

Financial Statements

Douglas College Foundation

March 31, 2014

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**DOUGLAS COLLEGE  
FOUNDATION**

**STATEMENT OF MANAGEMENT RESPONSIBILITY**

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Douglas College Foundation Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance Committee. The Finance Committee reviews internal treasurer reports on a semesterly basis and external audited financial statements yearly.

Grant Thornton conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the financial statements. The external auditor has full and free access to financial management of Douglas College Foundation and meets when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Douglas College Foundation

A handwritten signature in black ink, appearing to read "Hazel Postma", written over a horizontal line.

Hazel Postma  
Associate Vice President, External Relations

A handwritten signature in black ink, appearing to read "Tracey Ternoway", written over a horizontal line.

Tracey Ternoway  
Vice President, Finance & Administration

June 10, 2014

# Independent Auditor's Report

Grant Thornton LLP  
Suite 1600, Grant Thornton Place  
333 Seymour Street  
Vancouver, BC  
V6B 0A4

T +1 604 687 2711  
F +1 604 685 6569  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

To the Board of Directors of  
Douglas College Foundation

We have audited the accompanying financial statements of Douglas College Foundation, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and 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 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.

## Auditor's 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 the auditor's 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 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, the financial statements present fairly, in all material respects, the financial position of Douglas College Foundation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, Canada  
June 10, 2014

*Grant Thornton LLP*

Chartered Accountants

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# Douglas College Foundation

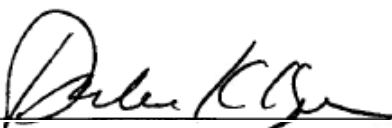
(Incorporated under the Society Act of British Columbia)

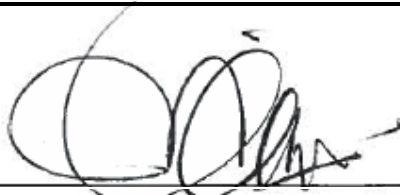
## Statement of Financial Position

March 31	2014	2013
<b>Assets</b>		
Cash and term deposits	<u>\$ 1,893,841</u>	<u>\$ 1,891,144</u>
Interest and other receivables	<u>117,853</u>	<u>95,476</u>
Investments - endowment funds		
Restricted cash	<u>1,993,808</u>	<u>2,949,492</u>
Consolidated Trust Fund, Vancouver Foundation (Note 4)	<u>12,880,227</u>	<u>9,613,376</u>
	<u>14,874,035</u>	<u>12,562,868</u>
	<u>\$ 16,885,729</u>	<u>\$ 14,549,488</u>
<b>Liabilities</b>		
Due to Douglas College (Note 6)	<u>\$ 8,995</u>	<u>\$ 46,161</u>
<b>Net assets</b>		
Endowment funds		
Contributed principal		
Bursaries	<u>4,909,640</u>	<u>4,747,355</u>
Awards	<u>1,889,820</u>	<u>1,753,540</u>
Scholarships	<u>1,607,160</u>	<u>1,569,589</u>
Cultural, athletic, unique and other	<u>4,261,880</u>	<u>3,648,464</u>
Matching funds (Note 3)	<u>45,141</u>	<u>50,377</u>
	<u>12,713,641</u>	<u>11,769,325</u>
Retained returns from investments (Note 5)	<u>2,160,394</u>	<u>793,543</u>
	<u>14,874,035</u>	<u>12,562,868</u>
Distributable income		
Bursaries	<u>17,022</u>	<u>9,585</u>
Awards	<u>5,734</u>	<u>4,839</u>
Scholarships	<u>11,090</u>	<u>7,938</u>
Cultural, athletic, unique and other	<u>170,177</u>	<u>144,439</u>
	<u>204,023</u>	<u>166,801</u>
Non-endowment funds	<u>1,798,676</u>	<u>1,773,658</u>
	<u>16,876,734</u>	<u>14,503,327</u>
	<u>\$ 16,885,729</u>	<u>\$ 14,549,488</u>

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On behalf of the Board

 Director

 Director

# Douglas College Foundation

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2014

	Endowment		Non-endowment	2014 Total
	Contributed principal	Distributable income		
Revenues				
Donations				
Individuals, corporations and foundations	\$ 313,315	\$ -	\$ 401,061	\$ 714,376
Douglas College	578,670	-	909,502	1,488,172
Investment income	43,445	385,657	42,827	471,929
	935,430	385,657	1,353,390	2,674,477
Unrealized gains	1,366,851	-	-	1,366,851
	2,302,281	385,657	1,353,390	4,041,328
Distributions				
Bursaries	-	149,091	94,685	243,776
Awards	-	59,230	82,287	141,517
Scholarships	-	48,294	104,174	152,468
Cultural, athletic and unique	-	67,020	112,846	179,866
Douglas College student aid	-	-	917,494	917,494
Urban ecology	-	24,800	8,000	32,800
	-	348,435	1,319,486	1,667,921
Excess of revenues over distributions	2,302,281	37,222	33,904	2,373,407
Fund balance, beginning of year	12,562,868	166,801	1,773,658	14,503,327
Transfer between funds	8,886	-	(8,886)	-
Fund balance, end of year	\$ 14,874,035	\$ 204,023	\$ 1,798,676	\$ 16,876,734

See accompanying notes to the financial statements.

