



Financial Statements

Douglas College Foundation

March 31, 2011

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### Management's Responsibility for Financial Reporting

The accompanying financial statements of Douglas College Foundation are the responsibility of management. The financial statements have been prepared by Douglas College management in accordance with generally accepted accounting principles. Douglas College currently provides all personnel, facilities and administrative services necessary to the operation of the Foundation.

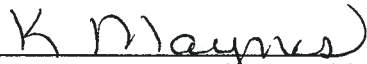
The Foundation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide assurance that the financial information is relevant, reliable, accurate and complete, in all material respects and that the Foundation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance Committee, whose members are appointed by and report to the Board.

The Finance Committee meets with management and the external auditors to discuss internal controls over the financial reporting processes, audit matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities. The Finance Committee reports its findings to the Board for consideration when approving the financial statements for issuance in the annual report.



Hazel Postma, Associate Vice-President, External Relations



Karen Maynes, Vice-President, Finance & Administration



## Independent auditor's report

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To the members of Douglas College Foundation

We have audited the accompanying financial statements of Douglas College Foundation, which comprise the balance sheet as at March 31, 2011, 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 generally accepted accounting principles, 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada  
June 14, 2011

*Grant Thornton LLP*

Chartered accountants

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# Douglas College Foundation

(Incorporated under the Society Act of British Columbia)

## Balance sheet

March 31	2011	2010
<b>Assets</b>		
Cash	\$ 659,413	\$ 597,756
Interest and other receivables	<u>90,429</u>	<u>65,975</u>
	<u>749,842</u>	<u>663,731</u>
Investments - endowment funds		
Restricted cash	2,088,685	2,670,685
Consolidated Trust Fund, Vancouver Foundation (Note 4)	9,404,132	6,734,467
Socially Responsible Investment Fund, Vancouver Foundation (Note 4)	<u>-</u>	<u>1,244,854</u>
	<u>11,492,817</u>	<u>10,650,006</u>
	<u>\$ 12,242,659</u>	<u>\$ 11,313,737</u>
<b>Liabilities</b>		
Due to Douglas College (Note 6)	\$ <u>170</u>	\$ <u>7,115</u>
<b>Net assets</b>		
Endowment funds		
Contributed principal		
Bursaries	4,397,426	4,233,432
Awards	1,849,136	1,768,350
Scholarships	1,724,049	1,714,703
Cultural, athletic and other	2,935,962	2,798,801
Matching funds (Note 3)	<u>1,945</u>	<u>-</u>
	<u>10,908,518</u>	<u>10,515,286</u>
Retained returns from investments (Note 5)	<u>584,299</u>	<u>134,720</u>
	<u>11,492,817</u>	<u>10,650,006</u>
Distributable income		
Bursaries	5,807	14,304
Awards	10,228	15,696
Scholarships	28,108	28,890
Cultural, athletic and other	<u>90,538</u>	<u>101,651</u>
	<u>134,681</u>	<u>160,541</u>
Non-endowment funds	<u>614,991</u>	<u>496,075</u>
	<u>12,242,489</u>	<u>11,306,622</u>
	<u>\$ 12,242,659</u>	<u>\$ 11,313,737</u>

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On behalf of the Board



Director



Director

See accompanying notes to the financial statements

# Douglas College Foundation

## Statement of operations and changes in net assets

Year ended March 31, 2011

	Endowment		Non-endowment	2011 Total	2010 Total
	Contributed principal	Distributable income			
Revenues					
Donations					
Individuals, corporations and foundations	\$ 280,605	\$ -	\$ 383,550	\$ 664,155	\$ 1,128,769
Douglas College	66,055	-	682,823	748,878	869,104
Investment income	32,279	317,937	171	350,387	198,698
Gain on investments (Note 5)	378,939	317,937	1,066,544	1,763,420	2,196,571
	449,579	-	-	449,579	861,229
	828,518	317,937	1,066,544	2,212,999	3,057,800
Distributions					
Bursaries	-	136,615	113,206	249,821	175,631
Awards	-	58,447	140,269	198,716	155,174
Scholarships	-	50,549	54,270	104,819	111,428
Cultural and athletic	-	36,860	42,517	79,377	61,087
Douglas College bursaries	-	-	539,839	539,839	532,735
Urban ecology	-	33,250	10,000	43,250	44,695
Other	-	2,221	33,234	35,455	44,479
Capital (Note 6)	-	25,855	-	25,855	-
	-	343,797	933,335	1,277,132	1,125,229
Excess (deficiency) of revenues over distributions	828,518	(25,860)	133,209	935,867	1,932,571
Fund balance, beginning of year	10,650,006	160,541	496,075	11,306,622	9,374,051
Transfer between funds	14,293	-	(14,293)	-	-
Fund balance, end of year	\$ 11,492,817	\$ 134,681	\$ 614,991	\$ 12,242,489	\$ 11,306,622

See accompanying notes to the financial statements

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# Douglas College Foundation

## Statement of cash flows

Year ended March 31

2011

2010

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Cash derived from (used in)

