

LONERGAN RESEARCH INSTITUTE

Financial Statements

July 31, 2016



REVIEW ENGAGEMENT REPORT

To the Members of Lonergan Research Institute:

I have reviewed the statement of financial position of Lonergan Research Institute as at July 31, 2016 and the statements of Operating Fund, changes in net assets, Malliner CWL Fund, Malliner Audio Fund, Crowe Bursary Fund, Research Assistantships Fund, Capital Assets Fund and cash flow for the year then ended. My 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 me by the organization.

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

In common with many charitable organizations, the organization derives certain receipts from donations which by their nature, is not susceptible of satisfactory review procedures. Accordingly, my review of these receipts was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to donation receipts, assets and fund balances.

Based on my review, except for the effect of any adjustments, if any, which I might have determined to be necessary had I been able to review the completeness of the donation receipts referred to in the preceding paragraph, nothing has come to our attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Robert K. Chan & Company

Markham, Ontario
December 8, 2016

Chartered Professional Accountant
Licensed Public Accountant

LONERGAN RESEARCH INSTITUTE

Statement of Financial Position as at July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
ASSETS		
Current Assets		
Cash and term deposits	\$ 8,894	\$ 34,491
Accounts receivable	6,949	10,054
Harmonized sales tax recoverable	566	608
Prepaid expenses	612	-
Investments (note 3)	188,679	184,448
	205,700	229,601
Property, plant and equipment (note 1 & 2)	813	1,114
Cash - restricted	1,485	37,142
Investments - restricted (note 3)	182,560	168,433
	390,558	436,290
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	30,927	30,225
NET ASSETS		
Net assets internally held for Malliner CWL Fund	141,233	129,554
Net assets internally held for Malliner Audio Fund	42,300	41,878
Net assets internally held for Crowe Bursary Fund	576	2,076
Net assets internally held for Research Assistantship Fund	(64)	32,067
Net assets internally held for Capital Assets Fund	814	1,115
Unrestricted - Operating Fund	174,772	199,375
	359,631	406,065
	390,558	436,290

On behalf of the Board: _____ Director _____ Director

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

LONERGAN RESEARCH INSTITUTE

Statement of Operating Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 199,375	\$ 201,373
Excess of receipts over expenditures (deficiency) for the year	(26,663)	(8,706)
Changes in unrealized gains on investments during the year	2,060	2,708
	(24,603)	(5,998)
Transfer from Malliner Audio Fund (note 1)	-	4,000
Fund Balance - end of year	174,772	199,375

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

LONERGAN RESEARCH INSTITUTE

Statement of Changes in Net Assets for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	Operating Fund	Malliner CWL Fund	Malliner Audio Fund	Crowe Bursary Fund	Research Assistantships Fund	Capital Assets Fund	2016	2015
Fund Balance - beginning of year	\$ 199,375	\$ 129,554	\$ 41,878	\$ 2,076	\$ 32,067	\$ 1,115	\$ 406,065	\$ 434,481
Excess of receipts over expenditures (deficiency) for the year	(24,603)	11,679	422	(1,500)	(32,131)	(301)	(46,434)	(28,416)
Transfers	-	-	-	-	-	-	-	-
Fund Balance - end of year	174,772	141,233	42,300	576	-64	814	359,631	406,065

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

LONERGAN RESEARCH INSTITUTE

Statement of Malliner CWL Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 129,554	\$ 136,075
Receipts		
Donations	45,000	-
Interest income	1,488	1,252
	46,488	1,252
Expenditures		
Publications	34,809	7,773
Excess of receipts over expenditures for the year (deficiency)	11,679	(6,521)
Fund Balance - end of year	141,233	129,554

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

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Statement of Malliner Audio Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 41,878	\$ 45,438
Receipts		
Interest income	422	440
Transfer to Operating Fund (note 1)	-	(4,000)
Excess of receipts over expenditures for the year (deficiency)	422	(3,560)
Fund Balance - end of year	42,300	41,878