# Douglas College Foundation

## Statement of Operations and Changes in Net Assets

Year ended March 31, 2013

	Endowment		Non-endowment	2013 Total
	Contributed principal	Distributable income		
Revenues				
Donations				
Individuals, corporations and foundations	\$ 307,026	\$ -	\$ 368,263	\$ 675,289
Douglas College	103,500	-	1,839,851	1,943,351
Investment income	38,197	363,515	6,510	408,222
	448,723	363,515	2,214,624	3,026,862
Unrealized gains	352,879	-	-	352,879
	801,602	363,515	2,214,624	3,379,741
Distributions				
Bursaries	-	147,781	75,916	223,697
Awards	-	51,547	70,700	122,247
Scholarships	-	47,663	83,342	131,005
Cultural, athletic and unique	-	70,156	130,395	200,551
Douglas College student aid	-	-	769,976	769,976
Urban ecology	-	29,292	18,035	47,327
	-	346,439	1,148,364	1,494,803
Excess of revenues over distributions	801,602	17,076	1,066,260	1,884,938
Fund balance, beginning of year	11,757,641	149,725	711,023	12,618,389
Transfer between funds	3,625	-	(3,625)	-
Fund balance, end of year	\$ 12,562,868	\$ 166,801	\$ 1,773,658	\$ 14,503,327



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# Douglas College Foundation

## Statement of Cash Flows

Year ended March 31

2014

2013

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Cash derived from (used in)

### Operating

Excess of revenues over distributions	\$ 2,373,407	\$ 1,884,938
Unrealized gains	(1,366,851)	(352,879)
Change in non-cash operating working capital		
Interest and other receivables	(22,377)	(2,810)
Due to Douglas College	(37,166)	(3,120)

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947,013 1,526,129

### Investing

Increase in investments	(1,900,000)	-
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Net (decrease) increase in cash and cash equivalents (952,987) 1,526,129

Cash and cash equivalents, beginning of year 4,840,636 3,314,507

Cash and cash equivalents, end of year \$ 3,887,649 \$ 4,840,636

Cash and cash equivalents is comprised of

Cash and term deposits	\$ 1,893,841	\$ 1,891,144
Restricted cash	1,993,808	2,949,492

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\$ 3,887,649 \$ 4,840,636

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# Douglas College Foundation

## Notes to the Financial Statements

March 31, 2014

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### 1. Nature of operations

Douglas College Foundation (the "Foundation") was established to advance education and community services and other charitable activities beneficial to Douglas College. The Foundation is incorporated under the Society Act of British Columbia and is a registered charity under the provisions of the Income Tax Act of Canada.

Douglas College currently provides all personnel, facilities and administrative services necessary to the operation of the Foundation.

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### 2. Summary of significant accounting policies

#### (a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### (b) Use of estimates

In conformity with the Canadian accounting standards, management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenditures during the year. Actual amounts could differ from those reported.

#### (c) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured.

##### *Donated equipment, material and services*

Donated equipment, material and services are recorded if fair value can be reasonably estimated and when these would otherwise have been purchased.

##### *Investment income*

Income is accrued as earned and is applied to the endowment fund as either contributed principal or distributable income.

##### *Retained returns*

Retained returns consist of realized and unrealized gains and losses on investments held for endowment funds.

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# Douglas College Foundation

## Notes to the Financial Statements

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March 31, 2014

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### 2. Summary of significant accounting policies (continued)

#### (d) Fund accounting

Restricted fund amounts are presented as follows:

##### *Endowment funds*

Endowment funds are invested according to guidelines and directions established by the Board. Assets in the portfolio may include bonds, short-term cash instruments, Canadian and international stock, and holdings in Canadian and international equity funds. The Foundation earns income on all funds.

Distribution of contributed principal of the endowment funds is prohibited; investment income earned on these funds is distributed in accordance with the provisions of each endowment agreement.

##### *Distributable income*

Distributable income consists of interest and investment income earned on fund principal, held for distribution.

##### *Non-endowment funds*

Non-endowment funds are held pending distribution in accordance with specific directives from the donors.

#### (e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances held with banks, and a short-term GIC term deposit.

#### (f) Investments

The Foundation's financial instruments are measured at fair value when issued or acquired.

