



Financial Statements

Douglas College Foundation

March 31, 2019

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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 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 blue ink that reads "Leanne Poon".

Leanne Poon
Executive Director, Douglas College Foundation

A handwritten signature in blue ink that reads "Tracey Szirth".

Tracey Szirth
Vice President, Administrative Services and
Chief Financial Officer

June 25, 2019

Independent Auditor's Report

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To the Board of Directors of
Douglas College Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Douglas College Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Foundation as at March 31, 2019, 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.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

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

Vancouver, Canada
June 25, 2019



Chartered Professional Accountants

Douglas College Foundation

Statement of Financial Position

March 31

2019

2018

Assets

Cash and term deposits	\$ 2,378,033	\$ 2,309,361
Interest and other receivables (Note 6)	217,812	198,650
Investments		
Restricted cash	2,658,170	2,030,682
Consolidated Trust Fund, Vancouver Foundation (Note 4)	16,580,763	16,289,699
	<u>19,238,933</u>	<u>18,320,381</u>
	<u>\$ 21,834,778</u>	<u>\$ 20,828,392</u>

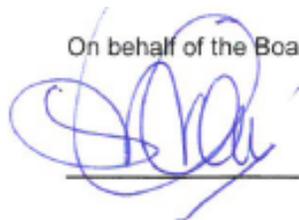
Liabilities

Payables and accruals (Note 6)	\$ 6,815	\$ 9,744
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Net assets

Endowment funds		
Contributed principal	15,162,574	14,518,705
Retained returns from investments (Note 5)	4,076,359	3,801,676
	<u>19,238,933</u>	<u>18,320,381</u>
Distributable income	404,485	300,448
Non-endowment funds	<u>2,184,545</u>	<u>2,197,819</u>
	<u>21,827,963</u>	<u>20,818,648</u>
	<u>\$ 21,834,778</u>	<u>\$ 20,828,392</u>

On behalf of the Board



Director



Director

Douglas College Foundation

Statement of Operations and Changes in Net Assets

Year ended March 31

	Endowment		Non-endowment	2019	2018
	Contributed principal	Distributable income		Total	Total
Revenues					
Contributions					
Individuals, corporations and foundations	\$ 393,858	\$ 9,903	\$ 595,139	\$ 998,900	\$ 904,738
Douglas College	200,455	-	955,464	1,155,919	1,038,160
Investment income	87,314	637,923	19,405	744,642	668,337
	681,627	647,826	1,570,008	2,899,461	2,611,235
Unrealized (losses) gains	274,683	-	-	274,683	(29,042)
	956,310	647,826	1,570,008	3,174,144	2,582,193
Distributions					
Bursaries	-	251,628	189,939	441,567	380,554
Awards	-	118,291	57,300	175,591	150,164
Scholarships	-	58,971	19,414	78,385	158,303
Cultural, athletic and other	-	95,501	108,708	204,209	222,494
Douglas College student aid	-	-	1,007,489	1,007,489	908,227
Urban ecology	-	34,192	-	34,192	35,112
Programs, projects and events	-	827	148,140	148,967	98,111
Capital (Note 6)	-	-	74,429	74,429	59,034
	-	559,410	1,605,419	2,164,829	2,011,999
Excess of revenues over distributions	956,310	88,416	(35,411)	1,009,315	570,194
Fund balance, beginning of year	18,320,381	300,448	2,197,819	20,818,648	20,248,454
Transfer between funds	(37,758)	15,621	22,137	-	-
Fund balance, end of year	\$ 19,238,933	\$ 404,485	\$ 2,184,545	\$ 21,827,963	\$ 20,818,648

See accompanying notes to the financial statements.

