



Financial Statements

Holland College Foundation Inc.

March 31, 2025

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Independent auditor's report

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To the members of the Board of Directors of Holland College Foundation Inc.

Qualified Opinion

We have audited the financial statements of Holland College Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at March 31, 2025 and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Holland College Foundation Inc., as at March 31, 2025, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis For Qualified Opinion

In common with many non-for-profit organizations, the Foundation derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2025 and 2024 and net assets as at April 1 and March 31 for both the March 31, 2025 and 2024 years. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 qualified opinion.

Other Matters - Predecessor Auditor

The financial statements of Holland College Foundation Inc. for the year ended March 31, 2024 were audited by BDO Canada LLP who expressed a qualified opinion on June 24, 2024

Responsibilities Of Management And Those Charged With Governance For The Financial Statements

Management is responsible for the preparation and fair presentation of these 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

Summerside, Prince Edward Island
June 18, 2025

Doane Grant Thornton LLP

Chartered Professional Accountants

Holland College Foundation Inc.

Statement of operations

Year ended March 31

2025

2024

	<u>Administrative</u>	<u>Endowments</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
Revenue					
Grant - Holland College (Note 5)	\$ 614,475	\$ -	\$ -	\$ 614,475	\$ 585,347
Donation revenue	-	193,987	1,607,746	1,801,733	1,606,206
Investment income (Note 6)	-	1,215,111	87,137	1,302,248	1,246,597
	<u>614,475</u>	<u>1,409,098</u>	<u>1,694,883</u>	<u>3,718,456</u>	<u>3,438,150</u>
Expenses - donor funded					
Student aid and strategic initiatives (Note 7)	-	323,460	1,714,798	2,038,258	1,656,219
Expenses - administration					
Auditing fees	6,630	-	-	6,630	3,822
Communications and marketing	8,210	-	-	8,210	15,067
Consulting support	17,056	-	-	17,056	8,997
Donor recognition	4,857	-	-	4,857	490
Office supplies and materials	14,939	-	-	14,939	20,607
Printing, photocopying and postage	2,243	-	-	2,243	1,405
Professional development and travel	7,219	-	-	7,219	5,337
Professional memberships	3,018	-	-	3,018	2,815
Programs and software	39,779	-	-	39,779	38,177
Telephone	411	-	-	411	3,531
Wages and benefits	510,113	-	-	510,113	485,099
Total expenses	<u>614,475</u>	<u>323,460</u>	<u>1,714,798</u>	<u>2,652,733</u>	<u>2,241,566</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 1,085,638</u>	<u>\$ (19,915)</u>	<u>\$ 1,065,723</u>	<u>\$ 1,196,584</u>

See accompanying notes to the financial statements

Holland College Foundation Inc.
Statement of changes in fund balances

Year ended March 31

2025

2024

	<u>Endowments</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
Opening balance	\$ 8,754,162	\$ 1,744,261	\$ 10,498,423	\$ 9,301,659
Excess of revenues over expenditures	1,085,638	(19,915)	1,065,723	1,196,584
Interfund transfers	<u>(48,021)</u>	<u>47,384</u>	<u>(637)</u>	<u>180</u>
Ending balance	<u>\$ 9,791,779</u>	<u>\$ 1,771,730</u>	<u>\$ 11,563,509</u>	<u>\$ 10,498,423</u>

See accompanying notes to the financial statements

Holland College Foundation Inc.

