end of year	\$ 39,637	\$ 1,224,523	\$ 1,264,160	\$ 1,509,792

Regis College

Externally Restricted Funds

Statement of Operations and Changes in Fund Balances - Detail

Year Ended April 30

Schedule B

	2018										2017	
	Miscellaneous Bursaries Fund	Tuohy Chair Endowment Fund	Asselin Chair Endowment Fund	Endowment Chair Fund	Miscellaneous Awards Fund	Royacker Lecture Fund	Scarboro Mission Chair Fund	OSOTF Fund I	OSOTF Fund II	OTSS Fund	Total	Total
Revenues												
Contributions	\$ 1,207	\$ 2,918	\$ 9,414	\$ 10,436	\$ -	\$ 25,987	\$ 1,500,000	\$ -	\$ -	\$ 500	\$ 1,501,707	\$ 2,425
Investment income	29,688	2,918	9,414	10,436	-	25,987	-	239,650	42,008	60,888	420,989	88,955
	30,895	2,918	9,414	10,436	-	25,987	1,500,000	239,650	42,008	61,388	1,922,696	91,380
Expenses												
Annuity payments	-	-	2,500	-	-	-	-	-	-	-	2,500	2,500
Programs	-	60,000	-	-	-	4,407	-	-	-	-	64,407	34,698
Student aid, bursaries and scholarships	3,600	-	-	-	10,000	-	-	68,500	20,700	44,000	146,800	151,100
	3,600	60,000	2,500	-	10,000	4,407	-	68,500	20,700	44,000	213,707	188,298
Excess (deficiency) of revenues over expenses before (loss) gain on investments	27,295	(57,082)	6,914	10,436	(10,000)	21,580	1,500,000	171,150	21,308	17,388	1,708,989	(96,918)
(Loss) gain on investments	(18,615)	(2,620)	(5,897)	(6,527)	-	(16,673)	6,104	(162,106)	(28,861)	(44,371)	(279,566)	452,234
Excess (deficiency) of revenues over expenses for the year	8,680	(59,702)	1,017	3,909	(10,000)	4,907	1,506,104	9,044	(7,553)	(26,983)	1,429,423	355,316
Fund balances, beginning of year	335,911	148,815	106,172	117,687	52,752	288,355	-	3,258,236	667,087	892,420	5,867,435	5,512,119
Fund balances, end of year	\$ 344,591	\$ 89,113	\$ 107,189	\$ 121,596	\$ 42,752	\$ 293,262	\$ 1,506,104	\$ 3,267,280	\$ 659,534	\$ 865,437	\$ 7,296,858	\$ 5,867,435