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

LONERGAN RESEARCH INSTITUTE

Statement of Crowe Bursary Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 2,076	\$ 3,076
Receipts		
Donations	-	500
Expenditures		
Bursaries awarded	1,500	1,500
Excess of receipts over expenditures for the year (deficiency)	(1,500)	(1,000)
Fund Balance - end of year	576	2,076

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

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Statement of Research Assistantships Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 32,067	\$ 46,987
Receipts		
Donations	6,000	6,000
Expenditures		
Scholarships	35,731	19,640
Sponsorships	2,400	1,280
	38,131	20,920
Excess of receipts over expenditures for the year (deficiency)	(32,131)	(14,920)
Fund Balance - end of year	(64)	32,067

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

LONERGAN RESEARCH INSTITUTE

Statement of Capital Assets Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
Fund Balance - beginning of year	\$ 1,115	\$ 1,532
Amortization	(301)	(417)
Fund Balance - end of year	814	1,115

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

LONERGAN RESEARCH INSTITUTE

Statement of Revenue and Expenditures - Operating Fund for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
RECEIPTS		
Contribution	\$ 21,323	\$ 36,060
Investment - interest	189	185
Investment - dividends	1,981	4,888
Publications royalties	13,678	5,752
Sale of books	610	605
Subsidies (Note 4)	40,000	40,000
Secondment / Sessional	10,100	9,950
Foreign currency exchange gain	1,465	4,234
Bank Interest	116	344
Sundries	505	471
	89,967	102,489
EXPENDITURES		
Development	423	284
Executive director payroll and benefits	95,594	92,033
Interest and bank charges	490	545
Insurance	653	622
Office general and sundries	8,972	5,653
Professional fees	2,277	2,262
Purchase of books	463	1,109
Rent (Note 4)	7,500	8,500
Website	258	187
	116,630	111,195
EXCESS OF RECEIPTS OVER EXPENDITURES (DEFICIENCY)	(26,663)	(8,706)

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

LONERGAN RESEARCH INSTITUTE

Statement of Cash Flow for the year ended July 31, 2016

(Unaudited - See Review Engagement Report)

	2016	2015
OPERATING ACTIVITIES		
Excess of receipts over expenditures (deficiency)	\$	\$
Operating Fund	(26,663)	(4,706)
Malliner CWL Fund	11,679	(6,521)
Malliner Audio Fund	422	4,440
Crowe Bursary Fund	(1,500)	(1,000)
Research Assistantship Fund	(32,131)	(14,920)
Capital Assets Fund	(301)	(417)
	(48,494)	(23,124)
Items not affecting cash:		
Amortization of equipment	301	417
	(48,193)	(22,707)
Changes in non-cash working capital:		
Accounts receivable	3,105	7,855
Harmonized sales tax recoverable	42	170
Prepays expenses	(612)	-
Accounts payable and accrued liabilities	702	(2,879)
Net change in operating net assets	3,237	5,146
CASH FLOW PROVIDED BY (USED IN) OPERATIONS	(44,956)	(17,561)
CASH FLOW PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Withdrawal (acquisition) of investments	(16,298)	(37,992)
NET INCREASE IN CASH FLOW DURING THE YEAR	(61,254)	(55,553)
CASH AND TERM DEPOSITS - beginning of year	71,633	127,186
CASH AND TERM DEPOSITS - end of year	10,379	71,633
CASH AND TERM DEPOSITS CONSIST OF:		
Cash and term deposits	8,894	34,491
Cash - restricted	1,485	37,142
	10,379	71,633

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

LONERGAN RESEARCH INSTITUTE
Notes to Financial Statements
Year Ended July 31, 2016
(Unaudited - See Review Engagement Report)

MISSION

Lonerган Research Institute is a separately incorporated and registered project of The Jesuit Fathers of Upper Canada. Its purpose is to establish a research institute to study and research and promote the work and writings of the late Father Bernard J.F. Lonergan and to make available to the public the results of such study and research. The organization will, in connection therewith and for the benefit of the public, among other things:

- a) house an archives and library containing works and writings;
- b) arrange for publications; and
- c) conduct seminars and provide teaching.

