



THE SEVENTH MEETING OF THE FOURTH BOARD OF DIRECTORS OF DURHAM COLLEGE
STUDENTS INCORPORATED
NOVEMBER 26, 2020 at 6:00 p.m.
Video conference

1. Call to Order

2. Adoption of the Agenda

RESOLUTION 2020-07-01

That the Agenda of the Seventh Meeting of the Board of Directors be adopted.

3. Declaration of Conflict of Interest

4. Adoption of the Minutes of the previous meeting

RESOLUTION 2020-07-02

That the Minutes of the Fourth Meeting of the Board of Directors held on October 29, 2020 be adopted.

5. Committee of the Whole – Report of the Public Accountant

RESOLUTION 2020-07-03

That the Board of Directors now sits as a Committee of the Whole for the purpose of receiving the report of the Public Accountant for the fiscal year ending April 30, 2019 and the Management Letter Report for the fiscal year ending April 30, 2019 and the Executive Chairperson and Chief Elected Officer shall preside at that meeting. At the conclusion of the presentation and question session the Chairperson shall conclude the business of the Committee of the Whole and the Committee shall Rise and Report.

RESOLUTION 2020-07-04

That the Audited Financial Statements for the Fiscal Year Ending April 30, 2020 prepared by Baker Tilly KPM LLP, the Public Accountant of Record for Durham College Students Incorporated be adopted, and that the Executive Chairperson and Deputy Chairperson be authorized to sign the statement on behalf of the Board of Directors.

RESOLUTION 2020-07-05

That the Board Letter Report for the fiscal year ending April 30, 2020 prepared by Baker Tilly KPM LLP, the Public Accountant of Record for Durham College Students Incorporated be received, and that the Executive Chairperson and Deputy Chairperson be authorized to sign the letter.

6. Motions

Background

Typically there is a Durham College Holiday Hamper program offered to Durham College students. Due to the COVID-19 Coronavirus pandemic this is not possible at this time. Outreach Services has decided to launch a gift card program to provide food support to food insecure students during the holiday season. In order to ensure that the program is properly funded, there is a request for the allocation of \$30,000 from the Health Plan Reserve Fund to support the Holiday Food Bank program.

RESOLUTION 2020-07-06

That the amount of \$30,000 be allocated from the Health Plan Reserve Fund to support the Food Bank budget line.

Background

Resolution 2020-03-04 was passed on July 12, 2020 to allocate the amount of \$40,000 to assist with student technological needs and directed that the management committee was to work with the college on creating the specifics of this program. After consultation with the college, it was determined that the funds would be better used to support an international student bursary. Further, after consultation with the management committee, it was decided that the best way to proceed is by creating an endowment of \$100,000 for the bursary by international students. Notes from Linda Flynn, the President of the Durham College Foundation and Associate Vice President is attached.

RESOLUTION 2020-07-07

That:

- (1) resolution 2020-03-04 be rescinded;**
- (2) creates an endowment of \$100,000 to provide bursaries for International Students which shall be taken from the following sources:**
 - \$40,000 from the following budget lines;**
 - \$7,000 to be taken from Conferences budget line;**
 - \$5,000 to be taken from the Committee/Meetings & Training budget line;**
 - \$20,000 to be taken from the Building Reserve Fund Transfer budget line;**
 - \$2,000 to be taken from the Mileage and Travel budget line;**
 - \$2,000 to be taken from the Part Time Staff – Clubs budget line; and**
 - \$2,000 to be taken from the Part Time Staff – Societies budget line; and**
 - \$60,000 from the Health Plan Reserves.**
- (3) directs the management committee to finalise the details of the endowment.**

RESOLUTION 2020-07-08

That the Board of Directors sets the date of the Annual General Meeting as February 2, 2021 and directs the Secretary of the Board in conjunction with the Standing Committee to determine the meeting agenda and the dates of the advance polls.

7. Report of the General Manager and other Executive Officers
 - General Manager's Report
 - Chairpersons
8. Statements or Questions by Members

9. Agendum

10. Next Meeting

December 3, 2020

Standing Committee (confirmed at this meeting)

December 17, 2020

Board of Directors (confirmed at this meeting)

11. Adjournment

RESOLUTION 2020-06-05

That this meeting do now adjourn to the call of the Chair.



