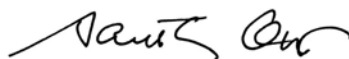


| | |
|----------------|--|
| SUBJECT | THE AMERICAN FOUNDATION FOR THE UNIVERSITY OF BRITISH COLUMBIA ANNUAL GENERAL MEETING |
|----------------|--|

| | |
|---------------------|-------------------------|
| MEETING DATE | DECEMBER 4, 2018 |
|---------------------|-------------------------|

Forwarded on the Recommendation of the President

APPROVED FOR SUBMISSION



Santa J. Ono, President and Vice-Chancellor

| | |
|---------------------------|--|
| DECISION REQUESTED | <p>IT IS HEREBY REQUESTED that <i>approval be granted for</i></p> <ul style="list-style-type: none"> • <i>Minutes of the Annual General Meeting of the American Foundation for UBC held on December 5, 2017; and,</i> • <i>The American Foundation for UBC Financial Statements for the fiscal year ending March 31, 2018</i> |
|---------------------------|--|

| | |
|--------------------|------------------|
| Report Date | November 8, 2018 |
|--------------------|------------------|

Presented By Heather McCaw, Vice-President, Development & Alumni Engagement
 Peter Smailes, Vice-President, Finance & Operations
 Stuart Mackenzie, Acting Comptroller and Director, Financial Reporting & Budgeting

EXECUTIVE SUMMARY

The Directors of the American Foundation for the University of British Columbia (the American Foundation) have approved the audited financial statements for the year ended March 31, 2018. The financial statements were prepared by the University of British Columbia (the University) and have been audited by KPMG LLP. The financial statements are included in the University’s consolidated financial statements.

The American Foundation was established as a corporation in 1987 in the District of Columbia under the Non-Profit Corporation Act. Its purpose is to develop public awareness of the University in the United States, and to encourage financial support for the University and its programs. The American Foundation for UBC has a single class of members which is made up of members of the Board of Governors of UBC. The members conduct the Annual General Meeting of the American Foundation for UBC.

Attachments

1. Agenda of the December 4, 2018 American Foundation for UBC Annual General Meeting
2. Minutes of the December 5, 2017 American Foundation for UBC Annual General Meeting
3. American Foundation for UBC Financial Statements as at March 31, 2018

INSTITUTIONAL STRATEGIC PRIORITIES SUPPORTED

Learning Research Innovation Engagement
 (Internal / External) International

or Operational

| | |
|------------------------------------|---|
| DESCRIPTION & RATIONALE | UBC is required to prepare audited consolidated financial statements on an annual basis, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency & Accountability Act of the Province of British Columbia. The |
|------------------------------------|---|

financial statements of the American Foundation are included in the audited consolidated financial statements of UBC.

BENEFITS UBC is ranked amongst the best worldwide and is regarded as a globally influential Learning, Research, Financial, Sustainability & Reputational university with a reputation for excellence in advanced research and learning. Ensuring that the operating activities of related organizations are aligned with the University's objectives, and that the financial statements of related organizations are included in the consolidated financial statements in accordance with the required accounting framework, would continue to support the University in maintaining its reputation and credibility.

RISKS In light of funding constraints and continuing changes to the relevant accounting Financial, Operational & Reputational standards, it is imperative to ensure that the financial statements of related organizations are included in the consolidated financial statements in accordance with the required accounting framework. Otherwise it may result in further financial pressures, restrictions on the University's ability to maintain required service levels, negative impacts to the University's reputation, in addition to other risks.

Attachment 1: Agenda of the December 4, 2018 American Foundation for UBC Annual General Meeting

**THE AMERICAN FOUNDATION FOR
THE UNIVERSITY OF BRITISH COLUMBIA**

ANNUAL GENERAL MEETING

Tuesday, December 4, 2018

AGENDA

1. Acknowledgement that a quorum is present.
2. Approval of Minutes of last Annual General Meeting held on December 5, 2017.
3. Approval of the American Foundation financial statements for the fiscal year ending March 31, 2018.
4. Other Business.

Attachment 2: Minutes of the December 5, 2017 American Foundation for UBC Annual General Meeting

| | | |
|---|--|---|
|  | American Foundation for UBC - AGM MINUTES | Tuesday, December 5, 2017 1:45 p.m. to 2:00 p.m. Vancouver Campus Robert H. Lee Family Boardroom The Robert H. Lee Alumni Centre 6163 University Boulevard |
|---|--|---|

In Attendance Board Chair Stuart Belkin
Ms. Sandra Cawley
Dr. Ayesha Chaudhry
Mr. Kevin Doering
Mr. Darran Fernandez
Mr. Raghwa Gopal
Chancellor Lindsay Gordon
Ms. Celeste Haldane *(by telephone)*
Dr. John Klironomos
Mr. Michael Korenberg
Mr. Graham Lee
Ms. Fiona Macfarlane
Ms. Jeanie Malone
Dr. Charles Menzies
Mr. Curtis Morcom
President Santa Ono
Mr. Alan Shuster
Mr. David Sidoo
Mr. Kevin Smith
Mr. Terry Zhang *(by telephone)*

Regrets Ms. Beverlee Park

9.1 AMERICAN FOUNDATION FOR UBC | ANNUAL GENERAL MEETING

Board Chair Mr. Stuart Belkin called the Annual General Meeting of the American Foundation for UBC to order.

