

Financial Statements

Douglas College Foundation

March 31, 2013

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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 "Karen Maynes", written over a horizontal line.

Karen Maynes  
Vice President, Finance & Administration

July 09, 2013

# Independent auditor's report

Grant Thornton LLP  
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To the Board of Directors of Douglas College Foundation

We have audited the accompanying financial statements of Douglas College Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations and changes in net assets and cash flows for the years ended March 31, 2013 and 2012, 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 audits. We conducted our audits 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, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and 2012, in accordance with Canadian accounting standards for not-for-profit organizations.



Vancouver, Canada

July 9, 2013

Chartered accountants

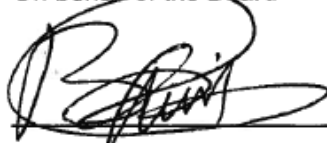
# Douglas College Foundation

(Incorporated under the Society Act of British Columbia)


## Statements of financial position

	March 31 2013	March 31 2012	April 1 2011 (Note 3)
<b>Assets</b>			
Cash	\$ <u>1,891,144</u>	\$ <u>817,363</u>	\$ <u>659,413</u>
Interest receivable	<u>95,476</u>	<u>92,666</u>	<u>90,429</u>
Investments - endowment funds			
Restricted cash	<u>2,949,492</u>	<u>2,497,144</u>	<u>2,088,685</u>
Consolidated Trust Fund, Vancouver Foundation (Note 5)	<u>9,613,376</u>	<u>9,260,497</u>	<u>9,404,132</u>
	<u>12,562,868</u>	<u>11,757,641</u>	<u>11,492,817</u>
	\$ <u>14,549,488</u>	\$ <u>12,667,670</u>	\$ <u>12,242,659</u>
<b>Liabilities</b>			
Due to Douglas College (Note 7)	\$ <u>46,161</u>	\$ <u>49,281</u>	\$ <u>170</u>
<b>Net assets</b>			
Endowment funds			
Contributed principal			
Bursaries	<u>4,747,355</u>	<u>4,665,581</u>	<u>4,397,426</u>
Awards	<u>1,753,540</u>	<u>1,807,234</u>	<u>1,849,136</u>
Scholarships	<u>1,569,589</u>	<u>1,734,460</u>	<u>1,724,049</u>
Cultural, athletic, unique and other	<u>3,648,464</u>	<u>3,093,953</u>	<u>2,935,962</u>
Matching funds (Note 4)	<u>50,377</u>	<u>15,749</u>	<u>1,945</u>
	<u>11,769,325</u>	<u>11,316,977</u>	<u>10,908,518</u>
Retained returns from investments (Note 6)	<u>793,543</u>	<u>440,664</u>	<u>584,299</u>
	<u>12,562,868</u>	<u>11,757,641</u>	<u>11,492,817</u>
Distributable income			
Bursaries	<u>9,585</u>	<u>9,897</u>	<u>5,807</u>
Awards	<u>4,839</u>	<u>8,950</u>	<u>10,228</u>
Scholarships	<u>7,938</u>	<u>33,820</u>	<u>28,108</u>
Cultural, athletic, unique and other	<u>144,439</u>	<u>97,058</u>	<u>90,538</u>
	<u>166,801</u>	<u>149,725</u>	<u>134,681</u>
Non-endowment funds	<u>1,773,658</u>	<u>711,023</u>	<u>614,991</u>
	<u>14,503,327</u>	<u>12,618,389</u>	<u>12,242,489</u>
	\$ <u>14,549,488</u>	\$ <u>12,667,670</u>	\$ <u>12,242,659</u>

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

# Douglas College Foundation

## Statements 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
Gain on investments (Note 6)	352,879	-	-	352,879
	801,602	363,515	2,214,624	3,379,741
Distributions				
Bursaries	-	147,781	112,035	259,816
Awards	-	51,547	70,700	122,247
Scholarships	-	47,663	119,933	167,596
Cultural, athletic and unique	-	56,339	84,666	141,005
Douglas College bursaries	-	-	676,266	676,266
Other	-	13,817	62,094	75,911
Urban ecology	-	29,292	18,035	47,327
Capital	-	-	4,635	4,635
	-	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

See accompanying notes to the financial statements.