***DURHAM COLLEGE STUDENTS INCORPORATED
BOARD OF DIRECTORS MEETING MINUTES
October 29, 2020***

The Fifth Meeting of the Fourth Board of Directors of the Durham College Students Incorporated met on October 29, 2020 at 6:00 p.m. via videoconference.

Fourth Board of Directors

Present: Director Andrew Nunez-Alvarez (seated at 6:54 p.m.)

Director Alex Harvey

Director Eduardo Akeson

Director Christine Kozminski

Director Aleecia Lugossy

Director Kristen McKinnon

(non-voting) Jenna Peace, Executive Chairperson and Chief Elected Officer

Faris Lehn, General Manager

Charles Wilson, Operations Manager and Secretary of the Board of Directors

Regrets: Director Taneisha Jordon

Director Michelle Conn

THE SEATING OF MEMBERS

The Secretary of the Board administered the declaration of office to Director Alex Harvey and Director Christine Kozminski. The Secretary of the Board then petitioned the seating of the member to the Chair. The petition was granted.

CALL TO ORDER AND ROLL CALL

The Chair called the meeting to order at 6:10 p.m.

ADOPTION OF THE AGENDA

RESOLUTION 2020-06-01

Moved by: Director Eduardo Akeson

Seconded by: Director Kristen McKinnon

That the Agenda of the sixth Meeting of the Board of Directors be adopted.

-CARRIED (2020-06-01)

DECLARATION OF CONFLICT OF INTEREST

None were declared

ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

RESOLUTION 2020-06-02

Moved by: Director Eduardo Akeson

Seconded by: Director Alicia Lugossy

That the Minutes of the fifth of the Board of Directors held on September 24, 2020 be adopted.

-CARRIED (2020-06-02)

MOTIONS

RESOLUTION 2020-06-03

Moved by: Director Alicia Lugossy

Seconded by: Director Eduardo Akeson

That Director Alex Harvey and Director Christine Kozminski be appointed to the Standing Committee.

-CARRIED (2020-06-03)

REPORTS OF THE GENERAL MANAGER AND EXECUTIVE OFFICERS

The report of the General Manager and Executive Chairperson were presented.

REPORT OF THE STANDING COMMITTEE

RESOLUTION 2020-06-04

Moved by: Director Kristen McKinnon

Seconded by: Director Eduardo Akeson

That report of the Standing Committee Meeting on October 15, 2020 be received.

-CARRIED (2020-06-04)

STATEMENTS OR QUESTIONS BY MEMBERS

Members made statements and asked questions.

AGENDUM

RESOLUTION 2020-06-A01

Moved by: Director Eduardo Akeson

Seconded by: Director Kristen McKinnon

That the Agendum be dealt with at this time.

-CARRIED (2020-06-A01)

APPOINTMENT OF THE EXTERNAL DIRECTOR

RESOLUTION 2020-06-A02

Moved by: Director Eduardo Akeson

Seconded by: Director Kristen McKinnon

That Andrew Nunez-Alvarez be appointed as the External Director for a term ending May 1, 2021.

-CARRIED (2020-06-A02)

THE DECLARATION OF OFFICE AND SEATING OF THE EXTERNAL DIRECTOR

The Secretary of the Board administered the declaration of office to Director Andrew Nunvez-Alvarez. The Secretary of the Board then petitioned the seating of the member to the Chair. The petition was granted.

CLOSED SESSION

RESOLUTION 2020-06-04

Moved by: Director Eduardo Akeson

Seconded by: Director Kristen McKinnon

That the Board of Directors now proceeds to a closed session to discuss an item of labour relations or employee negotiations in accordance with section 4.2 (d) of the Board Procedural Policy.

-CARRIED (2020-06-04)

RESOLUTION 2020-06-06

Moved by: Director Eduardo Akeson

Seconded by: Director Kristen McKinnon

That we now proceed to open session.

-CARRIED (2020-06-06)

The Secretary of the Board reported that the Board met in closed session and considered a matter labour relations or employee negotiation. The Board passed one resolution in closed session (2020-06-CS01) giving direction to staff.