In connection therewith, the organization shall have the power to accept donations, gifts, legacies and bequests. The organization qualifies as a not-for-profit organization for Canadian income tax purposes and is exempt from income taxes under the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared on a deferral basis in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Office furniture & equipment	20%	declining balance method

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Contribution revenue

The contributions in the statement of operations are those which were received during the year or are receivable. Not recognition has been given to pledges.

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LONERGAN RESEARCH INSTITUTE

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited - See Review Engagement Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and internally restricted funds

Revenue and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The organization periodically receives contributions from The Malliner Charitable Foundation. The Malliner CWL and Audio Funds report the assets and revenues related to the investment of these contributions. Expenditures in the Malliner CWL Fund meet the publication costs of the Collected Works of Bernard Lonergan. Expenditures in the Malliner Audio Fund are for the preservation and digitization of audio tapes of the works of Bernard Lonergan. The organization may not use these internally restricted amounts for any other purposes without the approval of the Board.

The Crowe Bursary Fund reports assets and revenues for the Frederick E. Crowe Research Assistant Scholarship and bursaries awarded to a deserving junior scholar through a competitive application process.

The Research Assistantship Fund provides financial support for doctoral or postdoctoral research that advances the purposes of the LRI.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

Revenue recognition

The organization follows the deferral method of accounting for contributions. Contributions grants, subsidies and membership are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Royalty revenue is recorded when the amount of the royalty fee is received.

Investment income includes dividend and interest income, realized investment gains and losses. Dividends and interest are recognized as revenue when they are earned.

Realized gains and losses are reported in the statement of operations while unrealized gains and losses on available-for-sale investments are included directly in fund balances until the asset is removed from the statement of financial position. At that time, the cumulative gain or loss previously recognized in the fund balance, is recognized in the statement of operations.

Deferred revenue, if any, consists of grants received in advance that are relative to a subsequent period.

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LONERGAN RESEARCH INSTITUTE

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited - See Review Engagement Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Fair Value

As at July 31, 2016 and 2015, the estimated fair values of cash and term deposits, receivables, harmonized sales taxes receivable or payable, prepaids, accounts payable and accrued liabilities, approximate their respective carrying values.

Risks and uncertainties

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

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 Organization does not have any significant credit risk concentration.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

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: Currency risk is the risk to the Organization's operations that arise from fluctuations of foreign exchange rates. The Organization is not exposed to significant currency risk as it does not hold financial instruments denominated in a foreign currency.

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 Corporation's assets include interest bearing term investments and may be exposed to risk upon the maturity of the investments if market interest rates vary from the rates currently being earned on these investments.

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 its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk primarily through its investments.

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Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited - See Review Engagement Report)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 3,879	\$ 3,335	\$ 544	\$ 778
Office furniture & equipment	135,454	135,185	269	336
	\$ 139,333	\$ 138,520	\$ 813	\$ 1,114

3. INVESTMENTS

	2016	2015
Malliner CWL Fund	\$ 140,260	\$ 126,555
Malliner Audio Fund	42,300	41,878
	182,560	168,433
Operating Fund	188,679	184,448
	\$ 371,238	352,881

The portfolio securities in these funds are held in trust by The Jesuit Fathers of Upper Canada.

4. RELATED PARTY TRANSACTIONS

During the year, certain revenues were received from and expenses were paid to charities that are entities under the umbrella of the Jesuit Fathers of Upper Canada, an entity related to the organization, as follows:

	2016	2015
Revenue - Subsidies	40,000 \$	40,000
Expenses - Rent	7,500	8,500