**Operating**

Excess of revenues over distributions	\$ 935,867	\$ 1,932,571
Unrealized gain on sale of investments (Note 5)	(494,366)	(840,644)
Change in non-cash operating working capital		
Interest and other receivables	(24,454)	(27,923)
Due to Douglas College	(6,945)	(15,695)

	410,102	1,048,309
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**Investing**

Increase in investments	(930,445)	(1,560,017)
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Net decrease in cash and cash equivalents	(520,343)	(511,708)
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Cash and cash equivalents, beginning of year	3,268,441	3,780,149
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Cash and cash equivalents, end of year	\$ 2,748,098	\$ 3,268,441
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Cash and cash equivalents is comprised of

Cash	\$ 659,413	\$ 597,756
Restricted cash	2,088,685	2,670,685
	\$ 2,748,098	\$ 3,268,441

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# Douglas College Foundation

## Notes to the financial statements

March 31, 2011

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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 generally accepted accounting principles. In conformity with Canadian generally accepted accounting principles, 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, 2011

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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 has classified its financial instruments as follows:

- Cash and investments as held-for-trading (measured at fair value through the statement of operations)
- Interest and other receivables as loans and receivables (measured at amortized cost using the effective interest method)
- Due to Douglas College as other financial liabilities (measured at amortized cost using the effective interest method)

Transaction costs related to held-for-trading instruments are expensed as incurred.

# Douglas College Foundation

## Notes to the financial statements

March 31, 2011

### 3. Contributions

#### Pledges

As at March 31, 2011, the Foundation has unrecorded pledges of \$345,000 (2010: \$55,833).

#### Matching funds

To attract contributions that will benefit students and the community, the Foundation participates in a matching fund program. At March 31, 2011, the total matching funds available for future matching is \$1,945 (2010: \$Nil).

#### Recapitalized funds

In the current year, a maximum of 9% (\$30,863) of income earned was allocated to contributed principal, other than to funds under development, for which 100% (\$1,416) of income is allocated to contributed principal. In 2010 no income was allocated to contributed principal, other than to funds under development, for which 100% (\$469) of income was allocated to contributed principal.

### 4. Vancouver Foundation

	March 31, 2011		March 31, 2010	
	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>
Consolidated Trust Fund				
Retractable (a)	\$ 8,113,037	\$ 8,608,110	\$ 6,734,467	\$ 7,608,110
Non-retractable (b)	<u>1,291,095</u>	<u>1,175,299</u>	<u>-</u>	<u>-</u>
	<b>9,404,132</b>	<b>9,783,409</b>	6,734,467	7,608,110
Socially Responsible Investment Fund (b)	<u>-</u>	<u>-</u>	<u>1,244,854</u>	<u>1,420,054</u>
	<b>\$ 9,404,132</b>	<b>\$ 9,783,409</b>	<b>\$ 7,979,321</b>	<b>\$ 9,028,164</b>

(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 CTF is encroachable by Douglas College Foundation.

(b) In 1984 Douglas College Foundation established a non-retractable endowment fund with Vancouver Foundation. This was transferred from a Socially Responsible Investment Fund to a Consolidated Trust Fund based on the market value at June 29, 2010. 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, 2011

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<b>5. Retained returns from investments</b>	<b>2011</b>	<b>2010</b>
Balance, beginning of year	\$ <u>134,720</u>	\$ <u>(726,509)</u>
Capital redemption of investments		
Socially Responsible Investment Fund	-	16,994
Realized (loss) gain on sale of investments		
Socially Responsible Investment Fund	<b>(44,787)</b>	3,591
Unrealized gain on investments		
Consolidated Trust Fund		
Retractable	<b>378,570</b>	717,524
Non-retractable	<b>115,796</b>	-
Socially Responsible Investment Fund	<u>-</u>	<u>123,120</u>
Gain on investments	<u>449,579</u>	<u>861,229</u>
Balance, end of year	\$ <u>584,299</u>	\$ <u>134,720</u>

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#### **6. Related party transactions**

The Foundation is related to Douglas College by virtue of Douglas College's significant influence over the Foundation. Also, key staff in the Foundation are employees of Douglas College.

The Foundation received \$748,878 (2010: \$869,104) 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 \$25,855 (2010: \$Nil); and
- cash contributions of \$10,000 (2010: \$12,775) for use by the Institute of Urban Ecology (Douglas College).

At March 31, 2011, the Foundation has no receivable from Douglas College (2010: \$2,953) but has a payable to Douglas College of \$170 (2010: \$7,115). These amounts are non-interest bearing with no set terms of repayment.

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# Douglas College Foundation

## Notes to the financial statements

March 31, 2011

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### 7. Capital management

The capital structure of the Foundation consists of net assets invested in endowment funds and non-endowment funds. The primary objective of the Foundation's capital management is to preserve the contributed principal of the endowment funds and earn investment income in accordance with the guidelines and directions established by the Board.

The purpose of the endowment funds is disclosed in Note 2.

Non-endowment funds are available for future distributions.

For the year ended March 31, 2011, the Foundation has complied with all externally imposed capital restrictions.

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### 8. Financial instruments

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

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 receivable is \$90,429 as of March 31, 2011, (2010: \$65,975). Management believes that the Foundation does not have a significant credit risk on their receivables as these are from Vancouver Foundation and HSBC.