RESOLUTION 2020-06-07

Moved by: Director Kristen McKinnon

Seconded by: Director Eduardo Akeson

That the Board of Directors:

- a) Set CPI for non-union staff is set organizationally to match the annual cost of living increase rate as outlined in the CBA, effective January 1, 2019;**
- b) Set the annual service grant at \$1,500 for all managers to be paid annually on their employment anniversary with DCSI, effective October 29, 2020; and**
- c) the last paragraph of the Executive Remuneration Policy be amended as follows:
Management shall also receive service grant of \$1,500 for all managers for each year of continual service to the Corporation on the anniversary of their employment with DCSI, in addition to the increase in the base salary according this policy at the same rate as unionised employees, unless otherwise specified in their contract.**

-CARRIED (2020-06-07)

ADJOURNMENT

RESOLUTION 2020-04-06

Moved by: Director Christine Kozminski

Seconded by: Director Aleecia Lugossy

That this meeting do now adjourn to November 26, 2020 or to the call of the Chair.

-CARRIED (2020-04-06)

DURHAM COLLEGE STUDENTS INC.
Financial Statements
Year Ended April 30, 2020

Draft for discussion purposes only

Preparer HLC 9/29/20	Reviewer MEH 10/30/20	Partner	-
-	-	Scanned	Published

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INDEPENDENT AUDITOR'S REPORT

To the Members of Durham College Students Inc.

Opinion

We have audited the financial statements of Durham College Students Inc. (the Organization), which comprise the statement of financial position as at April 30, 2020, and the statements of operations, changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2020, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Organization 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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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 Organization'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 Organization'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 Organization 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.

Courtice, Ontario

Baker Tilly KDN LLP
Chartered Professional Accountants
Licensed Public Accountants

DURHAM COLLEGE STUDENTS INC.
Statement of Financial Position
April 30, 2020

	2020	2019
Assets		
Current		
Cash	\$ 5,974,983	\$ 3,516,430
Short-term investments (Note 3)	551,156	550,450
Accounts receivable	-	44,269
Prepaid expenses	194,080	156,284
Due from Durham College (Note 4)	178,565	30,694
	6,898,784	4,298,127
Tangible capital assets (Note 5)	66,774	27,120
	\$ 6,965,558	\$ 4,325,247
Liabilities		
Current		
Accounts payable	\$ 331,999	\$ 201,477
Government remittances payable	29,065	-
Insurance contract liability (Note 6)	133,397	118,050
Deferred revenue (Note 7)	1,230,316	269,485
	1,724,777	589,012
Net assets		
Unrestricted	2,871,298	3,213,811
Invested in capital assets	66,774	27,120
Health fund - internally restricted	1,552,709	495,304
Building fund - internally restricted	750,000	-
	5,240,781	3,736,235
	\$ 6,965,558	\$ 4,325,247

Approved on behalf of the Board

_____ Director

_____ Director

Printed: November 13, 2020 11:08 AM Prep _____ Added _____ Approved _____

The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.

Statement of Operations

Year Ended April 30, 2020

	2020	2019
Membership and other revenue		
Health fees (Note 6)	\$ 3,329,010	\$ 2,824,935
Student fees (Note 8)	1,983,186	2,295,667
Other income	92,644	10,651
	<u>5,404,840</u>	<u>5,131,253</u>
Expenses		
Health expenses (Note 6)	2,180,448	2,275,266
Wages and benefits (Note 9)	946,190	790,214
Campus life	198,207	116,585
Occupancy expense	157,518	157,520
Administrative	98,645	65,976
Outreach services	94,766	16,893
Marketing and communication	83,802	64,416
Professional fees	42,375	102,933
Amortization	32,927	19,626
Governance	30,881	74,153
Riot radio	22,722	17,830
Clubs & Societies	11,812	6,112
	<u>3,900,293</u>	<u>3,707,524</u>
Excess of revenue over expenses from operations	1,504,547	1,423,729
Net effect of a restructuring transaction	-	42,987
Excess of revenue over expenses	\$ 1,504,547	\$ 1,466,716

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The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
Statement of Changes in Fund Balances
Year Ended April 30, 2020

