

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2014

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2014

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KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Camosun College Foundation

We have audited the accompanying financial statements of Camosun College Foundation, which comprise the statement of financial position as at December 31, 2014, the statements of operations and changes in fund balances 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 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.

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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Camosun College Foundation as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

June 11, 2015
Victoria, Canada

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Cash	\$ 803,687	\$ 519,443
Investments (2014 cost - \$16,413,907) (note 2)	17,724,466	16,985,808
Trades pending settlement	502,299	-
Accrued interest receivable	76,926	83,131
Accounts receivable	114,517	12,105
Cash surrender value of life insurance policies (note 3)	357,144	402,146
	<u>\$ 19,579,039</u>	<u>\$ 18,002,633</u>

Liabilities

Accounts payable and accrued liabilities	\$ 39,728	\$ 35,212
Payable to Camosun College	81,740	101,107
Deferred grants	71,054	-
Accounts held in trust (note 4)	2,534,512	2,133,101
	<u>2,727,034</u>	<u>2,269,420</u>

Fund Balances

Restricted funds:		
Specific Purpose Fund - externally restricted	1,830,755	1,674,000
Endowment Investment Income Fund:		
Externally restricted	1,909,225	1,611,074
Internally restricted	632,976	309,979
Endowment Fund - externally restricted	10,670,241	10,354,413
BC Regional Innovation Chair:		
Endowment Fund - externally restricted	1,808,808	1,783,747
	<u>16,852,005</u>	<u>15,733,213</u>

Commitments (note 9)

	<u>\$ 19,579,039</u>	<u>\$ 18,002,633</u>
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See accompanying notes to financial statements.

Approved by the Board:



Director



Director

CAMOSUN COLLEGE FOUNDATION

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2014, with comparative information for 2013

	2014		2013				
			Restricted Funds				
	Total	Operating Fund	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	Total
Revenues:							
Donations	\$ 643,300	-	439,547	15,645	188,108	-	1,102,690
Donations for the Centre Trades Education & Innovation (CTEI)	62,651	-	62,651	-	-	-	214,030
Distributions and grants from other foundations	170,793	-	90,950	79,843	-	-	74,703
Insurance death benefit less prior cash surrender value	61,727	-	-	-	61,727	-	-
Gifts in kind	36,402	-	16,521	-	19,881	-	1,073,460
Camosun College contributions	367,548	288,602	78,946	-	-	-	525,514
Investment income	479,626	-	25,488	375,755	18,928	59,455	500,082
Realized gain on disposal of investments	322,562	-	-	322,997	-	(435)	130,430
Special events	-	-	-	-	-	-	32,378
Insurance policies and related distributions	-	-	-	-	-	-	1,473
	2,144,609	288,602	714,103	794,240	288,644	59,020	3,654,760
Expenses:							
Student Awards and Bursaries (note 9)	677,374	-	325,534	351,840	-	-	685,387
Contributions - Camosun Programs and Equipment	28,967	-	13,822	15,145	-	-	35,843
Contributions - other	89,967	-	89,967	-	-	-	55,531
Transfer to Camosun College re: BCRIC Endowment	50,551	-	-	-	-	50,551	59,901
Transfer of gifts in kind to Camosun College	16,521	-	16,521	-	-	-	1,040,503
Special events	-	-	-	-	-	-	16,890
Foundation office support	248,487	248,487	-	-	-	-	285,007
Trademark Campaign support	78,946	-	78,946	-	-	-	106,809
Professional fees	92,754	11,944	3,491	68,850	-	8,469	95,700
Office and administration	28,171	28,171	-	-	-	-	28,440
Decrease in cash surrender value of life insurance policies (note 3)	6,729	-	-	-	6,729	-	-
Life insurance premiums	1,017	-	-	-	1,017	-	632
	1,319,484	288,602	528,281	435,835	7,746	59,020	2,410,643
Excess of revenues over expenses before undernoted	825,125	-	185,822	358,405	280,898	-	1,244,117
Unrealized gain on investments held	293,667	-	-	268,606	-	25,061	611,137
Excess of revenues over expenses	1,118,792	-	185,822	627,011	280,898	25,061	1,855,254
Interfund transfers	-	-	(29,067)	(5,863)	34,930	-	-
Net change in fund balances	1,118,792	-	156,755	621,148	315,828	25,061	1,855,254
Fund balances, beginning of year	15,733,213	-	1,674,000	1,921,053	10,354,413	1,783,747	13,877,959
Fund balances, end of year	\$ 16,852,005	-	1,830,755	2,542,201	10,670,241	1,808,808	\$ 15,733,213