The following resolution was moved and seconded:

IT IS HEREBY RESOLVED that the Board of Governors approves:

- *Minutes of the Annual Meeting of the American Foundation for UBC held on December 6, 2016; and,*
- *American Foundation for UBC Financial Statements for the fiscal year ending March 31, 2017.*

CARRIED UNANIMOUSLY

The Chair terminated the Annual General Meeting of the American Foundation for UBC.

**THE AMERICAN FOUNDATION
FOR THE UNIVERSITY OF BRITISH COLUMBIA**

FINANCIAL STATEMENTS

March 31, 2018

(in US dollars)

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| Independent Auditors' Report | 2-3 |
| Statement of Financial Position | 4 |
| Statement of Operations and Changes in Net Assets | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-9 |



**THE AMERICAN FOUNDATION FOR THE UNIVERSITY OF
BRITISH COLUMBIA
STATEMENT OF MANAGEMENT RESPONSIBILITY
MARCH 31, 2018**

The financial statements of the American Foundation for the University of British Columbia (the Foundation) have been prepared by management in conformity with Canadian public sector accounting standards, including the 4200 standards for government not-for-profit organizations. The financial statements present fairly the financial position of the Foundation as at March 31, 2018, and the results of its operations, changes in net assets, remeasurement gains and losses, and the changes in its cash flow for the year ended March 31, 2018.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that Foundation assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Foundation Board is responsible for reviewing and approving the financial statements, and overseeing management's performance of its financial reporting responsibilities.

The Foundation Board carries out its responsibility for review of the financial statements principally through the officers of the Foundation. The officers of the Foundation meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the officers of the Foundation, with and without the presence of management.

The financial statements for the year ended March 31, 2018 have been reported on by KPMG LLP. The Independent Auditor's Report outlines the scope of the audit and provides the audit opinion on the financial statements for the year ended March 31, 2018.

Handwritten signature of Rebecca Matts in black ink.

Rebecca Matts
President

Handwritten signature of Stuart Mackenzie in black ink.

Stuart Mackenzie
Treasurer

October 22, 2018



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Members of Board of Directors of the American Foundation for the University of British Columbia

We have audited the accompanying financial statements of the American Foundation for the University of British Columbia (the "Entity"), which comprise the statement of financial position as at March 31, 2018, the statements of operations and changes in net assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



American Foundation for the
University of British Columbia.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the American Foundation of University of British Columbia as at March 31, 2018 and its results of operations and changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

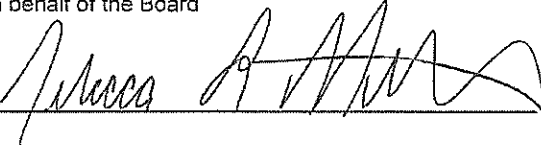
Vancouver, Canada
October 22, 2018

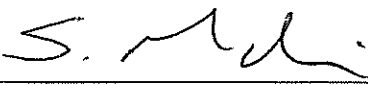
THE AMERICAN FOUNDATION
FOR THE UNIVERSITY OF BRITISH COLUMBIA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in US dollars)

| | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 19,096 | \$ 21,260 |
| Due from the University of British Columbia | <u>4,000</u> | <u>4,000</u> |
| Total Assets | <u>\$ 23,096</u> | <u>\$ 25,260</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Accounts payable | 4,000 | 4,000 |
| Due to the University of British Columbia (Note 3) | <u>\$ 16,040</u> | <u>\$ 18,118</u> |
| | 20,040 | 22,118 |
| Net assets | | |
| Unrestricted | <u>3,056</u> | <u>3,142</u> |
| | <u>3,056</u> | <u>3,142</u> |
| Total Liabilities and Net Assets | <u>\$ 23,096</u> | <u>\$ 25,260</u> |

(See accompanying notes to the financial statements)