	2020	2019
Unrestricted fund		
Opening balance	\$ 3,213,811	\$ 2,195,795
Excess of revenue over expenses	1,504,547	1,466,716
Transfer (to) from capital asset fund	(39,655)	16,289
Transfer to health fund (Note 6)	(1,057,405)	(464,989)
Transfer to building reserve fund	(750,000)	-
Balance, end of year	\$ 2,871,298	\$ 3,213,811
Invested in capital assets		
Opening balance	\$ 27,120	\$ 43,409
Purchase of capital assets	72,581	3,337
Amortization for the year	(32,927)	(19,626)
Balance, end of year	\$ 66,774	\$ 27,120
Health fund		
Opening balance	\$ 495,304	\$ 30,315
Excess of revenue over expenses of the health fund (Note 6)	1,057,405	464,989
Balance, end of year	\$ 1,552,709	\$ 495,304
Building fund		
Transfer from unrestricted	\$ 750,000	\$ -

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The accompanying notes are an integral part of these financial statements

DURHAM COLLEGE STUDENTS INC.
Statement of Cash Flow
Year Ended April 30, 2020

	2020	2019
Operating activities		
Excess of revenue over expenses	\$ 1,504,547	\$ 1,466,716
Items not affecting cash:		
Amortization	32,927	19,626
Re-invested of interest income	(706)	(451)
	<u>1,536,768</u>	<u>1,485,891</u>
Changes in non-cash working capital:		
Accounts receivable	44,269	(44,269)
Prepaid expenses	(37,796)	(21,420)
Due from Durham College	(147,871)	25,248
Accounts payable	130,521	110,651
Government remittances payable	29,065	-
Insurance contract liability	15,347	118,050
Deferred revenue	960,831	45,270
	<u>994,366</u>	<u>233,530</u>
	<u>2,531,134</u>	<u>1,719,421</u>
Investing activities		
Purchase of capital assets	(72,581)	(3,337)
Re-investment of interest income	-	-
	<u>(72,581)</u>	<u>(3,337)</u>
Increase in cash and cash equivalents	2,458,553	1,716,084
Cash and cash equivalents - beginning of year	<u>3,516,430</u>	<u>1,800,346</u>
Cash and cash equivalents - end of year	\$ 5,974,983	\$ 3,516,430

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The accompanying notes are an integral part of these financial statements

1. Nature of the Organization

Durham College Students Inc. (the "Organization") was incorporated on July 10, 2017 without share capital and operates as a not-for-profit organization that is tax exempt under the Income Tax Act. The Organization is a service-based association that puts Durham College students' needs at the forefront, and provides quality campus engagement for every full-time student.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Changes in accounting standards

During the year, the Organization adopted section 4433 of the CPA Canada Handbook: Tangible Capital Assets Held by Not-For-Profit Organizations. Section 4433 replaces section 4431 of the same name. The main changes from Section 4431 include: the requirement that tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amount. The adoption of this standard did not have an impact on the Organization's financial statements.

Short-term investments

Short-term investments purchased with maturity of three months or more, but less than a year are classified as short-term investments

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight-line method
Furniture and fixtures	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

Tangible capital assets are reviewed for impairment whenever events or conditions indicate that the assets no longer contribute to the Organization's ability to provide services for that the service potential of the assets are less than their net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the asset is written down to the asset's fair value or replacement cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

2. Summary of significant accounting policies *(continued)*

Revenue recognition

Durham College Students Inc. follows the deferral method of accounting for contributions.

Unrestricted contributions for student fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions for health fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Student health insurance premiums provide coverage for students on an annual basis ending August 31. Deferred revenue includes the portion of fall and winter student health fees revenue for the period of coverage May to August of the following year.

All other revenue is recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Health Fund

The Health Fund is funded by the excess of health fund revenues over expenditures from student health insurance plan and supports the Organization's initiatives that relate to the health and well-being of students.

Building Fund

The Building Fund accounts for funds to be used towards the future purchase of space for the Organization.

