

Almoner Foundation**Financial Statements
For the year ended March 31, 2017**

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Independent Auditors' Report

To the Directors of Almoner Foundation:

We have audited the accompanying financial statements of Almoner Foundation, which comprise of the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets 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 statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO), 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 error or fraud.

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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditors 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 Association'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 Association'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 opinion.

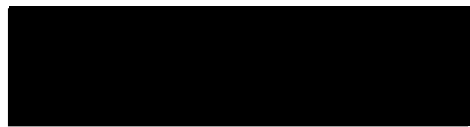


Independent Auditors' Report

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Almoner Foundation as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Vancouver, British Columbia
October 20, 2017



Chartered Professional Accountants

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Almoner Foundation
Statement of Financial Position

March 31	2017	2016
Assets		
Current		
Cash	\$ 1,680,768	\$ 1,301,051
Amounts receivable (Note 1)	21,277	35,775
Prepaid expenses	7,057	7,111
Current portion of mortgage receivable (Note 2)	10,893,921	483,446
	<u>12,603,023</u>	<u>1,827,383</u>
Mortgage receivable (Note 2)	-	10,893,921
Investments (Note 3)	5,598,574	6,342,860
Property and equipment (Note 4)	19,156,158	19,534,353
	<u>\$ 37,357,755</u>	<u>\$ 38,598,517</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 65,990	\$ 77,479
Current portion of long-term debt (Note 5)	10,893,921	483,446
	<u>10,959,911</u>	<u>560,925</u>
Long-term debt (Note 5)	-	10,893,921
	<u>10,959,911</u>	<u>11,454,846</u>
Net assets		
Invested in property and equipment (Note 4)	19,156,158	19,534,353
Unrestricted	7,241,686	7,609,318
	<u>26,397,844</u>	<u>27,143,671</u>
	<u>\$ 37,357,755</u>	<u>\$ 38,598,517</u>

Treasury facility (Note 5)

On behalf of the Board:

[Redacted Signature]

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[Redacted Signature]

Director

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

Almoner Foundation
Statement of Operations

For the year ended March 31	2017	2016
Revenues		
Rent	\$ 1,573,700	\$ 1,361,100
Interest and other income	61,003	9,051
(Loss) gain on fair value adjustment of investments	(1,744,287)	2,854,287
	<u>(109,584)</u>	<u>4,224,438</u>
Expenditures		
Donations	-	900,000
Property		
Amortization	378,195	393,953
Insurance	42,453	42,270
Property tax	160,293	148,458
Repairs and maintenance	-	12,957
	<u>580,941</u>	<u>597,638</u>
General and administrative		
Interest and bank charges	10,499	12,347
Professional fees	44,803	93,291
	<u>55,302</u>	<u>105,638</u>
	<u>636,243</u>	<u>1,603,276</u>
(Loss) income from operations	\$ (745,827)	\$ 2,621,162

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

Almoner Foundation
Statement of Changes in Net Assets

For the year ended March 31, 2017

	Invested in Equipment	Unrestricted	Total
Net assets, March 31, 2015	\$ 19,928,306	\$ 4,594,203	\$ 24,522,509
Income from operations	-	2,621,162	2,621,162
Amortization	(393,953)	393,953	-
Net assets, March 31, 2016	\$ 19,534,353	\$ 7,609,318	\$ 27,143,671
Loss from operations	-	(745,827)	(745,827)
Amortization	(378,195)	378,195	-
Net assets, March 31, 2017	\$ 19,156,158	\$ 7,241,686	\$ 26,397,844

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

Almoner Foundation
Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Cash received from rent	\$ 1,573,700	\$ 1,361,100
Cash received from investment and other income	61,003	9,051
Cash used for donations	-	(900,000)
Cash used for general and administrative expenditures	(55,302)	(105,638)
Cash used for property expenditures	(199,684)	(223,154)
	<u>1,379,717</u>	<u>141,359</u>
Investing activities		
Purchase of investments	(1,000,000)	-
Redemption of term deposits	-	1,000,000
	<u>(1,000,000)</u>	<u>1,000,000</u>
Financing activities		
Repayment of long-term debt	(483,446)	(463,033)
Receipt from mortgage receivable	483,446	463,033
	<u>-</u>	<u>-</u>
Increase in cash during the year	379,717	1,141,359
Cash, beginning of year	<u>1,301,051</u>	<u>159,692</u>
Cash, end of year	\$ 1,680,768	\$ 1,301,051

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

Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2017

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 (ASNFPO).

