



FINANCIAL STATEMENTS

OF THE GEORGE BROWN COLLEGE FOUNDATION

For the Year Ended March 31st, 2023

Financial statements of
The George Brown College
Foundation

March 31, 2023

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Independent Auditor's Report

To the Board of Directors of
The George Brown College Foundation

Opinion

We have audited the financial statements of The George Brown College Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, 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 ("ASNPOs").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 22, 2023

The George Brown College Foundation
Statement of financial position

As at March 31, 2023

Notes	Endowment Fund \$	Restricted Donations/ Scholarships Fund \$	Program Fund \$	2023 Total \$	2022 Total \$
Assets					
Current assets					
Cash	100,568	463,314	673,785	1,237,667	7,913,289
Accounts receivable	—	—	76,118	76,118	67,869
Due from related party	—	—	65,117	65,117	—
Investment income (loss)	—	—	44,354	44,354	11,235
Short-term investments	—	12,172,319	406,997	12,579,316	4,031,877
Long-term investments	18,863,075	—	—	18,863,075	18,527,863
Capital assets	—	—	—	—	3,358
Artwork	—	—	16,100	16,100	16,100
	18,963,643	12,635,633	1,282,471	32,881,747	30,571,591
Liabilities					
Accounts payable and accrued liabilities	—	33,562	47,869	81,431	125,510
Due to related party	—	—	1,625	1,625	7,549
Deferred Revenue	—	—	164,642	164,642	—
	—	33,562	214,136	247,698	133,059
Net assets					
Externally restricted	18,775,748	12,602,071	—	31,377,819	29,531,162
Internally restricted	187,895	—	—	187,895	192,302
Unrestricted	—	—	1,068,335	1,068,335	715,068
	18,963,643	12,602,071	1,068,335	32,634,049	30,438,532
	18,963,643	12,635,633	1,282,471	32,881,747	30,571,591

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors

Gervan Fearon, PhD. , Director

Gary Teelucksingh , Director

The George Brown College Foundation
Statement of operations and changes in net assets
Year ended March 31, 2023

	Notes	Endowment Fund \$	Restricted Donations/ Scholarship Fund \$	Program Fund \$	2023 Total \$	2022 Total \$
		(Note 5)	(Note 5)	(Note 5)		
Revenue						
Contributions	6	923,974	5,651,979	2,118,185	8,694,138	6,690,063
Government assistance		—	—	—	—	35,161
Investment income (loss)	4	(419,331)	854,758	16,580	452,007	810,279
		504,643	6,506,737	2,134,765	9,146,145	7,535,503
Expenses						
Donations and scholarships	6	—	4,923,703	—	4,923,703	4,780,410
Amortization of capital assets		—	—	2,199	2,199	5,077
Administration and fundraising		—	245,427	1,779,299	2,024,726	1,586,426
		—	5,169,130	1,781,498	6,950,628	6,371,913
Excess of revenue over expenses		504,643	1,337,607	353,267	2,195,517	1,163,590
Fund transfers	8	58,375	(58,375)	—	—	—
Net assets, beginning of year		18,400,625	11,322,839	715,068	30,438,532	29,274,942
Net assets, end of year		18,963,643	12,602,071	1,068,335	32,634,049	30,438,532

The accompanying notes are an integral part of the financial statements.

The George Brown College Foundation
Statement of cash flows
Year ended March 31, 2023