# Douglas College Foundation

## Statements of operations and changes in net assets

Year ended March 31, 2012

	Endowment		Non-endowment	2012 Total
	Contributed principal	Distributable income		
Revenues				
Donations				
Individuals, corporations and foundations	\$ 252,747	\$ -	\$ 457,638	\$ 710,385
Douglas College	89,935	-	686,606	776,541
Investment income	37,821	350,551	6,926	395,298
	<u>380,503</u>	<u>350,551</u>	<u>1,151,170</u>	<u>1,882,224</u>
Loss on investments (Note 6)	<u>(143,635)</u>	<u>-</u>	<u>-</u>	<u>(143,635)</u>
	<u>236,868</u>	<u>350,551</u>	<u>1,151,170</u>	<u>1,738,589</u>
Distributions				
Bursaries	-	140,068	113,337	253,405
Awards	-	56,013	91,422	147,435
Scholarships	-	47,777	144,447	192,224
Cultural, athletic and unique	-	50,799	54,834	105,633
Douglas College bursaries	-	-	545,536	545,536
Other	-	10,618	70,606	81,224
Urban ecology	-	30,232	7,000	37,232
Capital	-	-	-	-
	<u>-</u>	<u>335,507</u>	<u>1,027,182</u>	<u>1,362,689</u>
Excess of revenues over distributions	236,868	15,044	123,988	375,900
Fund balance, beginning of year	11,492,817	134,681	614,991	12,242,489
Transfer between funds	<u>27,956</u>	<u>-</u>	<u>(27,956)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,757,641</u>	<u>\$ 149,725</u>	<u>\$ 711,023</u>	<u>\$ 12,618,389</u>

See accompanying notes to the financial statements.



# Douglas College Foundation

## Statements of cash flows

Year ended March 31

2013

2012

Cash derived from (used in)

### Operating

Excess of revenues over distributions	\$ 1,884,938	\$ 375,900
Unrealized (gain) loss on investments (Note 6)	(352,879)	143,635
Change in non-cash operating working capital		
Interest receivable	(2,810)	(2,237)
Due to Douglas College	(3,120)	49,111
	<u>1,526,129</u>	<u>566,409</u>
Net increase in cash and cash equivalents	1,526,129	566,409
Cash and cash equivalents, beginning of year	<u>3,314,507</u>	<u>2,748,098</u>
Cash and cash equivalents, end of year	\$ <u>4,840,636</u>	\$ <u>3,314,507</u>
<hr/>		
Cash and cash equivalents is comprised of		
Cash	\$ 1,891,144	\$ 817,363
Restricted cash	<u>2,949,492</u>	<u>2,497,144</u>
	\$ <u>4,840,636</u>	\$ <u>3,314,507</u>

See accompanying notes to the financial statements.

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# Douglas College Foundation

## Notes to the financial statements

March 31, 2013

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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

#### Basis of presentation

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

#### Use of estimates

In conformity with the 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 statements, and the reported amounts of revenues and expenditures during the year. Actual amounts could differ from those reported.

#### 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.

#### *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.

#### *Non-endowment funds*

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

#### *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.

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# Douglas College Foundation

## Notes to the financial statements

March 31, 2013

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

#### Revenue recognition (continued)

##### ***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.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

#### Investments

Investments are recorded at fair value based on quoted market values, where available, from active markets; otherwise, fair values are estimated using a variety of valuation techniques and models.

#### Financial instruments

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

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market are recorded in the statement of operations. The financial instruments measured at amortized cost are cash, interest receivable 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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### 3. First-time adoption of accounting standards for not-for-profit organizations

These are the Foundation's first financial statements prepared in accordance with ASNPO. The date of transition to ASNPO is April 1, 2011.

These financial statements of the Foundation have been prepared using policies specified by those standards that are in effect at the end of the reporting period ended March 31, 2013. The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 2. These accounting policies have been used throughout all periods presented in the financial statements.

