



Grant Thornton

Financial Statements

Douglas College Foundation

March 31, 2010

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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



Grant Thornton

Auditors' report

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To the members of

Douglas College Foundation

We have audited the balance sheet of Douglas College Foundation as at March 31, 2010 and the statements of operations and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada

June 1, 2010

Grant Thornton LLP

Chartered accountants

Douglas College Foundation

(Incorporated under the Society Act of British Columbia)

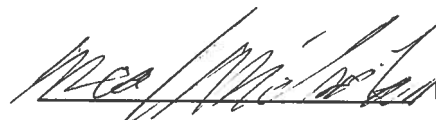
Balance sheet

March 31	2010	2009
Assets		
Cash	\$ 597,756	\$ 474,718
Interest and other receivables	65,975	38,052
	<u>663,731</u>	<u>512,770</u>
Investments - endowment funds		
Restricted cash	2,670,685	3,305,431
Consolidated Trust Fund, Vancouver Foundation (Note 7)	6,734,467	4,448,851
Socially Responsible Investment Fund, Vancouver Foundation (Note 7)	1,244,854	1,129,809
	<u>10,650,006</u>	<u>8,884,091</u>
	<u>\$ 11,313,737</u>	<u>\$ 9,396,861</u>
Liabilities		
Due to Douglas College (Note 5)	\$ 7,115	\$ 22,810
Net assets		
Endowment funds		
Contributed principal		
Bursaries	4,233,432	4,050,397
Awards	1,768,350	1,214,733
Scholarships	1,714,703	1,674,363
Cultural, athletic and other	2,798,801	2,662,487
Matching funds (Note 3)	-	8,620
	<u>10,515,286</u>	<u>9,610,600</u>
Retained returns from investments (Note 4)	134,720	(726,509)
	<u>10,650,006</u>	<u>8,884,091</u>
Distributable income		
Bursaries	14,304	9,854
Awards	15,696	11,750
Scholarships	28,890	29,687
Cultural, athletic and other	101,651	135,769
	<u>160,541</u>	<u>187,060</u>
Non-endowment funds	496,075	302,900
	<u>11,306,622</u>	<u>9,374,051</u>
	<u>\$ 11,313,737</u>	<u>\$ 9,396,861</u>

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, 2010

	Endowment			2010 Total	2009 Total
	Contributed principal	Distributable income	Non-endowment		
Revenues					
Donations					
Individuals and corporations	\$ 825,545	\$ -	\$ 195,911	\$ 1,021,456	\$ 396,255
Douglas College	75,368	-	793,736	869,104	647,885
Foundations	3,304	-	104,009	107,313	85,391
Investment income	469	198,206	23	198,698	360,699
	904,686	198,206	1,093,679	2,196,571	1,490,230
Gain (loss) on investments (Note 4)	861,229	-	-	861,229	(1,291,157)
	1,765,915	198,206	1,093,679	3,057,800	199,073
Distributions					
Bursaries	-	78,007	97,624	175,631	294,618
Awards	-	23,920	131,254	155,174	203,288
Scholarships	-	34,384	77,044	111,428	145,368
Cultural and athletic	-	46,248	14,839	61,087	72,054
Douglas College bursaries	-	-	532,735	532,735	427,390
Urban ecology	-	31,920	12,775	44,695	43,290
Other	-	10,246	34,233	44,479	124,986
Capital acquisitions	-	-	-	-	37,188
	-	224,725	900,504	1,125,229	1,348,182
Excess (deficiency) of revenues over distributions	1,765,915	(26,519)	193,175	1,932,571	(1,149,109)
Fund balance, beginning of year					
As previously reported	8,871,518	187,060	315,473	9,374,051	10,523,160
Reclassification between funds	12,573	-	(12,573)	-	-
As restated	8,884,091	187,060	302,900	9,374,051	10,523,160
Fund balance, end of year	\$ 10,650,006	\$ 160,541	\$ 496,075	\$ 11,306,622	\$ 9,374,051

See accompanying notes to the financial statements

Douglas College Foundation

Statement of cash flows

Year ended March 31

2010

2009

Cash derived from (used in)

Operating

Excess (deficiency) of revenues over distributions	\$ 1,932,571	\$ (1,149,109)
Unrealized (gain) loss on sale of investments (Note 4)	(840,644)	1,329,453
Change in non-cash operating working capital		
Interest and other receivables	(27,923)	70,329
Due to Douglas College	(15,695)	12,910

1,048,309 263,583

Investing

Increase in investments	(1,560,017)	(38,295)
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Net (decrease) increase in cash and cash equivalents (511,708) 225,288

Cash and cash equivalents, beginning of year 3,780,149 3,554,861

Cash and cash equivalents, end of year \$ 3,268,441 \$ 3,780,149

Cash and cash equivalents is comprised of:

Cash	\$ 597,756	\$ 474,718
Restricted cash	2,670,685	3,305,431

\$ 3,268,441 \$ 3,780,149

Douglas College Foundation

Notes to the financial statements

March 31, 2010

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.

