

Kwantlen University College Foundation
Financial Statements
For the year ended March 31, 2006

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Financial Statements
For the year ended March 31, 2006

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Auditors' Report

**To the Board of Directors of
Kwantlen University College Foundation**

We have audited the Statement of Financial Position of the Kwantlen University College Foundation as at March 31, 2006 and the Statements of Operations and Fund Balances and 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

BDO Dunwoody LLP

Chartered Accountants

Vancouver, British Columbia
July 7, 2006

Kwantlen University College Foundation
Statement of Financial Position

| March 31 | 2006 | 2005 |
|---|--------------|--------------|
| Assets | | |
| Cash | \$ 44,449 | \$ 136,668 |
| Accounts receivable | 13,054 | 12,984 |
| Short Term Investments | 226,000 | - |
| Prepaid expense | 1,000 | - |
| | 284,503 | 149,652 |
| Investments (market value - \$5,817,539; 2005 - \$5,307,674) | 5,365,892 | 5,131,822 |
| Funds held by Vancouver Foundation (market value - \$1,018,743; 2005 - \$944,725) (Note 3) | 790,000 | 790,000 |
| | \$ 6,440,395 | \$ 6,071,474 |


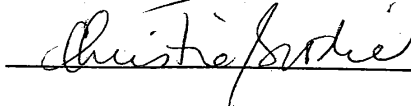
Liabilities and Fund Balances

| | | |
|---|----------|-----------|
| Liabilities | | |
| Accounts payable | \$ 5,039 | \$ 12,413 |
| Due to Kwantlen University College (Note 2) | 28,775 | 190,450 |
| Deferred revenue (Note 4) | 12,500 | 10,700 |
| | 46,314 | 213,563 |

Fund Balances

| | | |
|-----------------------|--------------|--------------|
| Endowment | | |
| Contributed principal | 5,897,886 | 5,406,159 |
| Distributable income | 209,458 | 139,777 |
| | 6,107,344 | 5,545,936 |
| Restricted and other | 286,737 | 311,975 |
| | 6,394,081 | 5,857,911 |
| | \$ 6,440,395 | \$ 6,071,474 |

Approved on behalf of the Board:


 _____ Director

 _____ Director

Kwantlen University College Foundation
Statement of Operations and Fund Balances

For the year ended March 31, 2006

| | Endowment Funds | | Restricted and Other Funds | 2006 | Total | 2005 |
|--|--------------------------|-------------------------|----------------------------------|------------------|-------|------------------|
| | Contributed Principal | Distributable Income | | | | |
| Revenues | | | | | | |
| Contributions (Note 5) | \$ 282,486 | \$ - | \$ 285,364 | \$ 567,850 | \$ | 733,256 |
| Contributions from Kwantlen University College | 193,363 | - | 331,637 | 525,000 | | 525,000 |
| Gifts-in-kind | - | - | 45,921 | 45,921 | | 47,914 |
| Events | - | - | 46,517 | 46,517 | | 43,749 |
| Gaming | - | - | 37,589 | 37,589 | | 103,983 |
| Interest income | 15,878 | 270,804 | 610 | 287,292 | | 331,215 |
| | <u>491,727</u> | <u>270,804</u> | <u>747,638</u> | <u>1,510,169</u> | | <u>1,785,117</u> |
| Expenses | | | | | | |
| Awards, bursaries and scholarships | - | 197,350 | 505,631 | 702,981 | | 579,338 |
| Contribution towards capital purchases made by Kwantlen University College | - | 6,273 | - | 6,273 | | 17,697 |
| Events | - | - | 22,587 | 22,587 | | 26,235 |
| Gaming | - | - | 27,050 | 27,050 | | 94,302 |
| Programs | - | - | 215,108 | 215,108 | | 406,135 |
| | <u>-</u> | <u>203,623</u> | <u>770,376</u> | <u>973,999</u> | | <u>1,123,707</u> |
| Excess (deficiency) of revenues over expenses | 491,727 | 67,181 | (22,738) | 536,170 | | 661,410 |
| Transfers | - | 2,500 | (2,500) | - | | - |
| Fund balances, beginning of year | 5,406,159 | 139,777 | 311,975 | 5,857,911 | | 5,196,501 |
| Fund balances, end of year | \$ 5,897,886 | \$ 209,458 | \$ 286,737 | \$ 6,394,081 | \$ | 5,857,911 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Kwantlen University College Foundation
Statement of Cash Flows

