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Financial statements of  
The George Brown College  
Foundation

March 31, 2022

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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, 2022, 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, 2022, 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 23, 2022

# The George Brown College Foundation

## Statement of financial position

As at March 31, 2022

|  | Notes | Endowment Fund<br>\$ | Restricted Donations/<br>Scholarships Fund<br>\$ | Program Fund<br>\$ | 2022 Total<br>\$  | 2021 Total<br>\$ |
|--|-------|----------------------|--|--------------------|-------------------|------------------|
| <b>Assets</b>                            |       |                      |  |                    |                   |                  |
| Current assets                           |       |                      |  |                    |                   |                  |
| Cash                                     |       | —                    | 7,196,600  | 716,689            | 7,913,289         | 9,675,258        |
| Accounts receivable                      |       | —                    | —  | 67,869             | 67,869            | 54,527           |
| Due from related party                   | 6     | —                    | —  | —                  | —                 | —                |
| Prepaid expenses                         |       | —                    | —  | 11,235             | 11,235            | 20,237           |
| Short-term investments                   | 2     | —                    | 4,031,877  | —                  | 4,031,877         | 3,570,241        |
| Long-term investments                    | 2     | 18,400,625           | 127,238  | —                  | 18,527,863        | 16,333,985       |
| Capital assets                           | 3     | —                    | —  | 3,358              | 3,358             | 10,503           |
| Artwork                                  |       | —                    | —  | 16,100             | 16,100            | 16,100           |
|  |       | <b>18,400,625</b>    | <b>11,355,715</b>                                | <b>815,251</b>     | <b>30,571,591</b> | 29,680,851       |
| <b>Liabilities</b>                       |       |                      |  |                    |                   |                  |
| Accounts payable and accrued liabilities | 10    | —                    | 32,876   | 92,634             | 125,510           | 136,042          |
| Due to related party                     | 6     | —                    | —  | 7,549              | 7,549             | —                |
| Funds in trust                           | 7     | —                    | —  | —                  | —                 | 269,867          |
|  |       | —                    | <b>32,876</b>                                    | <b>100,183</b>     | <b>133,059</b>    | 405,909          |
| <b>Net assets</b>                        |       |                      |  |                    |                   |                  |
| Externally restricted                    | 5     | 18,208,323           | 11,322,839                                       | —                  | 29,531,162        | 28,254,134       |
| Internally restricted                    | 5     | 192,302              | —  | —                  | 192,302           | 188,122          |
| Unrestricted                             |       | —                    | —  | 715,068            | 715,068           | 832,686          |
|  |       | <b>18,400,625</b>    | <b>11,322,839</b>                                | <b>715,068</b>     | <b>30,438,532</b> | 29,274,942       |
|  |       | <b>18,400,625</b>    | <b>11,355,715</b>                                | <b>815,251</b>     | <b>30,571,591</b> | 29,680,851       |

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

Approved on behalf of the Board of Directors

Gary Teelucksingh  , Director

Gervan Fearon, PhD.  , Director

**The George Brown College Foundation**  
**Statement of operations and changes in net assets**  
Year ended March 31, 2022

|   | Notes | Endowment<br>Fund<br>\$<br>(Note 5) | Restricted<br>Donations/<br>Scholarship<br>Fund<br>\$<br>(Note 5) | Program<br>Fund<br>\$<br>(Note 5) | 2022<br>Total<br>\$ | 2021<br>Total<br>\$ |
|---|-------|-------------------------------------|---|-----------------------------------|---------------------|---------------------|
| <b>Revenue</b>                                  |       |                                     |   |                                   |                     |                     |
| Contributions                                   | 6     | 255,342                             | 5,134,721   | 1,300,000                         | 6,690,063           | 4,257,972           |
| Government assistance                           |       | —                                   | —   | 35,161                            | 35,161              | 219,617             |
| Investment income                               | 4     | 392,149                             | 408,854   | 9,276                             | 810,279             | 3,360,453           |
|   |       | <b>647,491</b>                      | <b>5,543,575</b>  | <b>1,344,437</b>                  | <b>7,535,503</b>    | <b>7,838,042</b>    |
| <b>Expenses</b>                                 |       |                                     |   |                                   |                     |                     |
| Donations and scholarships                      | 6     | —                                   | 4,780,410   | —                                 | 4,780,410           | 1,135,627           |
| Amortization of capital assets                  |       | —                                   | —   | 5,077                             | 5,077               | 6,598               |
| Administration and fundraising                  |       | —                                   | 129,448   | 1,456,978                         | 1,586,426           | 1,365,372           |
|   |       | —                                   | <b>4,909,858</b>  | <b>1,462,055</b>                  | <b>6,371,913</b>    | <b>2,507,597</b>    |
| Excess (deficiency) of revenue<br>over expenses |       | <b>647,491</b>                      | <b>633,717</b>  | <b>(117,618)</b>                  | <b>1,163,590</b>    | 5,330,445           |
| Fund transfers                                  | 8     | 9,297                               | (9,297)   | —                                 | —                   | —                   |
| Net assets, beginning of year                   |       | <b>17,743,837</b>                   | <b>10,698,419</b>   | <b>832,686</b>                    | <b>29,274,942</b>   | 23,944,497          |
| <b>Net assets, end of year</b>                  |       | <b>18,400,625</b>                   | <b>11,322,839</b>   | <b>715,068</b>                    | <b>30,438,532</b>   | 29,274,942          |