Property and Equipment

Property and equipment is stated at cost less accumulated amortization. Amortization based on the estimated useful lives of the assets is calculated using the diminishing balance basis at the following annual rates:

Building	- 4%
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One half of the normal rate amortization is recorded in the year of acquisition.

Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2017

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.

Investments

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

Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2017

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.

Revenue Recognition

The Foundation uses the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions are deferred and recognized as revenue when the related expenditures designated by the contributor are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rent and investment income are recorded as earned.

Almoner Foundation
Notes to Financial Statements

March 31, 2017

1. Amounts Receivable

	2017	2016
Funds receivable	\$ 20,211	\$ 32,639
Government remittances receivable	1,066	3,136
	<u>\$ 21,277</u>	<u>\$ 35,775</u>

2. Mortgage Receivable

	2017	2016
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	\$ 10,893,921	\$ 11,377,367
Less: current portion	<u>(10,893,921)</u>	<u>(483,446)</u>
	<u>\$ -</u>	<u>\$ 10,893,921</u>

The mortgage interest revenue of \$481,985 (2016 - \$502,399) received from Fortius Foundation is reported net of the mortgage interest expense of \$481,985 (2016 - \$502,399) paid to [REDACTED] (Note 5).

3. Investments

	2017	
	Fair Market Value	Adjusted Cost Base
3,171,430 common shares of [REDACTED]	\$ 4,598,574	\$ 3,869,271
1,000 preferred shares of [REDACTED]	1,000,000	1,000,000
	<u>\$ 5,598,574</u>	<u>\$ 4,929,972</u>

Almoner Foundation
Notes to Financial Statements

March 31, 2017

3. Investments (continued)

	2016 Fair Market Value	Adjusted Cost Base
3,171,430 common shares of [REDACTED]	\$ 6,342,860	\$ 3,869,271

4. Property and Equipment

	Cost	Accumulated Amortization	Net 2017
Land	\$ 10,079,474	\$ -	\$ 10,079,474
Building	11,832,424	2,755,740	9,076,684
	<u>\$ 21,911,898</u>	<u>\$ 2,755,740</u>	<u>\$ 19,156,158</u>

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

Almoner Foundation
Notes to Financial Statements

March 31, 2017

5. Long-Term Debt and Bank Facilities

	2017	2016
<div style="background-color: black; width: 150px; height: 15px; margin-bottom: 5px;"></div> 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	\$ 10,893,921	\$ 11,377,367
Less: current portion	(10,893,921)	(483,446)
	\$ -	\$ 10,893,921

The mortgage interest expense of \$481,985 (2016 - \$502,399) paid to [REDACTED] is reported net of the mortgage interest revenue of \$481,985 (2016 - \$502,399) received from Fortius Foundation (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 [REDACTED] which is a floating monthly payment based on one-month [REDACTED] adjusted on a monthly basis at the end of each month.

b) The Foundation receives a variable payment of one-month [REDACTED] from the [REDACTED] and pays a 4.32% fixed monthly payment to the [REDACTED]

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

The Foundation has an authorized treasury facility of \$1,500,000 for the purpose of interest rate swaps, subject to market conditions. As at March 31, 2017, the treasury facility was not in use.

This long-term debt and treasury facility are 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 long-term debt and treasury facility require 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

The Foundation was in compliance with its financial covenants as at March 31, 2017.

Almoner Foundation
Notes to Financial Statements

March 31, 2017

5. Long-Term Debt and Bank Facilities (continued)

Subsequent to year-end, a \$15,000,000 floating rate demand loan ("loan") was accepted and drawn in full. This loan has monthly payments of \$88,543, with the interest rate of prime plus 1% (4.20% at March 31, 2017).

Estimated principal payments, assuming a 20 year amortization period, due in the next five years for the loan are as follows:

2018	\$ 440,945
2019	459,825
2020	479,514
2021	500,046
2022	521,457
	<u>\$ 2,401,787</u>

The new loan and existing treasury facility require the Foundation to maintain certain financial covenants, including a debt service coverage ratio at or above 1.20 times.

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 96% of the Foundation's total revenue before the fair value adjustment of investments.