CAMOSUN COLLEGE FOUNDATION

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 1,118,792	\$ 1,855,254
Unrealized gains	(293,667)	(611,137)
Realized gains and loss	(322,562)	(130,430)
Cash surrender value of life insurance policies (note 3)	45,002	(1,473)
	547,565	1,112,214
Change in non-cash operating working capital:		
Accrued interest receivable	6,205	(843)
Accounts receivable	(102,412)	1,323
Accounts payable and accrued liabilities	4,515	13,598
Payable to Camosun College	(19,367)	3,569
Deferred revenue	71,054	-
	507,560	1,129,861
Cash flows from investing activities:		
Purchase of investments	(4,693,978)	(4,776,351)
Proceeds from dispositions of investments	4,069,251	3,656,994
Increase in funds held in trust	401,411	350,515
	(223,316)	(768,842)
Increase in cash	284,244	361,019
Cash, beginning of year	519,443	158,424
Cash, end of year	\$ 803,687	\$ 519,443
Supplemental cash flow information:		
Non-cash operating and investing activities:		
In-kind contributions of investments	\$ 19,881	\$ 32,957
In-kind contributions transferred to Camosun College	16,521	1,040,503

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

The Camosun College Foundation (the "Foundation") is registered as a charity under the Income Tax Act and is incorporated under the Canada Not-for-Profit Corporations Act. The Foundation was created to assist Camosun College to expand its educational services in areas not funded by government. The Foundation's main purpose is to provide financial aid to the students of Camosun College.

The Foundation provides the opportunity for individuals, corporations and associations to become involved in post-secondary education through contributions that support college students, programs and services.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Fund accounting:

The Foundation receives support from various donors and allows for restrictions on the use of the donations. These are recorded in the following funds:

Operating Fund:

The Operating Fund includes operating revenues and expenses of the Foundation. This fund reports unrestricted revenues and restricted operating contributions.

Restricted Funds:

- (i) The Specific Purpose Fund includes donations for which the donor has specified certain specific uses such as bursaries, scholarships and equipment acquisitions.
- (ii) The Endowment Investment Income Fund includes investment income, defined as interest and dividends, earned on the Endowment Fund, related portfolio management fees and the awards granted from this income. Realized and unrealized capital gains (losses) are also recorded in the Endowment Investment Income Fund and are used for general purposes consistent with the framework governing endowment funds. In addition, the fund includes distributions received from endowments held at other foundations where the Camosun College Foundation is the beneficiary.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

Endowment Fund:

The Endowment Fund includes donations for which the Foundation and/or the donor have specified that the principal is to be held intact in perpetuity. Also included is the cash surrender value of life insurance policies owned by the Foundation.

BC Regional Innovation Chair Endowment Fund:

The BC Regional Innovation Chair Endowment Fund ("BCRIC") was established with a capital contribution to Camosun College of \$1,250,000 by the Leading Edge Endowment Fund ("LEEF") in December 2007. Camosun College designated the Foundation as the trustee for BCRIC. The Foundation agreed to raise funds to match the \$1,250,000 and made an initial contribution of \$300,000 toward the needed \$1.25M and committed to raise the balance of \$950,000 at a rate of \$190,000 a year for five years, ending in November 2012.

As fundraising efforts had not been successful by the date of the first annual commitment, the Foundation advanced \$190,000 to BCRIC with the intent that, as additional funds were raised, the Foundation's advance would be repaid. Fund raising conditions since 2008 have been such that the Foundation has not been able to raise the needed funds.

The principal has been invested and is to be held in perpetuity. The net investment income is used to support the BC Regional Innovation Chair in Sport Technology at Camosun College.

(b) Investments:

Investments are recorded at fair value. Transaction costs are charged to the statement of operations as incurred.

The change in the difference between the fair value and book value of investments at the beginning and end of each year is recorded in the statement of operations.

The fair value of fixed income securities and equities is determined by the closing bid price for these securities on the last trading date of the year.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(c) Investment transactions and income recognition:

Investment transactions are accounted for as of the trade date. Dividend and interest income are recorded on the accrual basis, with dividends recorded as of the ex-dividend date. Realized gains and losses from investment transactions and unrealized gains or losses of investments are calculated on a weighted-average cost basis.

(d) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

(e) Contributions:

Gifts in kind designated for Camosun College are recorded at their estimated fair market value on date of receipt, except for contributions of art and collectibles which are recorded at nominal values of \$1 until realization of cash proceeds from the sale of such items. Contributed materials and services, including accounting and administrative services provided by Camosun College, are not recorded in the financial statements.

