

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2018

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2018

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CAMOSUN COLLEGE FOUNDATION

STATEMENT OF MANAGEMENT RESPONSIBILITY

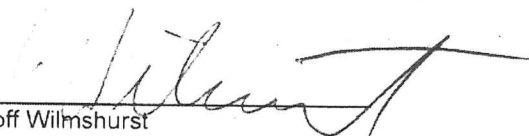
The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook. The integrity and objectivity of these statements is management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. The significant accounting policies are summarized in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Camosun College Foundation Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Finance and Audit Committee. The Committee reviews the external audited financial statements yearly and the internal financial reports on a quarterly basis. The external auditor has full access to the Finance and Audit Committee, with and without management present.


KPMG conducts an independent examination, in accordance with Canadian auditing standards, and expresses an opinion on the financial statements. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of the examination and their opinion on the financial statements.

On behalf of the Camosun College Foundation



Geoff Wilmshurst
Executive Director

Camosun College Foundation



Deborah Huelscher
Interim Vice President, Administration and
Chief Financial Officer
Camosun College



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INDEPENDENT AUDITORS' REPORT

To the Members of Camosun College Foundation

Opinion

We have audited the financial statements of Camosun College Foundation (the "Foundation"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Auditors' 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 auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
April 25, 2019

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash	\$ 2,190,063	\$ 3,200,567
Investments (2018 cost - \$23,935,422) (note 2)	24,076,773	21,642,233
Accounts receivable	150,222	110,128
Cash surrender value of life insurance policies (note 3)	341,032	375,290
	<u>\$ 26,758,090</u>	<u>\$ 25,328,218</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 210,081	\$ 280,704
Funds due to Camosun College Student Society (note 4)	3,726,333	3,467,990
	<u>3,936,414</u>	<u>3,748,694</u>
Fund Balances		
Restricted funds	22,821,676	21,579,524
Commitments (note 10)		
	<u>\$ 26,758,090</u>	<u>\$ 25,328,218</u>

See accompanying notes to financial statements.

Approved by the Board:



Director



Director

CAMOSUN COLLEGE FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2018, with comparative information for 2017

	Restricted Funds				2018	2017
	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	Total	Total
Revenues:						
Donations and grants (notes 5 and 9)	\$ 2,459,600	\$ 113,872	\$ 345,025	\$ -	\$ 2,918,497	\$ 4,260,238
Investment income	20,003	532,779	14,113	59,829	626,724	533,790
Realized and unrealized gains (losses) on investments	265	(649,104)	-	(64,392)	(713,231)	613,786
Insurance policies (note 3)	-	-	(34,255)	-	(34,255)	20,248
	2,479,868	(2,453)	324,883	(4,563)	2,797,735	5,428,062
Expenses:						
Student awards and bursaries (note 8)	408,821	584,557	-	-	993,378	919,250
Program equipment and support	440,667	6,338	-	8,567	455,572	1,228,368
Professional fees	2,458	95,569	-	8,606	106,633	101,931
	851,946	686,464	-	17,173	1,555,583	2,249,549
Excess (deficiency) of revenues over expenses	1,627,922	(688,917)	324,883	(21,736)	1,242,152	3,178,513
Interfund transfers	(16,908)	(977)	17,885	-	-	-
Fund balances, beginning of year	3,476,654	3,077,774	13,217,760	1,807,336	21,579,524	18,401,011
Fund balances, end of year	\$ 5,087,668	\$ 2,387,880	\$ 13,560,528	\$ 1,785,600	\$ 22,821,676	\$ 21,579,524

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 1,242,152	\$ 3,178,513
Realized and unrealized losses (gains)	713,231	(613,785)
Cash surrender value of life insurance policies (note 3)	34,258	(20,870)
	<u>1,989,641</u>	<u>2,543,858</u>
Changes in non-cash operating working capital:		
Accounts receivable	(40,094)	24,387
Accounts payable and accrued liabilities	(70,623)	132,998
	<u>1,878,924</u>	<u>2,701,243</u>
Cash flows from investing activities:		
Purchase of investments	(8,300,489)	(11,301,224)
Proceeds from dispositions of investments	4,979,397	10,262,646
Increase in funds held in trust (note 4)	431,664	438,467
	<u>(2,889,428)</u>	<u>(600,111)</u>
Increase (decrease) in cash	(1,010,504)	2,101,132
Cash, beginning of year	3,200,567	1,099,435
Cash, end of year	<u>\$ 2,190,063</u>	<u>\$ 3,200,567</u>

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

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 the students of Camosun College to obtain bursaries, grants and awards to assist with the funding of their post-secondary education. The Foundation raises and manages funds for life-changing education.