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)

2. Summary of significant accounting policies (*continued*)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, amortization, asset valuations, deferred revenue and provisions for liabilities of uncertain timing. Actual results could differ from these estimates.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on Organization's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

The Organization has taken the following actions in response to the pandemic:

- Temporary work from home arrangements for employees;
- Temporarily suspending all in-person events; and
- Applying for all grants and subsidies the Organization is eligible for.

(continues)

2. Summary of significant accounting policies (*continued*)

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures.

Financial assets measured at amortized cost include cash, short-term investments and amounts due from Durham College.

Financial liabilities measured at amortized cost include accounts payable and insurance contract liability.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

The Organization recognizes its transaction costs in excess of revenue over expenditure in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption

3. Short-term investments

Short-term investments consists of two non-redeemable guaranteed investment certificates ("GIC") that have annual interest rates of 1.45% and 1.00%. The GICs mature October 2020 and April 2021, respectively.

DURHAM COLLEGE STUDENTS INC.
Notes to Financial Statements
Year Ended April 30, 2020

4. Related party transactions

The Organization is governed by a board of directors consisting of student representatives from Durham College.

In 2017, the Organization entered into an operating agreement with Durham College. Under this agreement, Durham College is responsible to collect certain ancillary fees from students, which include; a Student Activity fee comprising the membership fee collected from the Organization's members, the levy collected to support the day-to-day operations of the Organization and the Riot Radio fee, and student health and dental fees, which are then remitted to the Organization. No further ancillary student fees collected by Durham College are remitted to the Organization. A new agreement was signed May 1, 2019 with substantially similar terms for the year ending April 30, 2020.

On October 16, 2017, the Organization entered into an rental agreement with Durham College for space in Student Centre building. The Organization has agreed to pay annual rent, including HST, of \$157,519 to Durham College in equal monthly installments until August 31, 2020. This agreement has a one year renewal term at the end of the lease.

The operations of the Organization depend on the contribution of services from Durham College. The fair value of the services cannot be reasonably determined and are therefore not reflected in these financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The amount due from Durham College is non-interest bearing and has no specific terms of repayment.

5. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 12,195	\$ 7,870	\$ 4,325	\$ 5,688
Furniture and fixtures	33,532	26,180	7,352	16,902
Leasehold improvements	81,224	26,127	55,097	4,530
	\$ 126,951	\$ 60,177	\$ 66,774	\$ 27,120

DURHAM COLLEGE STUDENTS INC.
Notes to Financial Statements
Year Ended April 30, 2020

6. Health fund and related disbursements

All full-time Durham College students are required to pay for health and dental insurance as part of the base student fees. Students can opt-out of these plans if they have alternative coverage.

On September 1, 2018, the Organization began to self-insure the health and dental plan. All annual surpluses are invested in the health fund reserve. The Organization is liable for health and dental claims made by students for the lesser of one year after the service date of the claim or 90 days after coverage terminates. A provision has been made in the amount of \$133,397 for claims incurred to April 30, 2020 but not yet reported using applicable industry rates.

In order to mitigate risk, the Organization pays an annual stop loss premium for the health plan based on projected future claims. The Organization is insured for claims that exceed 120% of the projected future claims. The Organization reviews the health fund reserve semi-annually to ensure a minimum reserve amount of 20% of projected claims not covered by the stop loss insurance.

The Organization entered into an agreement with an insurance consulting company to provide program management services with respect to the student health and dental plan. If terminated without cause, the contract requires the Organization to pay a fee equivalent to program management fees for a full policy year based on the current years enrolment. The agreement is effective until August 31, 2020 with an option for a one year extension.

	2020	2019
<i>Revenue</i>		
Student health levy (net of opt-out)	\$ 3,329,010	\$ 2,824,935
<i>Expenses</i>		
Claims	1,704,262	1,087,975
Health Plan Premiums	305,308	992,548
Program Management Fees	170,878	194,743
	2,180,448	2,275,266
Health - wages, salaries and benefits	91,157	78,125
Excess of revenue over expenses of the health fund	\$ 1,057,405	\$ 471,544

7. Deferred revenue

	2020	2019
Opening balance	\$ 269,485	\$ 224,215
Funds received, health (net of opt-out)	4,289,841	2,870,205
Funds earned in the year	(3,329,010)	(2,824,935)
Total deferred revenue	\$ 1,230,316	\$ 269,485