Notes	Endowment Fund	Restricted Donations/ Scholarship Fund	Program Fund	2023 Total	2022 Total
	\$	\$	\$	\$	\$
					(Note 13)
Operating activities					
Excess of revenue over expenses	504,643	1,337,607	353,267	2,195,517	1,163,590
Non operating items -					
Endowment contributions	(923,974)	—	—	(923,974)	(255,342)
Items not involving cash					
Realized gains (loss) and change in unrealized gains (loss)	419,331	—	985	420,316	(392,149)
Amortization of capital assets	—	—	2,199	2,199	5,077
Accrued investment income	—	(271,224)	(9,077)	(280,301)	(31,636)
Loss on disposal of capital assets	—	—	1,159	1,159	2,068
Change in non-cash operating working capital	—	686	7,468	8,154	(7,323)
	—	1,067,069	356,001	1,423,070	484,285
Financing activities					
Endowment contributions	923,974	—	—	923,974	255,342
Funds in trust	—	—	—	—	(269,867)
Interfund transfers	58,375	(58,375)	—	—	—
	982,349	(58,375)	—	923,974	(14,525)
Investing activities					
Short-term investments proceeds	—	4,031,877	—	4,031,877	3,570,000
Short-term investments purchase	—	(11,901,095)	(398,905)	(12,300,000)	(4,000,000)
Long-term investments (net)	(881,781)	127,238	—	(754,543)	(1,801,729)
	(881,781)	(7,741,980)	(398,905)	(9,022,666)	(2,231,729)
(Decrease) increase in cash	100,568	(6,733,286)	(42,904)	(6,675,622)	(1,761,969.00)
Cash, beginning of year	—	7,196,600	716,689	7,913,289	9,675,258
Cash, end of year	100,568	463,314	673,785	1,237,667	7,913,289

The accompanying notes are an integral part of the financial statements.

The George Brown College Foundation

Notes to the financial statements

March 31, 2023

Purpose and organization

The George Brown College Foundation (the "Foundation") is a not-for-profit organization incorporated without share capital under the Corporations Act (Ontario). The Foundation administers scholarships, bursaries, and student awards under the restrictions set out by the donors of the funds and raises funds for initiatives of The George Brown College of Applied Arts and Technology (the "College"), and other charitable organizations. The Foundation is a registered charity under the Income Tax Act (Canada) (the "Act"), and is exempt from income taxes. The Foundation must meet certain requirements under the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies

Management has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses and changes in net assets for the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from those estimates. Items included in these financial statements that require estimates include investments with respect to valuation; capital assets with respect to useful life; and certain accrued liabilities.

(b) Fund accounting

The financial statements include the following funds:

- (i) The Endowment Fund reports non-expendable externally restricted donor and related Board-internally restricted contributions.
- (ii) The Restricted Donations/Scholarship Fund reports only donor-restricted resources that are used to provide bursaries, scholarships, student awards and other project initiatives as directed by their related agreements.
- (iii) The Program Fund accounts for the Foundation's operations and administrative activities.

(c) Revenue recognition

The Foundation follows the *restricted fund method* of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate Restricted Fund in the year received. Contributions for endowments are recorded as revenue in the Endowment Fund.

Unrestricted contributions are recognized as revenue of the Program Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government assistance of \$35,161 was received during the year ended March 31, 2022 the form of the Canada Emergency Wage Subsidy (CEWS) due to COVID-19. The assistance was available to organizations that experienced a decrease in revenue over a period of time compared to the prior period. All government assistance was recognized as revenue of the Program Fund. As of March 31, 2022, all terms and conditions for this government assistance program has been met.

For the year ended March 31, 2023; government assistance was not applicable.

The George Brown College Foundation

Notes to the financial statements

March 31, 2023

1. Significant accounting policies (continued)

(d) Investment income

Investment income is accrued as it is earned. Investment income earned on externally restricted funds is a resource that must be spent on bursaries, scholarships, student awards and other project initiatives as defined by the donor and is recognized as revenue of the appropriate fund. Other investment income is recognized as revenue of the Program Fund when earned. Interest and dividend income earned on the endowment fund, net of investment management fees, is recognized in the Restricted Donations/Scholarship Fund. Realized and unrealized gains/losses on endowment investments are recognized in the Endowment Fund.

(e) Contributed goods and services

Contributed capital assets and services (other than volunteer fundraising activities) are recorded as revenue at fair market value as at the date of receipt, when fair market value is reasonably determinable.

Contributed securities

Gifts of publicly traded securities are recognized at their fair value based on the average published price on the date of receipt, when such information is available, or other estimated fair value as applicable.