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.

Douglas College Foundation

Notes to the financial statements

March 31, 2010

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.

In the current year, no income earned has been allocated to contributed principal other than to funds under development, for which 100% of income is allocated to contributed principal. In the past, a maximum of 10% of income earned was allocated to contributed principal.

The balance is treated as 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, balances with banks and short-term cash deposits with maturities of three months or less.

Investments

Investments are recorded at fair values determined on the last business day of the fiscal year.

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

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

The estimated fair value of cash, interest and other receivables, and due to Douglas College approximates carrying value due to the relatively short-term nature of the instruments.

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

Douglas College Foundation

Notes to the financial statements

March 31, 2010

2. Summary of significant accounting policies (continued)

Change in accounting policies

Effective April 1, 2009 the Foundation adopted the amendments to The Canadian Institute of Chartered Accountants Handbook Section 4400 *Financial Statement Presentation by Not-for-Profit Organizations*, Section 4460 *Disclosure of Related Party Transactions for Not-for-Profit Organizations*, and Section 4470 *Disclosure of Allocated Expenses by Not-for-Profit Organizations* which require the following:

- reporting certain revenues gross in the statement of revenues and expenditures;
- making Section 1540 *Cash Flow Statements* applicable to not-for-profit organizations;
- the elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- the definition of related parties to be when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other; and
- disclosure standards for a not-for-profit organization that classified its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The adoption of these new standards did not have a material impact on the Foundation's financial statements.

Comparative figures

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

3. Contributions

Pledges

As at March 31, 2010 the Foundation has unrecorded pledges of \$55,833 (2009: \$92,500).

Matching funds

To attract contributions that will benefit students and the community, the Foundation participates in a matching fund program. At March 31, 2010 the total matching funds available for future matching is \$Nil (2009: \$8,620).

The Real Estate Foundation has contributed \$400,000 as a matching plan since October 1994 to establish the Institute of Urban Ecology Endowment. Douglas College Foundation is committed to raising an equivalent amount. As of March 31, 2010 the Foundation has received \$402,000 (2009: \$377,000) from other donors, including Douglas College Matching Funds.

Recapitalized funds

In the current year, no income earned has been allocated to contributed principal other than to funds under development, for which 100% (\$469) (2009: \$1,706) of income is allocated to contributed principal.

Douglas College Foundation

Notes to the financial statements

March 31, 2010

4. Retained returns from investments	2010	2009
Balance, beginning of year	\$ <u>(726,509)</u>	\$ <u>564,648</u>
Capital redemption of investments		
Socially Responsible Investment Fund	16,994	.9,821
Consolidated Trust Fund	-	40,018
Realized gain (loss) on sale of investments		
Socially Responsible Investment Fund	3,591	(2,036)
Consolidated Trust Fund	-	(9,507)
Unrealized gain (loss) on investments		
Socially Responsible Investment Fund	123,120	(242,018)
Consolidated Trust Fund	<u>717,524</u>	<u>(1,087,435)</u>
Gain (loss) on investments	<u>861,229</u>	<u>(1,291,157)</u>
Balance, end of year	\$ <u>134,720</u>	\$ <u>(726,509)</u>

5. Related party transactions

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

The Foundation received \$869,104 (2009: \$647,885) 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:

- equipment and cash to be used as capital purchases, totalling \$Nil (2009: \$37,188); and
- cash contributions of \$12,775 (2009: \$12,700) for use by the Institute of Urban Ecology (Douglas College).

At March 31, 2010 the Foundation has a receivable from Douglas College of \$2,953 (2009: \$38,052) and a payable to Douglas College of \$7,115 (2009: \$22,810). These amounts are non-interest bearing with no set terms of repayment.

6. 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.

Douglas College Foundation

Notes to the financial statements

March 31, 2010

6. Capital management (continued)

For the year ended March 31, 2010 the Foundation has complied with all externally imposed capital restrictions.

7. Vancouver Foundation

Consolidated Trust Fund ("CTF")

On June 29, 2007 Douglas College Foundation established a \$6 million retractable endowment fund with Vancouver Foundation. In accordance with the provisions of the Vancouver Foundation Act, the CTF is encroachable by Douglas College Foundation. As of March 31, 2010, the total contributed principal of the CTF was \$7,608,110 (2009: \$6,000,000).

Socially Responsible Investment Fund ("SRI")

In 1984 Douglas College Foundation established a \$1.1 million non-retractable endowment fund with Vancouver Foundation. This was transferred from a Consolidated Trust Fund to a Socially Responsible Investment Fund based on the market value at June 29, 2007. In accordance with the provisions of the Vancouver Foundation Act, the SRI is held permanently by Vancouver Foundation. As of March 31, 2010, the total contributed principal of the SRI was \$1,420,054 (2009: \$1,448,714).

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 \$65,975 as of March 31, 2010 (2009: \$38,052). Management believes that the Foundation does not have a significant credit risk on their receivables as these are mainly from Vancouver Foundation and Douglas College.