



Review Engagement Report

**To the Members of
Almoner Foundation:**

We have reviewed the statement of financial position of Almoner Foundation as at March 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPFO).

As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia
August 15, 2016



Chartered Professional Accountants

Almoner Foundation
Statement of Financial Position
(Unaudited)

March 31	2016	2015
Assets		
Current		
Cash	\$ 1,301,051	\$ 159,692
Term deposits	-	1,000,000
Amounts receivable (Note 1)	35,775	45,935
Prepaid expenses	7,111	6,717
Current portion of mortgage receivable (Note 2)	483,446	463,033
	1,827,383	1,675,377
Mortgage receivable (Note 2)	10,893,921	11,377,367
Investments (Note 3)	6,342,860	3,488,573
Property and equipment (Note 4)	19,534,353	19,928,306
	\$ 38,598,517	\$ 36,469,623
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 77,479	\$ 106,714
Current portion of long-term debt (Note 5)	483,446	463,033
	560,925	569,747
Long-term debt (Note 5)	10,893,921	11,377,367
	11,454,846	11,947,114
Net assets		
Invested in property and equipment (Note 4)	19,534,353	19,928,306
Unrestricted	7,609,318	4,594,203
	27,143,671	24,522,509
	\$ 38,598,517	\$ 36,469,623

Treasury facility (Note 6)

On behalf of the Board:

Director

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Statement of Operations
(Unaudited)

For the year ended March 31	2016	2015
Revenues		
Rent		
Gain on disposal of investments	\$ 1,361,100	\$ 1,361,100
Interest and other income	-	31,984
Gain (loss) on fair value adjustment of investments	9,051	4,167
	<u>2,854,287</u>	<u>(309,127)</u>
	<u>4,224,438</u>	<u>1,088,124</u>
Expenditures		
Donations	<u>900,000</u>	<u>2,700,000</u>
Property		
Amortization	393,953	410,368
Insurance	42,270	41,226
Property tax	148,458	142,795
Repairs and maintenance	12,957	-
	<u>597,638</u>	<u>594,389</u>
General and administrative		
Administrative fees	-	20,250
Interest and bank charges	12,347	935
Professional fees	93,291	15,563
	<u>105,638</u>	<u>36,748</u>
	<u>1,603,276</u>	<u>3,331,137</u>
Excess revenue over expenditures	<u>\$ 2,621,162</u>	<u>\$ (2,243,013)</u>

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Statement of Changes in Net Assets
(Unaudited)

For the year ended March 31, 2016

Net assets, March 31, 2014	\$ 26,765,522
Excess expenditures over revenue	<u>(2,243,013)</u>
Net assets, March 31, 2015	\$ 24,522,509
Excess revenue over expenditures	<u>2,621,162</u>
Net assets, March 31, 2016	\$ 27,143,671

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Statement of Cash Flows
(Unaudited)

For the year ended March 31	2016	2015
Cash flows from operating activities		
Cash received from rent	\$ 1,361,100	\$ 1,361,100
Cash received from investments	19,211	28,473
Cash used for donations	(900,000)	(2,700,000)
Cash used for general and administrative expenditures	(105,638)	(36,748)
Cash used for property expenditures	(233,314)	(174,315)
	<u>141,359</u>	<u>(1,521,490)</u>
Investing activities		
Proceeds on sale of investments	-	520,000
Redemption of term deposits	1,000,000	333,340
	<u>1,000,000</u>	<u>853,340</u>
Financing activities		
Repayment of long-term debt	(463,033)	(443,499)
Receipt from mortgage receivable	463,033	443,499
	<u>-</u>	<u>-</u>
Increase (decrease) in cash during the year	1,141,359	(668,150)
Cash, beginning of year	159,692	827,842
Cash, end of year	\$ 1,301,051	\$ 159,692

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Summary of Significant Accounting Policies
(Unaudited)

March 31, 2016

Nature of the Foundation

The Almoner Foundation (the "Foundation") is incorporated under the laws of Canada Corporations Act as a not-for-profit organization and is continued under the Canada Not-for-profit Corporations Act as at July 31, 2014. The Foundation is also registered extraprovincially under the British Columbia Society Act. The Foundation is a registered public foundation under the Federal Income Tax Act, and accordingly is exempt from income taxes, provided corporate requirements of the Federal Income Tax Act are met.

Purpose of the Foundation

1. to receive gifts, bequests, trusts, funds and property and beneficially, or as a trustee or agent, to hold, invest, develop, manage, accumulate and administer funds and property for the purposes of disbursing funds and property exclusively to registered charities and "qualified donees"; and
2. to conduct any and all activities and exercise any and all such powers as are necessary for the achievement and furtherance of the purposes of the Foundation.

Basis of Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFP).

Almoner Foundation
Summary of Significant Accounting Policies

(Unaudited)

March 31, 2016

Financial Instruments

Measurement of financial instruments

The Foundation initially measures its financial instruments at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial instruments 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 the statement of operations.

Financial instruments measured at amortized cost consist of cash, term deposits, accounts receivable, mortgage receivable, accounts payable and accrued liabilities, and long-term debt.