Statement of financial position

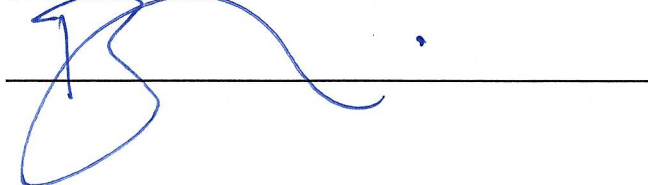
March 31

2025

2024

	<u>Endowments</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Total</u>
Assets				
Current				
Cash	\$ 29,291	\$ 1,765,847	\$ 1,795,138	\$ 2,059,319
Long-term investments, fair value (Note 3)	9,899,484	-	9,899,484	8,713,906
Due between funds (Note 4)	<u>(136,996)</u>	<u>136,996</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,791,779</u>	<u>\$ 1,902,843</u>	<u>\$ 11,694,622</u>	<u>\$ 10,773,225</u>
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	\$ -	\$ 262	\$ 262	\$ 143,950
Payable to Holland College (Note 5)	<u>-</u>	<u>130,852</u>	<u>130,852</u>	<u>130,852</u>
	<u>-</u>	<u>131,114</u>	<u>131,114</u>	<u>274,802</u>
Net assets				
Externally restricted	9,791,779	1,235,643	11,027,422	10,226,357
Unrestricted	<u>-</u>	<u>536,086</u>	<u>536,086</u>	<u>272,066</u>
	<u>9,791,779</u>	<u>1,771,729</u>	<u>11,563,508</u>	<u>10,498,423</u>
	<u>\$ 9,791,779</u>	<u>\$ 1,902,843</u>	<u>\$ 11,694,622</u>	<u>\$ 10,773,225</u>

On behalf of the Board




See accompanying notes to the financial statements

Holland College Foundation Inc.
Statement of cash flows

Year ended March 31

2025**2024**

(Decrease) increase in cash and cash equivalents

	2025	2024
Operating		
Cash receipts from donations and grants	\$ 2,416,208	\$ 2,191,553
Cash paid to suppliers, employees and students	(2,796,999)	(2,415,104)
Investment income	<u>269,110</u>	<u>371,455</u>
	(111,681)	147,904
Investing		
Purchase of investments	(1,224,500)	(345,263)
Proceeds on disposal of investments	<u>1,072,000</u>	<u>258,083</u>
	(152,500)	(87,180)
Net (decrease) increase in cash	(264,181)	60,724
Cash, beginning of year	<u>2,059,319</u>	<u>1,998,595</u>
Cash, end of year	<u>\$ 1,795,138</u>	<u>\$ 2,059,319</u>

See accompanying notes to the financial statements

Holland College Foundation Inc.

Notes to the financial statements

March 31, 2025

1. Purpose of the organization

The purpose of Holland College Foundation Inc. (the Foundation) is to assist Holland College (the College) in expanding its educational services by developing private sector financial support for College students, programs and facilities. The Foundation is a registered charity incorporated under the laws of Prince Edward Island. The Foundation is exempt from taxation under the Canadian Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

Endowments consist of restricted donations to the Foundation, the principal of which is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by the donors. The Foundation's policy has been established with the objective of protecting the real value of the endowments by limiting the amount of income expended and reinvesting unexpended income.

Trust funds consist of restricted donations to the Foundation and internal allocations by the Board of Directors. The use of such funds are anticipated to occur within a short period of time (usually within twelve months of receipt).

The administration fund represents the basic operations of the Foundation.

Cash and cash equivalents

Cash consists of cash balances held with banks and investment companies. Any income earned on these balances are reflected in investment income in the Statement of operations and changes in fund balances.

Long-term investments

Long-term investments are valued at fair market value. The income earned on these investments is reflected as revenue in the endowments fund. Unrealized gains and losses are recorded directly in the endowment fund balances.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- Cash
- Long-term investments
- Accounts payable and accrued liabilities

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Holland College Foundation Inc.

Notes to the financial statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

<u>Financial Instrument</u>	<u>Subsequent Measurement</u>
Cash	Amortized cost
Long-term investments	Fair value
Accounts payable and accrued liabilities	Amortized cost

The Foundation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Foundation does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Foundation initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Foundation has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Donations in kind

The Foundation determines the fair value of donations in kind based on appraisals or estimates at the date of donation for the purpose of issuing charitable donation receipts. Donations in kind are not reflected in the financial statements until the gifts are sold and exchanged for cash.

