

Financial Statements of

REDEEMER UNIVERSITY COLLEGE

Year ended April 30, 2017

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Redeemer University College as at April 30, 2017, 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.

KPMG LLP



Chartered Professional Accountants, Licensed Public Accountants

July 14, 2017
Hamilton, Canada

REDEEMER UNIVERSITY COLLEGE

Statement of Operations

Year ended April 30, 2017 with comparative information for 2016

	2017	2016
Revenues:		
Net fees (tuition and residence)	\$ 12,519,725	\$ 12,914,347

REDEEMER UNIVERSITY COLLEGE

Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2017 with comparative information for 2016

					2017	2016
	Unrestricted	Invested in capital assets (note 9)	Internally restricted	Endowments	Total	Total
Net assets (deficiency) beginning of year	\$ (7,493,375)	\$ 26,907,088	\$ 5,090,647	\$ 4,897,029	\$ 29,401,389	\$ 25,493,516
Excess (deficiency) of revenues over expenditures for the year	3,774,218	(1,185,510)	-	-	2,588,708	3,962,075
Change in investment in capital assets (note 9)	(1,707,623)	1,707,623	-	-	-	-
Endowment contributions, net (note 3 (a))	-	-	-	(182,861)	(182,861)	(168,756)
Net change in endowment investments	-	-	-	661,965	661,965	114,554
Transfer (note 14)	(709,380)	-	709,380	-	-	-
Net assets (deficiency), end of year	\$ (6,136,160)	\$ 27,429,201	\$ 5,800,027	\$ 5,376,133	\$ 32,469,201	\$ 29,401,389

See accompanying notes to financial statements.

REDEEMER UNIVERSITY COLLEGE

Statement of Cash Flows

Year ended April 30, 2017 with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 2,588,708	\$ 3,962,075

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements

Year ended April 30, 2017

Redeemer University College (the "University College") is a non-profit degree-granting Christian university college for education in the general arts, humanities, and sciences. The University College is a registered charitable organization and, as such, is exempt from income tax under Section 149.1(1)(b) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit organizations in Part III of the CPA Canada Handbook.

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

(b) Short-term investments:

Short-term investments consist of non-redeemable GIC investments and are accounted for at market value, with changes in market value recorded in the statement of operations. Term deposits with maturity date longer than 90 days are included as investments.

(c) Revenue recognition:

Tuition and residence fees are recognized as revenue in the academic year to which they relate; accordingly, registration deposits and tuition fees for the following academic year are deferred.

Pledges are not recorded. Unrestricted contributions are recognized as revenue when received or receivable, as long as the amount can be estimated and collection is reasonably assured. Donations and grants received by the University College for a specific purpose are recognized as revenue in the year to which they relate; accordingly, donations and grants related to future years are recorded as deferred revenue. Scholarship contributions are deferred until the year in which the scholarship is awarded.

Capital contributions received for the purpose of acquiring capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

1. Significant accounting policies (continued):

(d) Employee benefit plan:

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as the University College has insufficient information to apply defined benefit plan accounting.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Capital assets acquired prior to May 1, 2011 are recorded at deemed cost, being its fair value at May 1, 2011, the transition date to Accounting Standards for Not-For-Profit organizations. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the University College's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Rate
Buildings and facilities	40 years
Organ	40 years
Equipment	5-20 years
Furniture and fixtures	10 years
Library books	10 years
Computer hardware and software	4 years
Franchise license	10 years

(f) Inventory:

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

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 University College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

2. Accounts receivable:

	2017	2016
Student accounts	\$ 609,296	\$ 646,261
Miscellaneous receivable	446,640	192,730
HST receivable	398,786	370,029
	1,454,722	1,209,020
Less allowance for doubtful accounts	(313,069)	(301,435)
	\$ 1,141,653	\$ 907,585

3. Restricted assets:

(a) Endowments:

Contributions restricted for endowments consist of externally restricted donations received by the University College. The endowment principal is required to be maintained intact. Accordingly, these amounts are classified as long-term restricted investments.

The investment income generated from endowments must be used in accordance with the various purposes established by the donors or Board of Governors. The University College ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

Investment income on endowments that is available for spending at the discretion of the University College or is available for spending under specific conditions has been recorded in the statement of operations.4.3 59r-.0022 Tw

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

3. Restricted assets (continued):

(b) Bachelor of Education Program:

In 2005, the University College was granted permission to provide the Bachelor of Education

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Notes to Financial Statements (continued)

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Notes to Financial Statements (continued)

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Notes to Financial Statements (continued)

Year ended April 30, 2017

7. Long-term debt (continued):

The following bonds are issued and outstanding (based on price adjusted values):

	2017	2016
Series A	\$ 4,159,335	\$ 3,767,419
Series F	8,053,680	9,679,496
Interest accrued on bonds	98,289	109,329
	<u>\$ 12,311,304</u>	<u>\$ 13,556,244</u>

During the year, approval was received to maintain the real interest payable on Series A and Series F bonds at 2.50%.

(b) Private loans from supporting members bear inte

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Notes to Financial Statements (continued)

Year ended April 30, 2017

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

9. Net assets invested in capital assets (continued):

The change in invested in capital assets is calculated as follows:

	2017	2016
Net change in invested in capital assets:		
Purchase of capital assets	\$ 736,304	\$ 504,945
Contributed capital assets	291,995	-
Amounts funded by deferred capital contributions	(441,739)	(10,000)
(Issuance) repayment of long-term debt	(123,877)	128,918
Repayment of bonds	1,244,940	169,255
	<hr/> \$ 1,707,623	<hr/> \$ 793,118

Deficiency of revenues over expenditures:

Amortization of capital assets	\$ (1,782,273)	\$ (1,790,843)
Amortization of deferred capital contributions	644,465	647,562
Loss on disposal of capital asse		

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

12. Commitments and contingency (continued):

- (c) The University College has a \$2,000,000 operating line of credit available by way of direct advances or letters of credit or guarantees. The letters of credit and guarantees are limited to a maximum of \$250,000. As at April 30, 2017, \$n

REDEEMER UNIVERSITY COLLEGE

Notes to Financial Statements (continued)

Year ended April 30, 2017

14. Internally restricted assets:

The Board has internally restricted \$5,800,027 (2016 - \$5,090,647). As at April 30, 2017, \$2,415,772 (2016 - \$2,475,801) was restricted for debt reduction and \$3,384,255 (2016 - \$2,614,846) for program initiatives.

15. Financial risks:

(a) Currency risk:

The University College is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the University College makes purchases denominated in U.S. dollars. The University College does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2016.

(b) Liquidity risk:

Liquidity risk is the risk that the University College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University College manages its liquidity risk by monitoring its operating requirements. The University College 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 2016.

(c) Credit risk:

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

(d) Interest rate risk:

The University College is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3 and fixed rate debt in note 7.

16. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.