The Foundation has applied The Canadian Institute of Chartered Accountants Handbook Section 1501 *First-time Adoption* in preparing these first financial statements under ASNPO. The Foundation has applied all of the mandatory exceptions and not applied any of the optional exemptions.

# Douglas College Foundation

## Notes to the financial statements

March 31, 2013

### 3. First-time adoption of accounting standards for not-for-profit organizations (continued)

The Foundation's transition from Canadian generally accepted accounting principles to the new standards had no impact on the opening net assets as at April 1, 2011, the statement of financial position as at April 1, 2011 and March 31, 2012, or the statements of operations and cash flows.

### 4. Contributions

#### Pledges

As at March 31, 2013, the Foundation has unrecorded pledges of \$299,600 (March 31, 2012: \$412,300; April 1, 2011: \$345,000).

#### Matching funds

To attract contributions that will benefit students and the community, the Foundation participates in a matching fund program. At March 31, 2013, the total matching funds available for future matching is \$50,377 (March 31, 2012: \$15,749; April 1, 2011: \$1,945).

#### Recapitalized funds

In the current year, the maximum of 10% (\$37,143) of income earned was allocated to contributed principal, other than to funds under development, for which 100% (\$1,054) of income is allocated to contributed principal. In 2012, 10% (\$35,693) of income earned was allocated to contributed principal, other than to funds under development, for which 100% (\$2,128) of income was allocated to contributed principal.

### 5. Vancouver Foundation

	<u>March 31, 2013</u>		March 31, 2012		<u>April 1, 2011</u>	
	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>
Consolidated Trust Fund						
Retractable (a)	\$ 8,293,554	\$ 8,608,110	\$ 7,989,122	\$ 8,608,110	\$ 8,113,037	\$ 8,608,110
Non-retractable (b)	<u>1,319,822</u>	<u>1,175,299</u>	<u>1,271,375</u>	<u>1,175,299</u>	<u>1,291,095</u>	<u>1,175,299</u>
	<u>\$ 9,613,376</u>	<u>\$ 9,783,409</u>	<u>\$ 9,260,497</u>	<u>\$ 9,783,409</u>	<u>\$ 9,404,132</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, 2013

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<b>6. Retained returns from investments</b>	<b>March 31 2013</b>	March 31 2012
Balance, beginning of year	\$ <u>440,664</u>	\$ <u>584,299</u>
Unrealized gain (loss) on investments		
Consolidated Trust Fund		
Retractable	<b>304,432</b>	(123,915)
Non-retractable	<u>48,447</u>	<u>(19,720)</u>
Gain (loss) on investments	<u>352,879</u>	<u>(143,635)</u>
Balance, end of year	\$ <u>793,543</u>	\$ <u>440,664</u>

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### 7. 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 \$1,943,351 (2012: \$776,541) 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 \$4,635 (2012: \$Nil); and
- cash contributions of \$18,035 (2012: \$7,000) for use by the Institute of Urban Ecology (Douglas College).

At March 31, 2013, the Foundation has a payable to Douglas College of \$46,161 (March 31, 2012: \$49,281; April 1, 2011: \$170). This amount is non-interest bearing with no set terms of repayment.

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### 8. Financial instruments

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

The carrying amounts of financial assets measured at amortized cost are \$4,936,112 as at March 31, 2013 (March 31, 2012: \$3,407,173; April 1, 2011: \$2,838,527).

The carrying amounts of financial assets measured at fair value are \$9,613,376 as at March 31, 2013 (March 31, 2012: \$9,260,497; April 1, 2011: \$9,404,132).

The carrying amounts of financial liabilities measured at amortized costs are \$46,161 as at March 31, 2013 (March 31, 2012: \$49,281; April 1, 2011: \$170).

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# Douglas College Foundation

## Notes to the financial statements

March 31, 2013

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### 8. 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 investments of the Foundation are all 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 \$95,476 as of March 31, 2013 (March 31, 2012: \$92,666; April 1, 2011: \$90,429). 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.