Revenue recognition

Donations and pledges are recognized as revenue when received. The Foundation does not accrue pledges in the financial statements

Investment income is recognized as revenue when earned. This usually occurs at the time revenue is payable to the Foundation in accordance with the terms of the investment.

Operating grants are recognized in the period when received. Operating grants received for a future period are reported as deferred income, until that future period, when they are transferred to revenue.

Contributed services

Volunteers contribute many hours each year to assist the Foundation in carrying out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Collections

The Foundation holds the Miriam Ramsay Holland collection consisting of various paintings, drawings, etchings and written artifacts. The collection has an original appraised value of \$41,000. The Foundation received the items as a donation; however, it does not reflect the collection as an asset in the Statement of financial position.

Holland College Foundation Inc.

Notes to the financial statements

March 31, 2025

2. Summary of significant accounting policies (continued)

Pension costs

Employees of the Foundation belong to the Holland College pension plan providing pension benefits for certain employees. The College maintains a contributory defined benefit pension plan, and contributions are made on behalf of employees and are included in employee benefits expense. The benefits are determined using a career average formula for service accrued subsequent to January 1, 2007 and best average formula for service accrued prior to that date.

3. Long term Investment	<u>2025</u>	<u>2024</u>
Connor Clark and Lund Enhanced Balance Fund	\$ <u>9,899,484</u>	\$ 8,713,906
	\$ <u>9,899,484</u>	\$ <u>8,713,906</u>

4. Due between funds

Due between funds represents funds due to be transferred between Endowments and Trust Funds.

5. Related entities

The College is the sole beneficiary of the Foundation as referred to in Note 2. All of the Foundation's net assets must be provided to or used for the benefit of the College or its students. Included in current accounts payable is \$262 (2024 - \$143,950) relating to support for programs and facilities. Included in long-term payables is \$130,852 (2024 - \$130,852) relating to fundraising costs.

The College also provides an annual operating grant for the administrative costs of the Foundation as reported in the Statement of operations in the amount of \$614,475 (2024 - \$585,347).

6. Investment income	<u>2025</u>	<u>2024</u>
Dividend income	\$ 181,974	\$ 235,889
Interest income	87,137	102,503
Realized gains on disposal of investments	867,319	46,028
Unrealized gain on investments	<u>165,818</u>	<u>862,177</u>
	\$ <u>1,302,248</u>	\$ <u>1,246,597</u>

7. Student aid and strategic initiatives	<u>2025</u>	<u>2024</u>
Scholarships, bursaries and awards	\$ 684,457	\$ 609,921
Thrive - student wellness centre construction	844,400	600,000
Nourish - culinary school revitalization	50,284	128,000
Classroom equipment and other special initiatives	332,320	190,519
Varsity athletics initiatives	60,436	60,845
Student academic support and tutoring	60,000	60,000
On campus food banks	<u>6,361</u>	<u>6,934</u>
	\$ <u>2,038,258</u>	\$ <u>1,656,219</u>

Holland College Foundation Inc.

Notes to the financial statements

March 31, 2025

8. Pension plan

The Foundation through the College makes contributions on behalf of its employees to a contributory defined benefit plan. The plan specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The Foundation accounts for the plan as a defined contribution plan because certain information is not available, including the accrued benefit obligation and the plan's funded position as it pertains to Foundation employees. The amount contributed to the pension plan on behalf of Foundation employees was \$35,365 (2024 - \$32,175) and is included in employee benefits expense in the Statement of operations.

9. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations at March 31, 2025.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: currency risk and other price risk. The Foundation mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of long-term investments, the Foundation is subject to a fair value risk. There was no significant change in exposure from the prior year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to its cash. Of the \$1,795,138 in cash, one financial institution held \$1,763,950 of the total cash assets. The total cash held with the financial institution exceeded the maximum insurable amount from the Canada Deposit Insurance Corporation by \$1,663,950. There was no significant change in exposure from the prior year.

10. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.