DURHAM COLLEGE STUDENTS INC.
Notes to Financial Statements
Year Ended April 30, 2020

8. Student fees

	2020	2019
Operations	\$ 1,084,072	\$ 1,303,577
Student Centre	768,291	839,956
Riot Radio	130,823	152,134
	\$ 1,983,186	\$ 2,295,667

9. Wages and benefits

	2020	2019
Outreach	\$ 362,518	\$ 305,075
Club and Societies	152,311	75,242
Riot Radio	123,713	146,586
Health	91,157	78,125
Management	60,206	40,975
Marketing	55,450	104,921
Campus life	42,352	-
Executive	36,808	32,542
Legal Aid	21,675	6,748
	\$ 946,190	\$ 790,214

Management and administrative compensation totalling \$320,000 (2019 - \$204,000), was allocated to various functions based on time spent.

10. Commitment

To support Durham College students financially impacted by the pandemic, the Organization has partnered with Durham College to offer bursaries to students in need, up to \$250,000. Durham College will assess financial eligibility, administer the funds to students and invoice the Organization for bursaries granted. There were no bursaries granted during the year ended April 30, 2020.

11. Contingent liabilities

On October 28, 2018, a lawsuit was initiated against the Organization by former employees alleging wrongful dismissal. The claim is for \$450,000 plus legal costs. The likelihood of the claim being successful is not known. The Organization has filed a statement of defence and it is the intention of the Organization to aggressively defend this lawsuit.

12. Financial instruments

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of April 30, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the cash balance and short-term investments are held with a major Canadian financial institution there is a concentration of credit risk with one bank in Canada. The risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The carrying amount of cash and short-term investments included on the statement of financial position represent the maximum credit exposure. The Organization is not exposed to significant credit risk related to accounts receivable as these are primarily due from Durham College and expect to be collected in full.

Interest rate risk

The guaranteed investment certificates included in short-term investments bear interest at a fixed rate of interest and as such is subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates. The Organization manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity. The exposure to this risk increased primarily due to interest rate volatility caused by the COVID-19 pandemic.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

The risk assessment has been updated from the prior period for the impact of COVID-19.

13. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year excess of revenue over expenses.



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Members of the Board of Directors
Durham College Students Inc.
2000 Simcoe Street N
Oshawa, Ontario
L1H 7K4

Re: Audit of the Financial Statements of Durham College Students Inc.

We have been engaged to express an audit opinion on the financial statements of Durham College Students Inc. ("the organization") for the year ended April 30, 2020. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors. This report should be read in conjunction with the draft financial statements and our report thereon.

Auditor Independence

Through our planning process, we identify any potential independence threats and communicate any concerns we identify. The organization, management and the Board of Directors have a proactive role in this process, and are responsible for understanding the independence requirements applicable to the organization and its auditor. You must bring to our attention any concerns you may have, or any knowledge of situations or relationships between the organization, management, personnel (acting in an oversight or financial reporting role) and our Firm, its partners/principals and audit team personnel that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Ontario and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

In accordance with our professional requirements, we advise you that we are not aware of any relationships between the organization and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Accordingly, we hereby confirm that our audit engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the organization within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Our Responsibilities as Auditor

As stated in the engagement letter, our responsibility as auditor of your organization is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain material misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used, and their application;
- Assessing the significant estimates made by management;
- Concluding 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 organization's ability to continue as a going concern; and
- Evaluating 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.

As part of our audit, we obtained a sufficient understanding of the business and internal control structure of the organization to plan the audit. This included management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and
- The internal controls put in place by management to address such risks.

The engagement team undertook a documented planning process prior to commencement of the audit to identify concerns, address independence considerations, assess the engagement team requirements, and plan the audit work and timing.

An audit does not relieve management or those responsible for governance of their responsibilities for the preparation of the organization's financial statements.