#### (g) Financial instruments

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost, except for the Foundation's investments held in the Consolidated Trust Fund of the Vancouver Foundation, which are measured at fair value. All changes in fair value of the Foundation's investments are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, interest and other receivables and due to Douglas College.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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# Douglas College Foundation

## Notes to the Financial Statements

March 31, 2014

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### 2. Summary of significant accounting policies (continued)

#### (h) Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's presentation.

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### 3. Contributions

#### (a) Pledges

As at March 31, 2014, the Foundation has unrecorded pledges of \$212,400 (2013: \$299,600).

#### (b) Matching funds

To attract contributions that will benefit students and the community, the Foundation participates in a matching fund program. At March 31, 2014, the total matching funds available for future matching is \$45,141 (2013: \$50,377).

#### (c) Recapitalized funds

In the current year, the maximum of 10% (\$43,445) of income earned was allocated to contributed principal, other than to funds under development, for which 100% (\$558) of income is allocated to contributed principal. In 2013, 10% (\$37,143) of income earned was allocated to contributed principal, other than to funds under development, for which 100% (\$1,054) of income was allocated to contributed principal.

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### 4. Vancouver Foundation

	<u>2014</u>		<u>2013</u>	
	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>
Consolidated Trust Fund				
Retractable (a)	\$ 11,403,255	\$ 10,508,110	\$ 8,293,554	\$ 8,608,110
Non-retractable (b)	<u>1,476,972</u>	<u>1,175,299</u>	<u>1,319,822</u>	<u>1,175,299</u>
	<u>\$ 12,880,227</u>	<u>\$ 11,683,409</u>	<u>\$ 9,613,376</u>	<u>\$ 9,783,409</u>

(a) On June 29, 2007, Douglas College Foundation established a retractable endowment fund with Vancouver Foundation. In accordance with the provisions of the Vancouver Foundation Act, the Consolidated Trust Fund is encroachable by Douglas College Foundation.

(b) In 1984 Douglas College Foundation established a non-retractable endowment fund with Vancouver Foundation. In accordance with the provisions of the Vancouver Foundation Act, this amount is held permanently by Vancouver Foundation.

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# Douglas College Foundation

## Notes to the Financial Statements

March 31, 2014

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<b>5. Retained returns from investments</b>	<b>2014</b>	<b>2013</b>
Realized gains		
Realized gain on \$4.9M withdrawn from HSBC in 2007	\$ 794,830	\$ 794,830
Realized gain from Vancouver Foundation capital withdrawals	168,746	168,746
Unrealized gains (loss)		
Unrealized gain (loss) from Vancouver Foundation (difference between cost and market value at March 31)	<u>1,196,818</u>	<u>(170,033)</u>
Balance, end of year	<u>\$ 2,160,394</u>	<u>\$ 793,543</u>

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### 6. Related party transactions

The Foundation is related to Douglas College by virtue of the College providing administrative and staff resources to the Foundation, thus allowing donor contributions to fully support students.

The Foundation received \$1,488,172 (2013: \$1,943,351) of contributions from Douglas College for student financial aid.

During the year, the Foundation received the following contributions which it forwarded to Douglas College as received:

- cash to be used for capital purchases, totalling \$Nil (2013: \$4,635); and
- cash contributions of \$8,000 (2013: \$18,035) for use by the Institute of Urban Ecology (Douglas College).

At March 31, 2014, the Foundation has a payable to Douglas College of \$8,995 (2013: \$46,161). This amount is non-interest bearing with no set terms of repayment.

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### 7. Financial instruments

The Foundation's financial instruments consist of cash and term deposits, interest and other receivables, investments, and amounts due to Douglas College. The estimated carrying value of these financial instruments approximates fair value.

The carrying amounts of financial assets measured at cost are \$4,005,502 as at March 31, 2014 (2013: \$4,936,112).

The carrying amounts of financial assets measured at fair value are \$12,880,227 as at March 31, 2014 (2013: \$9,613,376).

The carrying amounts of financial liabilities measured at cost are \$8,995 as at March 31, 2014 (2013: \$46,161).

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# Douglas College Foundation

## Notes to the Financial Statements

March 31, 2014

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### 7. Financial instruments (continued)

Management believes that the Foundation is exposed to the following risks with respect to its financial instruments:

#### *Market risk*

Market risk is the potential for financial loss to the Foundation from changes in the values of its financial instruments due to changes in interest rates, equity prices, currency exchange and other price risks. The majority of investments of the Foundation are with the Vancouver Foundation, which holds a well-diversified portfolio.

#### *Credit risk*

The Foundation is exposed to the risk that a counterparty defaults or becomes insolvent. The only financial instrument that potentially subjects the Foundation to concentrations of credit risk is its interest and other receivables.

The maximum exposure to credit risk in terms of receivables is \$117,853 as of March 31, 2014 (2013: \$95,476). Management believes that the Foundation does not have a significant credit risk on their receivables as these are mainly from the Vancouver Foundation and HSBC.

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