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

## The George Brown College Foundation

### Statement of cash flows

Year ended March 31, 2022

|   | Endowment<br>Fund | Restricted<br>Donations/<br>Scholarship<br>Fund | Program<br>Fund | 2022<br>Total | 2021<br>Total |
|---|-------------------|---|-----------------|---------------|---------------|
|   | \$                | \$  | \$              | \$            | \$            |
| <b>Operating activities</b>                   |                   |   |                 |               |               |
| Excess (deficiency) of revenue over expenses  | 647,491           | 633,717   | (117,618)       | 1,163,590     | 5,330,445     |
| Non operating items -                         |                   |   |                 |               |               |
| Endowment contributions                       | (255,342)         | —   | —               | (255,342)     | (197,474)     |
| Items not involving cash                      |                   |   |                 |               |               |
| Realized gains and change in unrealized gains | (392,149)         | —   | —               | (392,149)     | (2,866,936)   |
| Amortization of capital assets                | —                 | —   | 5,077           | 5,077         | 6,598         |
| Accrued investment income                     | —                 | (31,636)  | —               | (31,636)      | (78,022)      |
| Loss on disposal of capital assets            | —                 | —   | 2,068           | 2,068         | —             |
| Change in non-cash operating working capital  | —                 | 5,951   | (13,274)        | (7,323)       | 215,353       |
|   | —                 | 608,032   | (123,747)       | 484,285       | 2,409,964     |
| <b>Financing activities</b>                   |                   |   |                 |               |               |
| Endowment contributions                       | 255,342           | —   | —               | 255,342       | 197,474       |
| Funds in trust                                | —                 | (269,867)                                       | —               | (269,867)     | (13,129,873)  |
| Interfund transfers                           | 9,297             | (9,297)   | —               | —             | —             |
|   | 264,639           | (279,164)                                       | —               | (14,525)      | (12,932,399)  |
| <b>Investing activities</b>                   |                   |   |                 |               |               |
| Purchase of capital assets                    | —                 | —   | —               | —             | (6,814)       |
| Short-term investments proceeds               | —                 | 3,570,000                                       | —               | 3,570,000     | 4,097,600     |
| Short-term investments purchases              | —                 | (4,000,000)                                     | —               | (4,000,000)   | (3,500,000)   |
| Long-term investments (net)                   | (1,674,491)       | (127,238)                                       | —               | (1,801,729)   | 1,130,465     |
|   | (1,674,491)       | (557,238)                                       | —               | (2,231,729)   | 1,721,251     |
| Decrease in cash                              | (1,409,852)       | (228,370)                                       | (123,747)       | (1,761,969)   | (8,801,184)   |
| Cash, beginning of year                       | 1,409,852         | 7,424,970                                       | 840,436         | 9,675,258     | 18,476,442    |
| <b>Cash, end of year</b>                      | —                 | 7,196,600                                       | 716,689         | 7,913,289     | 9,675,258     |

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

# The George Brown College Foundation

## Notes to the financial statements

March 31, 2022

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### 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 was received in 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 and March 31, 2021, all terms and conditions for this government assistance program has been met.



# The George Brown College Foundation

## Notes to the financial statements

March 31, 2022

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### 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/to related party                | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Funds in trust                           | 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.

# The George Brown College Foundation

## Notes to the financial statements

March 31, 2022

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### 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 0.79% per annum and matures on June 1, 2022. These investments are held as at March 31 in respect of the following:

|  | <b>2022</b>      | 2021      |
|--|------------------|-----------|
|  | \$               | \$        |
| Short-term investments held for the Foundation<br>restricted funds | <b>4,031,877</b> | 3,570,241 |
| Aggregate cost   | <b>4,000,000</b> | 3,500,000 |

#### 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:

|                            | <b>2022</b>       | 2021       |
|----------------------------|-------------------|------------|
|                            | \$                | \$         |
| Pooled funds               |                   |            |
| Canadian cash equivalents  | <b>39,070</b>     | 388,326    |
| Canadian bond funds        | <b>5,550,809</b>  | 4,344,067  |
| Canadian equity funds      | <b>4,105,948</b>  | 3,057,413  |
| US and global equity funds | <b>8,832,036</b>  | 8,544,179  |
| Aggregate fair value       | <b>18,527,863</b> | 16,333,985 |
| Aggregate cost             | <b>14,146,496</b> | 12,217,409 |

