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Financial Statements of

## HUNTINGTON UNIVERSITY

Year ended April 30, 2018



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Board of Regents of Huntington University

We have audited the accompanying financial statements of Huntington University which comprise the statement of financial position as at April 30, 2018 the statements of operations, 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 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 audit opinion.

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Huntington University as at April 30, 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.

A handwritten signature in black ink that reads "KPMG LLP" with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
September 6, 2018

# HUNTINGTON UNIVERSITY

## Statement of Financial Position

April 30, 2018, with comparative information for 2017

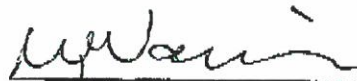
	General Fund	Capital Fund	Restricted Fund	Total 2018	Total 2017
<b>Current assets:</b>					
Cash	\$ 1,103,729	-	-	1,103,729	1,143,895
Accounts receivable (note 2)	565,760	-	-	565,760	659,923
Prepaid expenses	6,544	-	-	6,544	6,740
Due (to) from other funds	(1,035,827)	(487,040)	1,522,867	-	-
	640,206	(487,040)	1,522,867	1,676,033	1,810,558
<b>Capital assets (note 3)</b>	-	995,654	-	995,654	1,064,326
<b>Long-term investments (note 4)</b>	5,470,335	-	4,354,014	9,824,349	9,567,204
	\$ 6,110,541	508,614	5,876,881	12,496,036	12,442,088

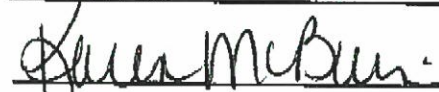
## Liabilities and Fund Balances

<b>Current liabilities:</b>					
Accounts payable and accrued liabilities (note 5)	\$ 765,148	-	-	765,148	714,995
Deferred revenue	21,013	-	-	21,013	33,638
	786,161	-	-	786,161	748,633
<b>Post-employment benefit obligations (note 6)</b>	509,973	-	-	509,973	271,258
	1,296,134	-	-	1,296,134	1,019,891
<b>Fund balances:</b>					
General	4,814,407	-	-	4,814,407	5,069,565
Capital	-	508,614	-	508,614	577,286
Restricted (note 7)	-	-	5,876,881	5,876,881	5,775,346
	4,814,407	508,614	5,876,881	11,199,902	11,422,197
	\$ 6,110,541	508,614	5,876,881	12,496,036	12,442,088

See accompanying notes to financial statements.

On behalf of the Board of Regents:

 Member

 Member



# HUNTINGTON UNIVERSITY

## Statement of Operations

April 30, 2018, with comparative information for 2017

	General Fund		Capital Fund		Restricted Fund		2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	Total	Total	Total	Total
<b>Revenue:</b>										
Academic fees	\$ 1,168,601	1,490,879	-	-	-	-	1,168,601	1,490,879	-	-
Provincial grants	1,024,711	1,030,096	-	-	-	-	1,024,711	1,030,096	-	-
Gifts	-	-	-	-	5,726	10,722	5,726	10,722	-	-
Residence	804,880	758,319	-	-	-	-	804,880	758,319	-	-
Insurance proceeds	148,751	-	-	-	-	-	148,751	-	-	-
Investment income	83,620	180,691	-	-	-	-	83,620	180,691	-	-
Miscellaneous	14,802	12,310	-	-	-	-	14,802	12,310	-	-
	3,245,365	3,472,295	-	-	5,726	10,722	3,251,091	3,483,017	-	-
<b>Expenses and other deductions: (note 9)</b>										
Academic	1,541,882	1,559,186	-	-	-	-	1,541,882	1,559,186	-	-
Administrative	952,256	942,119	-	-	-	-	952,256	942,119	-	-
Residence	322,286	337,203	-	-	-	-	322,286	337,203	-	-
Physical plant	224,370	226,889	-	-	-	-	224,370	226,889	-	-
Insurance related	148,751	-	-	-	-	-	148,751	-	-	-
Scholarships and bursaries	-	-	-	-	52,400	53,704	52,400	53,704	-	-
Investment fees	-	-	-	-	23,940	23,103	23,940	23,103	-	-
Amortization of capital assets	-	-	140,055	136,614	-	-	140,055	136,614	-	-
Other	1,050	-	-	-	25,126	4,835	26,176	4,835	-	-
	3,190,595	3,065,407	140,055	136,614	101,466	81,642	3,432,116	3,283,663	-	-
Excess (deficiency) of revenue before undernoted item	54,770	406,888	(140,055)	(136,614)	(95,740)	(70,920)	(181,025)	199,354	-	-
Unrealized gain on investments	43,848	-	-	-	147,275	534,560	191,123	534,560	-	-
Excess (deficiency) of revenue over expenses	\$ 98,618	406,888	(140,055)	(136,614)	51,535	463,640	10,098	733,914	-	-

See accompanying notes to financial statements.