(f) Volunteer fundraising activities

The work of the Foundation is dependent on the volunteer fundraising activities of many members. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

(g) Financial instruments

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

Asset/liability	Measurement
Cash	Fair value
Short-term investments	Fair value
Long-term investments	Fair value
Accounts receivable	Amortized cost
Due from related party	Amortized cost
Due to related party	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the statement of operations and changes in net assets for the period.

The Foundation has elected to use the fair value option to measure all of its investments.

1. Significant accounting policies (continued)

(h) Capital assets

Capital assets consist of computer equipment and furniture and equipment and are recorded at cost. Amortization is recorded on the straight-line basis over 3 years for computer equipment and over 5 years for furniture and equipment.

(i) Artwork

Artwork consists of donated art which is recognized at fair market value as at the date of receipt.

2. Investments

Short-term investments

Short-term investments consist of guaranteed investment certificates with interest rates of 3.6% to 5.1% per annum and maturities between June 6, 2023 to February 24, 2024. These investments are held as at March 31 in respect of the following:

	2023	2022
	\$	\$
Short-term investments held for the Foundation restricted funds	12,172,319	4,031,877
Short-term investments held for the Foundation program funds	406,997	—
Short-term investments held for the Foundation total funds	12,579,316	4,031,877
Aggregate cost	12,300,000	4,000,000

The George Brown College Foundation

Notes to the financial statements

March 31, 2023

2. Investments (continued)

Long-term investments

The Foundation's long-term investments are invested in pooled-mutual funds, managed by four investment managers.

The Foundation's long-term investments are invested as follows:

	2023	2022
	\$	\$
Pooled funds		
Canadian cash equivalents	219,102	39,070
Canadian bond funds	5,791,418	5,550,809
Canadian equity funds	4,133,083	4,105,948
US and global equity funds	8,719,472	8,832,036
Aggregate fair value	18,863,075	18,527,863
Aggregate cost	15,398,201	14,146,496

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	105,536	105,536	—	3,358
Furniture and equipment	2,621	2,621	—	—
	108,157	108,157	—	3,358

4. Investment income

	2023	2022
	\$	\$
Interest and dividends	1,020,953	606,668
Realized gains	497,162	127,358
(Decrease) increase in unrealized gains	(917,478)	264,791
Investment management fees	(148,630)	(188,538)
	452,007	810,279

5. Capital management

The Foundation considers its net assets, which consist of externally and internally restricted funds and the unrestricted program fund, as its capital.

Externally and internally restricted funds

Endowment fund

The Endowment Fund has been established to provide ongoing investment income to be used for bursaries, scholarships, student awards and other College initiatives as directed by the related endowment agreements. The Endowment Fund is comprised of externally and internally restricted funds. The Endowment Fund capital is managed in accordance with the Foundation's investment policies. The objectives of the investment policies are to invest the Endowment Fund capital with a long-term growth-oriented asset mix in order to maximize the rate of return within acceptable risk tolerances to enable growth in endowments, to ensure the preservation of the capital of the endowed funds of the Foundation over a long term focus, recovery of costs incurred to manage and administer the funds, generate sufficient annual net investment income and cash flow to support the Foundation's endowment objectives, as determined by the Foundation's Board from time to time.

Interest and dividends from this fund, net of investment management fees, are recorded as investment income in the Restricted Donations/Scholarship Fund when earned. Funds are disbursed from the Restricted Donations/Scholarship Fund, when required by the College for use in accordance with each respective endowment agreement or purpose.

Restricted donations/Scholarship fund

The Restricted Donations/Scholarship Fund has been established to provide capital for College initiatives, as well as bursaries, scholarships, and student awards as directed by the related agreements. The Restricted Donations/Scholarship Fund is managed in accordance with the Foundation's investment policy for restricted non-endowed funds. The objectives of this investment policy are as follows: to protect the principal to ensure that the required disbursements may be met; to maximize liquidity so that the funds will be available when required and to achieve the highest possible net yield after first giving consideration to the requirements of principal protection and liquidity needs.