Financial instruments measured at fair value consists of investments in equity instruments which are quoted in an active market during the year.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If an impairment exists, the amount of the write-down is recognized in the statement of operations the period impairment was determined. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of reversal is recognized in the statement of operations.

Risks

It is management's opinion that the Foundation is not exposed to significant currency, interest or credit risk on these financial instruments. The Foundation is exposed to market risk as the fair value or future cash flows from investments will fluctuate due to changes in market prices.

Long-Term Investments

Long-term bonds and marketable securities are recorded at fair market value.

Almoner Foundation
Summary of Significant Accounting Policies
(Unaudited)

March 31, 2016

Foreign Currency Translation Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the statement of operation in the current period except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

Use of Estimates

The preparation of these 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically based on historical experience and other relevant considerations. Revisions to estimates and assumptions are accounted for prospectively.

Almoner Foundation
Notes to Financial Statements
(Unaudited)

March 31, 2016

1. Amounts Receivable

	2016	2015
Funds receivable	\$ 32,639	\$ 45,270
Government remittances receivable	3,136	665
	<u>\$ 35,775</u>	<u>\$ 45,935</u>

2. Mortgage Receivable

	2016	2015
Fortius Foundation:		
Mortgage receivable at fixed monthly payment of \$80,453 with interest rate of 4.32%, due September 30, 2017, secured by a mortgage on land	\$ 11,377,367	\$ 11,840,400
Less: current portion	(483,446)	(463,033)
	<u>\$ 10,893,921</u>	<u>\$ 11,377,367</u>

The mortgage interest revenue of \$502,399 (2015 - \$521,932) received from Fortius Foundation is reported net of the mortgage interest expense of \$502,399 (2015 - \$521,932) paid to [REDACTED] (Note 5).

3. Investments

Investments consist of 3,171,430 common shares (2015- 3,171,430 common shares) in the capital stock of [REDACTED] and are stated at fair market value.

	2016	
	Fair Market Value	Adjusted Cost Base
Equities	<u>\$ 6,342,860</u>	<u>\$ 3,869,271</u>
	2015	
	Fair Market Value	Adjusted Cost Base
Equities	<u>\$ 3,488,573</u>	<u>\$ 3,869,271</u>

Almoner Foundation
Notes to Financial Statements
(Unaudited)

March 31, 2016

4. Property and Equipment

	Cost	Accumulated Amortization	Net 2016
Land	\$ 10,079,474	\$ -	\$ 10,079,474
Building	11,832,424	2,377,545	9,454,879
	\$ 21,911,898	\$ 2,377,545	\$ 19,534,353

	Cost	Accumulated Amortization	Net 2015
Land	\$ 10,079,474	\$ -	\$ 10,079,474
Building	11,832,424	1,983,592	9,848,832
	\$ 21,911,898	\$ 1,983,592	\$ 19,928,306

Almoner Foundation
Notes to Financial Statements
(Unaudited)

March 31, 2016

5. Long-Term Debt

	2016	2015
██████████:		
Mortgage payable at fixed monthly payment of \$80,453 with interest rate of 4.32%, due September 30, 2017, secured by a mortgage on land	\$ 11,377,367	\$ 11,840,400
Less: current portion	(483,446)	(463,033)
	\$ 10,893,921	\$ 11,377,367

The mortgage interest expense of \$502,399 (2015 - \$521,932) paid to ██████████ is reported net of the mortgage interest revenue of \$502,399 (2015 - \$521,932) received from ██████████ (Note 2).

The Foundation entered into an interest rate swap agreement in the 2014 fiscal year.

- a) The Foundation makes variable payments on the loan to the ██████████ which is a floating monthly payment based on one-month ██████████ adjusted on a monthly basis at the end of each month.
- b) The Foundation receives a variable payment of one-month ██████████ and pays a 4.32% fixed monthly payment to the ██████████.

The net effect of the interest swap agreement results in the Foundation paying a 4.32% fixed monthly payment that is not adjusted.

The following are the future minimum annual debt principal repayments due over the next two fiscal years:

2017	\$ 483,446
2018	10,893,921
	\$ 11,377,367

Almoner Foundation
Notes to Financial Statements
(Unaudited)

March 31, 2016

6. Treasury Facility

The Foundation has an authorized treasury facility of \$1,500,000 for the purpose of interest rate swaps, subject to market conditions. This facility is secured by general security agreements, assignment of insurance, all indebtedness mortgage and assignment of \$14,500,000 rents, and specific assignment of lease to Quest University.

The treasury facility requires the Foundation to maintain certain financial covenants, including:

- (a) Debt service coverage ratio to be maintained at or above 1.30 times
- (b) Liquidity to be maintained at or above \$1,000,000 per quarter

As at March 31, 2016, the treasury facility was not in use and the Foundation was in compliance with its financial covenants.

During the year, the liquidity to be maintained per quarter by the Foundation was changed from \$2,000,000 to \$1,000,000.

7. Economic Dependence

The Foundation receives a significant portion of its revenue pursuant to a lease agreement with Quest University Canada. The Foundation's ability to continue its activities is dependent upon the agreement remaining in effect. During the year, Quest University Canada provided 99% of the Foundation's total revenue before the fair value adjustment of investments.