Board of Directors' Responsibilities

The Board of Directors' role is to act in an objective, independent capacity as a liaison between the auditor, management and the board of directors to ensure the auditor has a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The Board of Directors' responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditor as necessary and prior to release and approval of financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditor with appropriate levels of management, and reporting back to the auditor their findings;
- Making known to the auditor any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or Independent Auditor's Report;
- Providing guidance and direction to the auditor on any additional work the auditor feels should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditor with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls;
- Reviewing the draft financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approving same to be passed to directors for approval; and
- Pre-approving all professional services and allowable consulting services to be provided by the auditor.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of Durham College Students Inc. was to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Independent Auditor's Report

We anticipate that our Independent Auditor's Report will be issued without modification.

Our Independent Auditor's Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the financial statements, including evidence that all the statements and disclosures that comprise the financial statements have been prepared and the Board of Directors has approved the financial statements.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the organization's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Board of Directors.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or the Board of Directors members become aware of circumstances under which the organization may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and have been reviewed with you.

Management has advised that no other related party transactions have occurred that have not been disclosed to us. The Board of Directors is required to advise us if it is aware of or suspects any other related party transactions have occurred, which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the financial statements.

The accounting policies adopted may be acceptable policies under Canadian Accounting Standards for Not-for-Profit Organizations; however, alternative policies may also be acceptable under Canadian Accounting Standards for Not-for-Profit Organizations. The organization and the Board of Directors have a responsibility to not adopt extreme or inappropriate interpretations of Canadian Accounting Standards for Not-for-Profit Organizations that may have inappropriate or misleading results. Alternative policies, if adopted, may produce significant changes in the reported results of the operations, financial position and disclosures of the organization.

The Board of Directors has a responsibility to review the accounting policies adopted by the organization, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Board of Directors believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

As described in the notes to the financial statements, the organization has adopted the following:

During the year, the Organization adopted section 4433 of the CPA Canada Handbook: Tangible Capital Assets Held by Not-For-Profit Organizations. Section 4433 replaces section 4431 of the same name. The main changes from Section 4431 include: the requirement that tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amount. The adoption of this standard did not have an impact on the Organization's financial statements.

Accounting Estimates

Management is responsible for the accounting estimates included in the financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditor is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on areas that have a higher risk of being materially misstated.

Completeness of accounts payable and accrued liabilities

Completeness of net assets

Completeness and existence of contingencies and commitments

Completeness and accuracy of revenue

Occurrence , completeness and accuracy of expenses

Occurrence of payroll

Key Audit Matters

There are no key audit matters to be communicated in the auditor's report.

Materiality

Materiality is used throughout the audit and in particular when:

- a) Identifying and assessing risk of material misstatement;
- b) Determining the nature, timing and extent of further audit procedures; and
- c) Evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming an opinion on the Auditor's Report.

Materiality is defined as:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

Audit Procedures

The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

In response to our risk assessment and based on our understanding of internal controls, we adopted a substantive approach for the audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

Unrestricted Fund Surplus and Excess Cash

Observation and implication

DC Students Inc. currently has an unrestricted surplus of \$2.8 Million. While CRA has indicated that a Not for Profit Organization (NPO) may earn a profit from time to time provided that the profit is generally unanticipated and incidental to carrying out the entity's not-for-profit purposes. It may not intentionally earn a profit to finance future capital projects, nor may it accumulate excess funds to earn investment income that will be used to finance ongoing expenses, even if those funds were accumulated from members' contributions. The repercussions of maintaining a large fund surplus and annual profit are that CRA has the authority to remove an NPO's tax free status.

As a result of the surpluses DC Students Inc. has accumulated a significant cash reserve. We observed that only a small portion of this has been invested in higher interest account or investments. Effective cash management can increase the return earned on the DC Students Inc.'s resources. Investing cash can also reduce the risk of theft by increasing the number of controls in place to access the Organization's excess cash.

Recommendation

A formal plan for use of the surplus funds should be developed and it should take into consideration the specific mandate of the DC Students Inc. This plan should also be linked to the strategic plan of the DC Students Inc. Once developed, the plan should be communicated to members and other interested parties. Going forward, the DC Students Inc. needs to follow a zero budgeting model or document any allocation of profit to a specific purpose or restricted fund that falls within the Organization's original mandate. A formal investment policy should be developed that outlines the procedures for investing excess cash of the DC Students Inc. The policy should specify who is authorized to make investment decisions and the acceptable type of investments based on the DC Students Inc. 's risk tolerance.