**HUNTINGTON UNIVERSITY****Statement of Changes in Fund Balances**

April 30, 2018, with comparative information for 2017

	General	Capital	Restricted	2018 Total	2017 Total
Fund balances, beginning of year	\$ 5,069,565	577,286	5,775,346	11,422,197	10,496,539
Excess (deficiency) of revenue over expenses	98,618	(140,055)	51,535	10,098	733,914
Internally restricted transfers - capital assets	(71,383)	71,383	-	-	-
Internally restricted transfers	(50,000)	-	50,000	-	-
Remeasurement of post-employment benefit obligations	(232,393)	-	-	(232,393)	191,744
Fund balances, end of year	\$ 4,814,407	508,614	5,876,881	11,199,902	11,422,197

See accompanying notes to financial statements.

# HUNTINGTON UNIVERSITY

## Statement of Cash Flows

April 30, 2018, with comparative information for 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 10,098	733,914
Adjustments for:		
Amortization of capital assets	140,055	136,614
Unrealized gain on investments	(191,123)	(534,560)
Remeasurement of post-employment benefit obligations	(232,393)	191,744
	(273,363)	527,712
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	94,163	(84,546)
Decrease in prepaid expenses	196	2,468
Increase (decrease) in post-employment benefit obligations	238,715	(174,990)
Decrease in deferred revenue	(12,625)	(9,725)
Increase (decrease) in accounts payable and accrued liabilities	50,153	(39,692)
	97,239	221,227
<b>Cash flows from investing activities:</b>		
Additions to capital assets	(71,383)	(99,432)
Increase in long-term investments	(66,022)	(169,820)
	(137,405)	(269,252)
<b>Decrease in cash</b>	<b>(40,166)</b>	<b>(48,025)</b>
<b>Cash, beginning of year</b>	<b>1,143,895</b>	<b>1,191,920</b>
<b>Cash, end of year</b>	<b>\$ 1,103,729</b>	<b>1,143,895</b>

See accompanying notes to financial statements.

# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

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The University is incorporated by special act under the laws of Ontario.

### 1. Significant accounting policies and reporting practices:

#### (a) Fund accounting:

The University receives funding for operational and special purposes, the financial statements are presented in a manner which segregates the following funds:

- General fund, which presents the academic, residence and administrative operations of the University.
- Capital fund, which presents the assets, liabilities, revenues and expenses related to the University's capital assets.
- Restricted fund, which presents the assets, liabilities, revenues and expenses which are restricted as to purpose and expendability and set aside by either the Board of Regents, the Province of Ontario or other benefactors.

#### (b) Revenue recognition:

The University follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the funding source.
- Contributions, including pledges and donations, are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Operating grants and tuition revenue are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued.

#### (c) Investments:

Pooled investments are included on the statement of financial position at market value.

#### (d) Capital assets:

Capital assets purchased are recorded at cost. Amortization of capital assets is recorded on the straight-line basis at the following annual rates:

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Building	2%
Parking lots	5%
Books	10%
Furniture and equipment	20%

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Amortization is taken at 50% of the above rates in the year of acquisition.



# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

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### 1. Significant accounting policies and reporting practices (continued):

#### (e) Impairment of long-lived assets:

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

#### (f) Employee future benefits:

Effective July 1, 2012, the University registered its Pension Plan for all future service as a defined benefit plan for all employees of the University. Prior to this, the Pension Plan provided a defined contribution Pension Plan with a guaranteed minimum defined benefit.

All full time employees of the University which participate in the plan, are eligible to join a plan upon entering the service of one of those employers. The benefits are based on years of service and final average salary.

The University sponsors a defined benefit health care plan for substantially all retirees and employees.

The University has approved a supplemental plan for employees to provide them with full benefits should the Canada Revenue Agency limitations not have been imposed.

The University recognizes the amount of the accrued obligation net of the fair value of plan assets in the statement of financial position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, and past service costs, are recognized as a direct increase or decrease in net assets. The accrued liability for funded employee future benefits is determined using a roll-forward technique to estimate the accrued liability using funding assumptions from the most recent actuarial valuation report prepared at least every three years.

Employee future benefit plans' assets are measured at fair value at the date of the statement of financial position.

The most recent actuarial valuation was as of July 1, 2017, and the next required valuation will be as of July 1, 2020.

# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

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### 1. Significant accounting policies and reporting practices (continued):

#### (g) Restricted balances:

Restricted balances represent funds established for general and specific purposes and are charged or credited in the year for transactions within the fund.