**3. Capital assets**

|                         | <b>Cost</b>    | <b>Accumulated<br/>amortization</b> | <b>2022<br/>Net book<br/>value</b> | 2021<br>Net book<br>value |
|-------------------------|----------------|-------------------------------------|------------------------------------|---------------------------|
|                         | \$             | \$                                  | \$                                 | \$                        |
| Computer equipment      | <b>109,905</b> | <b>106,547</b>                      | <b>3,358</b>                       | 10,176                    |
| Furniture and equipment | <b>2,621</b>   | <b>2,621</b>                        | <b>—</b>                           | 327                       |
|                         | <b>112,526</b> | <b>109,168</b>                      | <b>3,358</b>                       | 10,503                    |

**4. Investment income**

|                            | <b>2022</b>      | 2021      |
|----------------------------|------------------|-----------|
|                            | \$               | \$        |
| Interest and dividends     | <b>606,668</b>   | 664,340   |
| Realized gains             | <b>127,358</b>   | 856,924   |
| Change in unrealized gains | <b>264,791</b>   | 2,010,012 |
| Investment management fees | <b>(188,538)</b> | (170,823) |
|                            | <b>810,279</b>   | 3,360,453 |

**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.

## **5. Capital management (continued)**

*Externally and internally restricted funds (continued)*

### *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, 2022 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.

## **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 \$1,300,000 (\$1,211,250 in 2021) comprising of \$650,000 for operating expenses and \$650,000 for fundraising campaigns (\$605,625 and \$605,625, respectively in 2021).

During the year, the Foundation provided \$4,780,410 (\$1,135,627 in 2021) directly to the College, comprising of \$2,668,150 for various projects, \$840,000 for capital initiatives and \$1,272,260 for student scholarships and awards (\$408,468, \$nil and \$727,159 respectively in 2021).

The amount due to the College as at March 31, 2022 amounted to \$7,549 (nil as at March 31, 2021). 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.

## The George Brown College Foundation

### Notes to the financial statements

March 31, 2022

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#### 7. Funds in trust

Certain eligible endowment contributions received by the Foundation were matched by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") and the Ontario Trust for Student Support ("OTSS") matching endowment grant programs. These matched endowment funds were transferred to the Foundation in trust pursuant to a trust agreement with the College dated June 15, 2011 ("Trust agreement") and recognized as funds in trust liability of the Endowment Fund. The Foundation invested the matched endowment funds and administered the corresponding expendable funds in accordance with the Trust agreement.

During the year ended March 31, 2021 the Foundation transferred the matched endowment funds that were previously held in Trust for the College of \$13,023,316 to the College. Accordingly, matched endowment funds held in trust for the College by the Foundation are \$nil.

During the year the Foundation transferred the remaining expendable funds that were previously held in Trust for the College of \$269,867 (nil in 2021) to the College. Accordingly, the corresponding expendable funds held in trust for the College by the Foundation as at March 31, 2022 are now \$nil (\$269,867 in 2021).

During the year, the Foundation provided nil from funds in trust directly to the College for student scholarships and awards (\$180,467 in 2021).

#### 8. Fund transfers

Fund transfers consist of the following:

|                     | <b>Endowment<br/>Fund</b> | <b>Restricted Donations/<br/>Scholarship Fund</b> | <b>Total</b> |
|---------------------|---------------------------|---|--------------|
|                     | <b>\$</b>                 | <b>\$</b>   | <b>\$</b>    |
| Interfund transfers | <b>9,297</b>              | <b>(9,297)</b>                                    | <b>—</b>     |

During the year, interfund transfers of scholarship funds of \$9,297 (\$11,800 in 2021) 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.

##### *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.

## **9. Financial instruments and risk management (continued)**

### *Financial risk management (continued)*

#### *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, 2022, 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, 2022, \$19,902 (\$15,560 in 2021) was payable to the Government of Canada with respect to payroll taxes.

# The George Brown College Foundation

## Notes to the financial statements

March 31, 2022

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### 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.

### 12. Pandemic response

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus.

For the year ended March 31, 2022, despite the pandemic, the Foundation's annual giving and special event revenues increased over the prior year. Accordingly, the duration and impact of the COVID-19 pandemic are unknown at this time and it is not possible to reliably estimate the impact that the severity and length of the pandemic will have on the financial results and condition of the Foundation in future periods.

### 13. Comparative figures

Certain comparative figures on the statement of cash flows have been reclassified to conform to the current years presentation.