Management Response

Management planned to meet with a wealth advisor in May 2020 to discuss a plan for the excess funds, but as a result of COVID, this did not occur. There are plans to meet with a wealth advisor in the New Year (2021).

The board has approved a plan for the use of the funds of \$500,000 towards hospitality services on the first floor of the student centre. The plan has been delayed due to COVID

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have aggregated uncorrected financial statement misstatements which are summarized in the accompanying schedule. Management has deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management has agreed to correct these misstatements.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the organization that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the organization's financial statements or Auditor's Report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the Auditor's Report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Other Matters

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Student Union's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations. The extent of the impact of this outbreak and related containment measures on The Organization's operations cannot be reliably estimated at this time.

As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Organization's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

Management Letter

We have submitted to management a letter on internal controls and any other matters that we feel should be brought to the attention of management.

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the organization's management.

Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below.

Yours truly,

Baker Tilly KDN LLP

per: Laura Wilson, CPA, CA
Partner

Acknowledgement of Board of Directors:

We have read the above disclosures.

Durham College Students Inc.

Name

Date

Name

Date

Schedule of Uncorrected Misstatements

Description of Misstatement	Proposed Adjustments Dr (Cr)				
	Statement of Income		Balance Sheet		
	Identified Misstatements	Likely Aggregate Misstatements	Assets	Liabilities	Opening Equity
To adjust client true-up entry to actual.	6,575	6,575	(6,575)	-	-
a) Totals		6,575	(6,575)	-	-
b) Misstatements corrected by management		-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)		6,575	(6,575)	-	-
d) Effect of unadjusted misstatements from previous year's errors		-	-	-	-
e) Aggregate likely misstatements (c + d)		6,575	(6,575)	-	-
f) Final overall materiality		108,000	108,000	108,000	108,000
g) Amount remaining for further possible misstatement (f - e)		101,425	101,425	108,000	108,000

DCSI Support for International Students

Proposal – November 20, 2020

Background

Durham College understands that DCSI has the financial resources and a keen interest in providing support for students in need. It is our understanding that the Board would like to provide \$100,000 for this purpose.

DC's Financial Aid office has significant resources to provide support for domestic students through a number of sources including donor directed bursaries and a tuition set-aside program mandated by the provincial government. With access to approximately \$5 million annually, the Financial Aid office is able to meet the needs of domestic students and still have surplus funding remaining.

The Challenge

The funds available through the Financial Aid Office are, for the most part, restricted to domestic students. Unfortunately, international students are experiencing significant financial struggles during this unprecedented pandemic and they have fewer avenues to access support. These challenges are compounded by the inability to access employment as well as increased housing and food costs.

The School of International Education has a modest International Student Emergency Fund that has been depleted this year due to the increased need.

Proposal – DCSI International Student Emergency Fund

Durham College respectfully requests that DCSI consider establishing the DCSI International Student Emergency Fund. Our proposal suggests an opportunity to address immediate needs while also ensuring sustainability of the fund for years come.

Expendable Contribution

We are requesting that the Board approve an expendable contribution of \$40,000 directly to the International Student Emergency Fund to assist with meeting immediate needs. The International Education Office has a process to assess requests and currently provides an average of \$500 to \$1,000 per request.

Endowment Contribution

Further, we are requesting that the Board consider providing \$60,000 to start the DCSI International Student Endowment Fund.

An endowment means that the Durham College Foundation invests the cash contribution in perpetuity, with the interest made available to spend. The Foundation distributes a minimum of 2 percent annually, however, if the market performance is positive, the percentage can increase.

The proposed contribution of \$60,000 would net a minimum of \$1200 for distribution. The Endowment can be topped up at any time and annual reports will be provided to DCSI.

Recognition

All student grants awarded will be recognized as coming from the DCSI International Student Emergency Fund.

Thank you for your consideration.

A handwritten signature in blue ink, appearing to read "L. Flynn".

Linda Flynn, CFRE

Associate vice-president, Development and Alumni Affairs
Executive Director, Durham College Foundation