#### (h) Use of estimates:

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for accounts receivable and obligations related to post-employment benefit obligations. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

#### (i) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

- |         |  |
|---------|--|
| Level 1 | Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities                                      |
| Level 2 | Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly |
| Level 3 | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data      |

# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

### 2. Accounts receivable:

	2018	2017
Accounts receivables	\$ 635,004	706,033
Less allowance for doubtful accounts	(69,244)	(46,110)
	\$ 565,760	659,923

### 3. Capital assets:

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Building	\$ 2,742,176	2,058,712	683,464	738,308
Parking lots	156,281	70,441	85,840	93,655
Books	631,360	555,946	75,414	73,173
Furniture and equipment	1,641,290	1,490,354	150,936	159,190
	\$ 5,171,107	4,175,453	995,654	1,064,326

The buildings are situated on land leased from Laurentian University at an annual rental of \$1. The lease expires in the year 2062.

### 4. Long-term investments:

	2018		2017	
	Market Value	Cost	Market Value	Cost
Guaranteed investment certificates	\$ 3,570,814	3,500,005	3,652,048	3,576,389
Pooled investment fund	6,253,535	6,133,221	5,915,156	2,838,363
	\$ 9,824,349	9,633,226	9,567,204	6,414,752



# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

### 5. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable and accrued liabilities	\$ 717,840	661,949
Government remittances	47,308	53,046
	<u>\$ 765,148</u>	<u>714,995</u>

### 6. Post-employment benefit obligations:

The University provides for the reimbursement of a fixed annual amount of medical expenses to retired employees provided that certain specified conditions are met. An actuarial calculation of the future liabilities thereof has been made and forms the basis for the liability reported in these consolidated financial statements.

The breakdown of the plans is as follows:

	Pension Benefit Plan		Post-Employment Benefit Obligations		Total	
	2018	2017	2018	2017	2018	2017
Accrued benefit obligation	\$ (2,711,506)	(2,317,439)	(115,185)	(111,717)	(2,826,691)	(2,429,156)
Fair value of plan assets	2,281,886	2,123,148	34,832	34,749	2,316,718	2,157,898
Accrued benefit liability	<u>\$ (429,620)</u>	<u>(194,291)</u>	<u>(80,353)</u>	<u>(76,968)</u>	<u>(509,973)</u>	<u>(271,258)</u>

The significant assumptions used are as follows (weighted-average):

	Pension benefit plan		Post-employment benefit obligations	
	2018	2017	2018	2017
Discount rate	5.75%	6.00%	4.00%	4.00%
Rate of compensation increases	2.50%	3.00%	-	-
Expected long-term rate of return on plan assets	5.75%	6.00%	4.00%	4.00%
Health care cost trend rate	-	-	3.00%	3.00%
Rate of inflation	2.0%	2.00%	-	-



# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

### 7. Restricted funds:

The balances of the various classes of restricted funds are as follows:

	2018	2017
Internal reserves	\$ 1,228,399	1,194,029
Externally restricted for capital purposes	2,910,653	2,830,486
Trust funds for various purposes	680,003	694,055
Endowment funds	1,057,826	1,056,776
	<b>\$ 5,876,881</b>	<b>5,775,346</b>

### 8. Ontario Student Opportunity Trust Fund (OSOTF):

All eligible donations made to Huntington University's OSOTF were matched by the Government of Ontario on a dollar for dollar basis. The following schedules show the changes in the endowment and expendable funds.

#### Schedule of Changes in Endowment Fund Balance for the year ended April 30

	2018	2017
Fund balance, beginning of year	\$ 655,020	654,170
Donations	1,050	850
Fund balance, end of year	<b>\$ 656,070</b>	<b>655,020</b>

#### Schedule of Changes in Expendable Fund Available for Awards for the year ended April 30

	2018	2017
Balance, beginning of year	\$ 315,838	238,739
Investment income, net of direct investment-related expenses	25,088	99,499
	340,926	338,238
Bursaries awarded (2018 – 38; 2017 – 39)	(32,183)	(22,400)
Donations	740	–
Balance, end of year	<b>\$ 309,483</b>	<b>315,838</b>

# HUNTINGTON UNIVERSITY

## Notes to Financial Statements

Year ended April 30, 2018

### 9. Expense by object:

	2018	2017
Salaries and benefits	\$ 2,179,236	2,169,470
Repairs and maintenance	140,188	150,001
Travel	26,127	14,115
Office and general	216,931	191,918
Utilities	86,010	107,166
Insurance	163,536	12,382
Supplies	14,103	18,801
Laurentian University fee	156,429	172,199
Professional fees	49,723	39,436
Amortization of capital assets	140,055	136,614
Scholarships and bursaries	52,400	53,704
Investments fees	23,940	23,103
University advancement	183,438	194,754
	<b>\$ 3,432,116</b>	<b>3,283,663</b>

### 10. Financial risks and concentration of credit risk:

#### (a) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. The University prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

#### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The University is exposed to credit risk with respect to the accounts receivable. The University assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.