(f) 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 revenues and expenses during the period. Actual results could differ from those estimates.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

2. Investments:

		2014	2013
	Cost	Fair value	Fair value
Cash held at broker	\$ 27,967	\$ 27,966	\$ 72,057
Fixed income securities, with effective interest rates of 2.0% to 7.4% (2013 – 2.0% to 7.4%), maturing between 2015 and 2021	7,281,421	7,407,335	8,224,165
Common shares	7,559,024	8,494,779	7,235,874
Preferred shares	1,545,495	1,794,386	1,453,712
	\$16,413,907	\$17,724,466	\$16,985,808

At December 31, 2014, the Foundation held shares denominated in foreign currencies with a fair value of \$1,911,553 (2013 - \$1,650,104).

Investment income is comprised of the following:

	2014	2013
Interest	\$ 268,586	\$ 300,014
Dividends and other distributions	307,844	262,240
Subtotal	576,430	562,254
Less investment income allocated to the Camosun College Student Society Building Trust Fund	(96,804)	(62,172)
	\$ 479,626	\$ 500,082

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2013	\$ 402,146	\$ 899,690
Payout of death benefit	(38,273)	(100,000)
Decrease in value	(6,729)	(43,253)
Balance, December 31, 2014	\$ 357,144	\$ 756,437

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

3. Life insurance policies (continued):

Supplementary information:

	2014	2013
Premiums paid by other parties	\$ 1,233	\$ 1,774
Total premiums paid	\$ 1,233	\$ 1,774

In addition, during the year premiums were charged directly to the cash surrender value of the policy totaling \$nil (2013 - \$2,039).

4. Accounts held in trust:

	2014	2013
Camosun College Student Society Building Trust Fund	\$ 2,534,512	\$ 2,133,101

The Foundation manages funds in trust for the Camosun College Student Society. During the year the Foundation allocated \$96,804 (2013 - \$62,172) in investment income and \$13,393 (2013 - \$11,657) in management fee expenses to the funds held in trust.

5. Other endowment funds:

The Foundation is entitled to distributions from endowment funds held at other foundations:

	2014	2013
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 800,000	\$ 800,000
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	1,000,000	1,000,000
	\$ 1,800,000	\$ 1,800,000

Distributions recognized from endowment funds held at other foundations were as follows:

	2014	2013
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 38,941	\$ 37,501
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	40,902	37,202
	\$ 79,843	\$ 74,703

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

5. Other endowment funds (continued):

(a) Vancouver Foundation:

In 1984 the Camosun College Foundation Endowment Fund was established at the Vancouver Foundation and, in accordance with the provisions of the Vancouver Foundation Act, the Fund is held permanently by the Vancouver Foundation.

The income of the Fund is received by the Foundation quarterly. The Board of the Foundation has approved that this income be disbursed for scholarships, bursaries and other educational purposes.

(b) Victoria Foundation:

The Foundation is to receive all of the annual distributions from the Edward Joseph Harrison Fund for Camosun College to provide scholarships and other assistance to needy students.

The income of the Fund is received by the Foundation semi-annually. The Victoria Foundation operates the Fund which was established with a \$1,000,000 donation from Mr. Edward Joseph Harrison.

6. Other information:

Gaming revenue:

Gaming revenue is included in specific purpose revenue. In accordance with the BC Ministry of Government Services Public Gaming Branch's directive, gaming proceeds and disbursements are as follows:

	2014	2013
Opening balance	\$ 8	\$ 1,008
Net gaming revenue	-	1,200
Charitable expenses	-	(2,200)
Ending balance	\$ 8	\$ 8

7. Financial instruments:

(a) Interest rate risk:

The Foundation's exposure to interest rate risk relates to its investments in fixed income securities. The fair value of these securities is directly impacted by changes in interest rates.

(b) Foreign exchange risk:

The Foundation holds investments in securities traded on foreign stock exchanges which are subject to foreign exchange risk (note 2).

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2014

7. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. A key liquidity requirement is grant commitments. Liquidity risk is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated. The Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's liquidity risk is considered minimal.

(d) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash, investments, accounts receivable, and cash surrender value of life insurance policies, the Foundation's credit risk is limited to the carrying value on the balance sheet.

The Foundation manages the risk associated with the concentration of credit risk through its policy of investing in instruments issued by high credit quality financial institutions.

(e) Market risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's marketable securities are carried at fair value with fair value changes recognized in the statement of operations and changes in fund balances, all changes in market conditions will directly result in an increase or decrease in net assets. Market price risk is managed by the Foundation's investment manager through construction of diversified portfolios of instruments traded on various markets across various industries.

8. Interfund transfers:

	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund
Redesignation of gifts	\$ (29,067)	\$ (5,863)	\$ 34,930	\$ -

9. Commitments:

During the year, the Foundation's board approved a maximum disbursement of \$500,000 for student awards and bursaries for the period September 2014 to April 2015. Of this amount \$250,007 was disbursed in November 2014 and the remaining \$249,993 was disbursed after February 2015.