On behalf of the Board





Rebecca L Mattis

THE AMERICAN FOUNDATION
FOR THE UNIVERSITY OF BRITISH COLUMBIA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31
(in US dollars)

| | <u>2018</u> | <u>2017</u> |
|--|-----------------|------------------|
| Revenue | | |
| Donations | \$ 897,040 | \$ 1,171,858 |
| Transfers from the University of British Columbia (Note 4) | <u>4,157</u> | <u>4,066</u> |
| | <u>901,197</u> | <u>1,175,924</u> |
| Expenses | | |
| Transfers to the University of British Columbia (Note 4) | 897,040 | 1,171,858 |
| Professional fees | 4,157 | 4,066 |
| Office expenses and bank charges | <u>86</u> | <u>151</u> |
| | <u>901,283</u> | <u>1,176,075</u> |
| Deficiency of revenue over expenses | (86) | (151) |
| Net assets, beginning of year | <u>3,142</u> | <u>3,293</u> |
| Net assets, end of year | <u>\$ 3,056</u> | <u>\$ 3,142</u> |

(See accompanying notes to the financial statements)

THE AMERICAN FOUNDATION
FOR THE UNIVERSITY OF BRITISH COLUMBIA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31
(in US dollars)

| | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|
| Cash provided from (used for): | | |
| Operating activities: | | |
| Deficiency of revenue over expenses | \$ <u>(86)</u> | \$ <u>(151)</u> |
| | <u>(86)</u> | <u>(151)</u> |
| Changes in: | | |
| Accounts receivable | - | 3,954 |
| Due to the University of British Columbia | <u>(2,078)</u> | <u>(1,179)</u> |
| | <u>(2,078)</u> | <u>2,775</u> |
| Increase (decrease) in cash | (2,164) | 2,624 |
| Cash, beginning of year | <u>21,260</u> | <u>18,636</u> |
| Cash, end of year | <u>\$ 19,096</u> | <u>\$ 21,260</u> |

(See accompanying notes to the financial statements)

THE AMERICAN FOUNDATION FOR THE UNIVERSITY OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
(in US dollars)

1. Operations

The American Foundation for the University of British Columbia (The Foundation) was established as a corporation in 1987 in the District of Columbia under the Non-Profit Corporation Act. Its purpose is to develop public awareness of The University of British Columbia (the University) in the United States, and to encourage financial support for the University and its programs.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

a) **Revenue Recognition**

The Foundation follows the restricted fund method of accounting for contributions which includes donations. The Foundation currently has one fund, the General Purpose Fund. Unrestricted contributions including general donations are reported in this Fund. The donations are recognized when received or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are also reported in this Fund in accordance with the deferral method. The fund balance represents net assets that are not subject to externally imposed restrictions.

Donations arising from bequests are recognized at the time the assets are distributed to the Foundation by the Executor.

b) **Gifts-in-kind**

Gifts-in-kind include works of art, research equipment and securities. Works of art and the research equipment are not recorded in the financial statements.

c) **Financial Instruments**

Financial instruments are classified into two categories: fair value or amortized costs.

The carrying amount of financial instruments such as receivables due from the University of British Columbia approximate fair value due to their short-term maturities.

The Foundation does not have any financial instruments required or elected to be subsequently recorded at fair value, as a result the Statement of Remeasurement Gains and Losses has not been prepared.

THE AMERICAN FOUNDATION FOR THE UNIVERSITY OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
(in US dollars)

d) **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant areas requiring use of management estimates relate to valuation of accounts receivables, provisions for accrued liabilities and contingencies. Actual results could differ from these estimates.

3. **Due to / Due from University of British Columbia**

The amount payable to the University of British Columbia represents donations received that have yet to be transferred to the University at year end. The receivable from the University is comprised of amounts arising from transactions throughout the year. The amounts receivable and payable are unsecured, non-interest bearing and have no fixed terms of payment.

4. **Related Party**

The Foundation is controlled by the University and its activities are intended for the benefit of the University. The University is a related party to the Foundation. Related party transactions for the 2018 fiscal year include contributions of \$897,040 (2017 - \$1,171,858) provided to the University and a transfer of \$4,157 (2017 - \$4,066) from the University for professional fees.

5. **Financial Risks and Concentration of Credit Risk**

a) **Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to accounts receivable, cash and investments.

The Foundation assesses receivables on a continuous basis, and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Foundation at March 31, 2018 is the carrying value of these assets.

The carrying amount of receivables is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to receivables are credited to the income statement. The balance for doubtful accounts at March 31, 2018 is nil.

There have been no significant changes to the credit risk exposure from 2017.

b) **Liquidity risk:**

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The fund manages its liquidity risk by monitoring its operating requirements.

THE AMERICAN FOUNDATION FOR THE UNIVERSITY OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
(in US dollars)

Accounts payable and accrued liabilities are generally due 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2017.

c) **Market risk:**

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

Other price risk: the Foundation is exposed to financial risks as a result of equity price fluctuations and the volatility of these prices.

There have been no significant changes to the foreign exchange risk exposure from 2017.