Douglas College Foundation

Statement of Cash Flows

Year ended March 31

2019

2018

Cash derived from (used in)

Operating

Excess of revenues over distributions	\$ 1,009,315	\$ 570,194
Unrealized (gains) losses	(274,683)	29,042
Change in non-cash operating working capital		
Interest and other receivables	(19,162)	(31,286)
Due to Douglas College	(2,929)	(5,444)

712,541 562,506

Investing

Acquisition of investments	(16,381)	(1,004,407)
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Net increase (decrease) in cash 696,160 (441,901)

Cash and cash equivalents, beginning of year 4,340,043 4,781,944

Cash and cash equivalents, end of year \$ 5,036,203 \$ 4,340,043

Cash and cash equivalents is comprised of

Cash and term deposits	\$ 2,378,033	\$ 2,309,361
Restricted cash	2,658,170	2,030,682

\$ 5,036,203 \$ 4,340,043

Douglas College Foundation

Notes to the Financial Statements

March 31, 2019

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 pursuant to the Societies 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.

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.

(b) Use of estimates

In conformity with Canadian accounting standards for not-for-profit organizations, 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 statements, 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.

Douglas College Foundation

Notes to the Financial Statements

March 31, 2019

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 of directors. 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 consists of cash on hand, balances held with banks and term deposits.

(f) 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.

Douglas College Foundation

Notes to the Financial Statements

March 31, 2019

3. Contributions

(a) Pledges

As at March 31, 2019, the Foundation has pledges of \$1,057,322 (2018 - \$606,092). These amounts are not recorded as receivable as collection is not reasonably assured.

(b) Matching funds

To attract contributions that will benefit students and the community, the Foundation participates in a matching fund program. At March 31, 2019, the total matching funds available for future matching is \$59,769 (2018 - \$30,690).

(c) Recapitalized funds

In the current year, the maximum of 10% (\$70,933) of income earned was allocated to contributed principal and 100% (\$16,381) of the recapitalized administration fee reduction was allocated to contributed principal. In 2018, 10% (\$62,045) of income earned was allocated to contributed principal and 100% (\$16,407) of the recapitalized administration fee reduction was allocated to contributed principal.

4. Vancouver Foundation

	2019		2018	
	Market value	Cost	Market value	Cost
Consolidated Trust Fund				
Retractable (a)	\$ 14,894,188	\$ 12,292,681	\$ 14,631,070	\$ 12,276,300
Non-retractable (b)	1,686,575	1,175,299	1,658,629	1,175,299
	\$ 16,580,763	\$ 13,467,980	\$ 16,289,699	\$ 13,451,599

(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.

Douglas College Foundation

Notes to the Financial Statements

March 31, 2019

5. Retained returns from investments	<u>2019</u>	<u>2018</u>
Realized gains		
Realized gain on \$4.9M withdrawn from HSBC in 2007	\$ 794,830	\$ 794,830
Realized gain from Vancouver Foundation reinvested capital	168,746	168,746
Accumulated unrealized gains		
Unrealized gain from Vancouver Foundation (difference between cost and market value at March 31)	<u>3,112,783</u>	<u>2,838,100</u>
Balance, end of year	<u>\$ 4,076,359</u>	<u>\$ 3,801,676</u>

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 \$1,155,919 (2018 - \$1,038,160) 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 and gifts in kind to be used for capital, totalling \$74,429 (2018 - \$59,034).
- Cash contributions of \$34,192 (2018 - \$35,112) for use by the Institute of Urban Ecology (Douglas College).

At March 31, 2019, the Foundation has a receivable from Douglas College of \$43,264 (2018 - \$5,166).

At March 31, 2019, the Foundation has a payable to Douglas College of \$6,615 (2018 - \$9,744). This amount is non-interest bearing with no set terms of repayment.

7. Financial instruments

The carrying amounts of financial assets measured at cost are \$5,254,015 as at March 31, 2019 (2018 - \$4,538,693).

The carrying amounts of financial assets measured at fair value are \$16,580,763 as at March 31, 2019 (2018 - \$16,289,699).

The carrying amounts of financial liabilities measured at cost are \$6,815 as at March 31, 2019 (2018 - \$9,744).

Douglas College Foundation

Notes to the Financial Statements

March 31, 2019

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 \$217,812 as of March 31, 2019 (2018 - \$198,650). 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.

8. Disclosure required under the Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, and the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

As disclosed in Note 1, the Foundation did not pay any amounts to employees, contractors or directors.