Funds are disbursed from the Restricted Donations/Scholarship Fund, when required by the College for use in accordance with the related agreements or purpose. Management has determined that the restrictions and policies have been satisfactorily complied with for the year ended March 31, 2023 on a consistent basis with the preceding year.

Unrestricted funds

Program fund

The Program Fund accounts for the Foundation's operations and administrative activities. In managing this capital, the Foundation focuses on resources available for operations. The Foundation's objective is to have sufficient resources to continue operations in accordance with its mission and to provide it with the flexibility to take advantage of opportunities. The need for sufficient resources is considered in the preparation of an annual budget, the monitoring of cash flows, the comparison of actual operating results to budget and ensuring adherence with the approved investment policy.

The George Brown College Foundation

Notes to the financial statements

March 31, 2023

6. Related party transactions and balances

The College traditionally provides a contribution to the Foundation for services rendered by the Foundation to raise and administer funds in support of the College. A memorandum of understanding dated March 9, 2011 outlines the services provided between the College and the Foundation. During the year, the Foundation received contributions from the College of \$2,118,185 (\$1,300,000 in 2022).

During the year, the Foundation provided \$4,923,703 (\$4,780,410 in 2022) directly to the College, comprising of \$475,893 for various projects, \$3,100,000 for capital initiatives and \$1,347,810 for student scholarships and awards (\$2,668,150, \$840,000 and \$1,272,260 respectively in 2022).

The amount due from the College amounted to \$65,117 (nil in 2022)

The amount due to the College amounted to \$1,625 (\$7,549 in 2022). This amount is payable on demand and non-interest bearing.

In addition, the Foundation utilizes office space owned by the College. The space is provided to the foundation on a rent free basis.

7. Deferred Revenue

Deferred Revenue received during the year of \$164,642 (nil in 2022) represents amounts related to an event subsequent to the year end.

8. Fund transfers

Fund transfers consist of the following:

	Endowment Fund	Restricted Donations/ Scholarship Fund	Total
	\$	\$	\$
Interfund transfers	58,375	(58,375)	—

During the year, interfund transfers of scholarship funds of \$58,375 (\$9,297 in 2022) were transferred from externally restricted Donations/Scholarship Fund to the Endowment Fund, in accordance with the related agreements.

9. Financial instruments and risk management

The Foundation's investment are exposed to a variety of financial risks. The Foundation seeks to minimize the potential adverse effects of these risks by regularly monitoring the investment's position, market events and the diversity of the investment portfolio within the constraints of the Foundation's Investment Policies.

Significant risks that are relevant to the Foundation's investments and other financial instruments are as follows:

Financial risk management

The Foundation is subject to market, currency and interest rate risks with respect to its long-term investments and interest rate risk with respect to its short-term investments.

9. Financial instruments and risk management (continued)

Financial risk management (continued)

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to the risk of loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include US and global equity pooled funds whose underlying investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The US and global equity pooled funds hold investments that are denominated in currencies other than Canadian dollars and are therefore exposed to currency risk as the value of these investments denominated in other currencies will fluctuate due to changes in exchange rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The short-term interest-bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is subject to credit risk with respect to its accounts receivable. The balance of accounts receivable on the statement of financial position represents the Foundation's maximum exposure at March 31.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

To manage its market, currency and interest rate risks, the Foundation has established investment policies which include target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances. To manage its credit risk, the Foundation evaluates the credit worthiness of its counterparties.

Financial liabilities

At March 31, 2023, it is management's opinion that the Foundation is not in default of any terms of its financial liabilities.

10. Government remittances

As at March 31, 2023, \$19,929 (\$19,902 in 2022) was payable to the Government of Canada with respect to payroll taxes.

11. Guarantees

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee.

Indemnity has been provided to all directors and/or officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to association with the Foundation, subject to certain restrictions. The Foundation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions against the directors and/or officers of the Foundation. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Foundation. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of this indemnification agreement prevents the Foundation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Foundation has not made any payments under such or similar indemnification agreements, and therefore no amount has been recorded in the financial statements with respect to these agreements.