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 restricted funds:

- (i) The Specific Purpose Fund includes donations for which the donor has stipulated specific uses such as bursaries, scholarships, equipment acquisitions, capital campaigns held for the duration of the campaign and unrestricted donations.
- (ii) The Endowment Investment Income Fund includes investment income, defined as interest and dividends, earned by 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. A portion of the Endowment Investment Income Fund balance has been internally restricted by the Board of Directors (2018 - \$1,315,577, 2017 - \$1,421,984).
- (iii) 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.
- (iv) 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 and College agreed to raise funds to match the \$1,250,000 and made an initial contribution of \$300,000 toward the needed \$1,250,000 and committed to raise the balance of \$950,000. 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. The Chair is currently vacant.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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 their fair value.

(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 are recognized as revenue of the appropriate restricted fund. Unrestricted donations are recognized in the Specific Purpose Fund and are internally restricted for use at the discretion of the Board of Directors.

Contributions for endowments 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 as determined by independent appraisers 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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

2. Investments:

	2018	2018	2017
	Cost	Fair value	Fair value
Cash held at broker	\$ 47,887	\$ 47,887	\$ 153,709
Money market mutual funds	3,163,906	3,163,906	1,300,915
Fixed income securities, with effective interest rates of 0.8% to 7.4% (2017 - 1.5% to 7.4%), maturing between 2019 and 2026	10,174,207	10,087,453	8,361,398
Common shares	8,091,694	8,499,874	9,551,309
Preferred shares	2,457,728	2,277,653	2,274,902
	<u>\$ 23,935,422</u>	<u>\$ 24,076,773</u>	<u>\$ 21,642,233</u>

At December 31, 2018, the Foundation held shares denominated in foreign currencies with a fair value of \$2,094,213 (2017 - \$2,323,860).

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2017	\$ 375,290	\$ 678,092
Net decrease	(34,258)	(127,786)
Balance, December 31, 2018	<u>\$ 341,032</u>	<u>\$ 550,306</u>

Premiums paid by other parties amounted to \$626 in the current year (2017 - \$626). During 2018, the Foundation received life insurance proceeds of \$77,629 (2017 - \$nil) which is included in donation revenue. The policies with death benefit payments in 2018 previously had cash surrender values totaling \$35,842. In addition, a policy with a face value of \$50,000 lapsed in 2018.

4. Funds due to the Camosun College Student Society (CCSS):

	2018	2017
CCSS Building Fund	\$ 3,726,333	\$ 3,467,990

The Foundation manages funds for the Camosun College Student Society. In November 2017 CCSS funds were segregated into a separate investment account with RBC Wealth Management Dominion Securities on an in-kind and pro-rata basis. Investment income (interest and dividends), realized and unrealized gains and losses and investment management fees arising from these investments are recorded directly in the CCSS investment account.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

4. Funds due to the Camosun College Student Society (CCSS) (continued):

The CCSS Building Fund is recorded at the fair market value of the underlying fund investments which at December 31, 2018 had a cost of \$3,702,785.

5. Other endowment funds:

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

	2018	2017
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
	<hr/>	<hr/>
	\$ 1,800,000	\$ 1,800,000

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

	2018	2017
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 47,522	\$ 45,062
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	55,258	53,460
	<hr/>	<hr/>
	\$ 102,780	\$ 98,522

(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:

Mr. Edward Joseph Harrison donated \$1,000,000 for the benefit of Camosun College. The Funds are held by the Victoria Foundation as the Edward Joseph Harrison Fund and the Foundation receives all the distributions on a semi-annual basis.

The Funds are to provide scholarships and other assistance to students in need.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

6. Financial instruments:

(a) Foreign exchange risk:

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

(b) 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.

(c) 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 statement of financial position.

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, governments and corporations.

(d) 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 Policy which provides for the investment of diversified portfolios of instruments across various industries traded on various markets.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2018

7. Related party transactions:

Camosun College provided operating support to the Foundation:

	2018	2017
Office and administration support	\$ 575,927	\$ 457,382

In addition, donations to the Specific Purpose Fund and Endowment Investment Income Fund of \$82,900 (2017 - \$256,349) were provided by Camosun College to support Camosun programs.

During the year the Foundation contributed \$5,551 (2017 - \$175,902) to Camosun College related to the TRADEmark of Excellence Campaign.

8. Capital Campaigns:

As at December 31, 2018, the Specific Purpose Fund includes the following funds raised for capital campaigns:

	2018	2017
Together for Health Building Campaign	\$ 2,447,643	\$ 1,221,872
Trades Building Campaign	616,897	628,578

9. Gifts in kind:

During 2018, the Foundation received gifts in kind totaling \$50,893 (2017 - \$23,433) which are recognized in the Specific Purpose Fund.

10. Commitments:

During the year, the Foundation's board approved a maximum disbursement of \$640,000 for student awards and bursaries for the period September 2018 to April 2019. Of this amount \$295,024 was disbursed in December 2018 and the remaining \$344,976 will be disbursed after the financial statements are finalized.