| For the year ended March 31 | 2006 | 2005 |
|--|------------------|-------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Revenues over expenses for the year | \$ 536,170 | \$ 661,410 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (70) | 52,873 |
| Prepaid expense | (1,000) | 2,000 |
| Due to/from Kwantlen University College | (161,675) | 235,035 |
| Accounts payable | (7,374) | 9,644 |
| Deferred revenue | 1,800 | 3,200 |
| | <u>367,851</u> | <u>964,162</u> |
| Investing activity | | |
| Increase in investments | <u>(460,070)</u> | <u>(871,219)</u> |
| Increase (decrease) in cash during the year | (92,219) | 92,943 |
| Cash, beginning of year | 136,668 | 43,725 |
| Cash, end of year | \$ 44,449 | \$ 136,668 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Kwantlen University College Foundation
Summary of Significant Accounting Policies

March 31, 2006

Basis of Presentation These financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Fund Accounting The Foundation follows the restricted fund method of accounting for contributions. Contributions from donors are reported in separate funds to accommodate restrictions that may be provided on their use. These contributions are accounted for as follows:

(a) Endowment Funds

These are funds where the donor has specified that the principal be invested in perpetuity. The distribution of contributed principal of these funds is prohibited and investment income earned on these funds is disbursed in accordance with the provisions of each endowment agreement.

(b) Restricted and Other Funds

Restricted funds are where the donor has designated a specific use, such as scholarships or equipment purchases, or named a specific recipient. These funds are distributed in accordance with the directives of the donors.

Other funds are where the Board of Directors of the Foundation has the discretion to allocate and distribute the funds in accordance with their directives.

Revenue Recognition Under the restricted fund method of accounting adopted by the Foundation, contributions and grants are recognized as revenue of the appropriate fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when it is earned or becomes receivable.

Investments Investments are recorded at the lower of cost and net realizable value.

Awards, Bursaries and Scholarships Awards, bursaries and scholarships are recognized as an expense in the year they are granted or awarded.

Kwantlen University College Foundation
Summary of Significant Accounting Policies

March 31, 2006

Pledges and

Contributed Services Pledges from donors are not recognized as revenue until they are received or meet the revenue recognition criteria above.

Kwantlen University College provides administrative and accounting services to the Foundation, and volunteers contribute time in carrying out fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**Gifts-in-Kind -- Change
in Accounting Policy**

The Foundation receives donations of capital items and other supplies for use by Kwantlen University College. Such gifts-in-kind are recorded at the fair value of the property being gifted. This is a change from prior years where gifts-in-kind were not recorded. This change has been applied retroactively. The affect of this change has been to increase gifts-in-kind revenues and increase programs expenditures for 2005 by \$47,914 from amounts previously reported.

Kwantlen University College Foundation
Notes to Financial Statements

March 31, 2006

1. General

Kwantlen University College Foundation (the "Foundation") was incorporated on July 14, 2000 under the Society Act of British Columbia. The Foundation is registered as a charitable organization under the Income Tax Act and is therefore exempt from income taxes. The purpose of the Foundation is to raise monies for student financial aid, capital needs and program development at Kwantlen University College.

2. Due To Kwantlen University College

Amounts due to Kwantlen University College are non-interest bearing, unsecured, and without specific terms of repayment.

3. Funds Held by Vancouver Foundation

These funds are made up of principal contributions by Kwantlen University College of \$490,000 and matching grants by the Vancouver Foundation of \$300,000. The funds are held in the name of Kwantlen University College Endowment Fund for the benefit of Kwantlen University College.

The Vancouver Foundation holds these funds in perpetuity and exercises discretionary investment control over them, as part of their pooled Consolidated Trust Fund. Kwantlen University College Foundation receives investment income allocated to these funds on a quarterly basis, which in the current year totaled \$42,640 (2005 - \$40,766).

4. Deferred Revenue

Deferred revenues are payments received in advance for future fundraising events. Revenue will be recognized when the event takes place and the benefit is realized.

5. Contributions

Contributions do not include pledges. As at March 31, 2006, there were unrecorded pledges of \$22,349 (2005 - \$76,504) made to the Foundation.

6. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.