

Financial Statements of

**CAMOSUN COLLEGE  
FOUNDATION**

Year ended December 31, 2013

# CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2013

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Camosun College Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Camosun College Foundation, which comprise the statement of financial position as at December 31, 2013, 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

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**Report on Other Legal and Regulatory Requirements:**

As required by the Canada Corporations Act, we also report that, in our opinion, the accounting principles applied by the Camosun College Foundation have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

June 18, 2014  
Victoria, Canada

# CAMOSUN COLLEGE FOUNDATION

## Statement of Financial Position

December 31, 2013, with comparative information for 2012

|  | 2013                 | 2012                 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Cash   | \$ 519,443           | \$ 158,424           |
| Investments (2013 cost - \$15,968,915) (note 2)          | 16,985,808           | 15,124,885           |
| Accrued interest receivable                              | 83,131               | 82,288               |
| Accounts receivable                                      | 12,105               | 13,428               |
| Cash surrender value of life insurance policies (note 3) | 402,146              | 400,673              |
| Prepaid expenses   |                      | -                    |
|  | <b>\$ 18,002,633</b> | <b>\$ 15,779,698</b> |

## Liabilities

|  |                  |                  |
|--|------------------|------------------|
| Accounts payable and accrued liabilities | \$ 35,212        | \$ 21,614        |
| Payable to Camosun College               | 101,107          | 97,538           |
| Deferred revenue                         |                  | -                |
| Accounts held in trust (note 4)          | 2,133,101        | 1,782,586        |
|  | <b>2,269,420</b> | <b>1,901,738</b> |

## Fund Balances


|   |                   |                   |
|---|-------------------|-------------------|
| Restricted funds:                             |                   |                   |
| Specific Purpose Fund - externally restricted | 1,674,000         | 820,039           |
| Endowment Investment Income Fund:             |                   |                   |
| Externally restricted                         | 1,611,074         | 963,824           |
| Internally restricted                         | 309,979           | 184,283           |
| Endowment Fund - externally restricted        | 10,354,413        | 10,137,496        |
| BC Regional Innovation Chair:                 |                   |                   |
| Endowment Fund - externally restricted        | 1,783,747         | 1,772,318         |
|   | <b>15,733,213</b> | <b>13,877,960</b> |

Commitments (note 9)

|  |                      |                      |
|--|----------------------|----------------------|
|  | <b>\$ 18,002,633</b> | <b>\$ 15,779,698</b> |
|--|----------------------|----------------------|

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, 2013 with comparative information for 2012.

|   | 2013          |                | Restricted Funds      |                           |                |   | 2012          |  |
|---|---------------|----------------|-----------------------|---------------------------|----------------|---|---------------|--|
|   | Total         | Operating Fund | Specific Purpose Fund | Endowment Investment Fund | Endowment Fund | BC Regional Innovation Chair Endowment Fund | Total         |  |
| <b>Revenues:</b>  |               |                |                       |                           |                |   |               |  |
| Donations   | \$ 1,316,720  | \$ -           | \$ 1,103,402          | \$ 31,379                 | \$ 181,939     | \$ -  | \$ 893,011    |  |
| Donations for the Pacific Institute for Sport Excellence ("PISE")                     | -             | -              | -                     | -                         | -              | -   | 200,000       |  |
| Distributions from other foundations  | 74,703        | -              | -                     | 74,703                    | -              | -   | 73,106        |  |
| Gifts in kind   | 1,073,460     | -              | 1,049,594             | -                         | 23,866         | -   | 163,453       |  |
| Camosun College contribution  | 525,514       | 325,514        | 200,000               | -                         | -              | -   | 374,093       |  |
| Investment income   | 500,082       | -              | -                     | 429,715                   | 5,749          | 64,618                                      | 477,869       |  |
| Realized gain on disposal of investments  | 130,430       | -              | -                     | 125,696                   | -              | 4,734                                       | 43,878        |  |
| Special events  | 32,378        | -              | 32,378                | -                         | -              | -   | -             |  |
| Increase in cash surrender value of life insurance policies and related distributions | 1,473         | -              | -                     | -                         | 1,473          | -   | 13,779        |  |
|   | 3,654,760     | 325,514        | 2,385,374             | 661,493                   | 213,027        | 69,352                                      | 2,239,189     |  |
| <b>Expenses:</b>  |               |                |                       |                           |                |   |               |  |
| Awards - payments to students (note 9)  | 685,387       | -              | 281,781               | 403,606                   | -              | -   | 681,392       |  |
| - Camosun Programs and Equipment  | 35,843        | -              | 31,548                | 4,295                     | -              | -   | 115,470       |  |
| - other   | 55,531        | -              | 53,007                | 2,524                     | -              | -   | 86,183        |  |
| Transfer to Camosun College re: PISE  | -             | -              | -                     | -                         | -              | -   | 200,000       |  |
| Transfer to Camosun College re: BCRIC Endowment                                       | 59,901        | -              | -                     | -                         | -              | 59,901                                      | 63,734        |  |
| Transfer of gifts in kind to Camosun College  | 1,040,503     | -              | 1,040,503             | -                         | -              | -   | 130,260       |  |
| Special events  | 16,890        | -              | 16,890                | -                         | -              | -   | -             |  |
| Realized loss on disposal of investments  | -             | -              | -                     | -                         | -              | -   | 1,906         |  |
| Salaries and employee benefits  | 285,007       | 285,007        | -                     | -                         | -              | -   | 330,446       |  |
| Campaign support  | 106,809       | -              | 106,809               | -                         | -              | -   | -             |  |
| Professional fees   | 95,700        | 12,067         | -                     | 74,182                    | -              | 9,451                                       | 74,323        |  |
| Office and administration   | 28,440        | 28,440         | -                     | -                         | -              | -   | 31,606        |  |
| Life insurance premiums   | 632           | -              | -                     | -                         | 632            | -   | 1,530         |  |
|   | 2,410,643     | 325,514        | 1,530,538             | 484,607                   | 632            | 69,352                                      | 1,716,850     |  |
| Excess of revenues over expenses before undernoted                                    | 1,244,117     | -              | 854,836               | 176,886                   | 212,395        | -   | 522,339       |  |
| Unrealized gain on investments held   | 611,137       | -              | -                     | 599,708                   | -              | 11,429                                      | 136,722       |  |
| Excess of revenues over expenses  | 1,855,254     | -              | 854,836               | 776,594                   | 212,395        | 11,429                                      | 659,061       |  |
| Interfund transfers   | -             | -              | (874)                 | (3,648)                   | 4,522          | -   | -             |  |
| Net change in fund balances   | 1,855,254     | -              | 853,962               | 772,946                   | 216,917        | 11,429                                      | 659,061       |  |
| Fund balances, beginning of year  | 13,877,959    | -              | 820,038               | 1,148,107                 | 10,137,496     | 1,772,318                                   | 13,218,899    |  |
| Fund balances, end of year  | \$ 15,733,213 | \$ -           | \$ 1,674,000          | \$ 1,921,053              | \$ 10,354,413  | \$ 1,783,747                                | \$ 13,877,960 |  |

# CAMOSUN COLLEGE FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

|  | 2013              | 2012              |
|--|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>             |                   |                   |
| Excess of revenues over expenses                         | \$ 1,855,254      | \$ 659,061        |
| Unrealized gains   | (611,137)         | (136,722)         |
| Realized gains   | (130,430)         | (43,878)          |
| Cash surrender value of life insurance policies (note 3) | (1,473)           | (13,279)          |
|  | <u>1,112,214</u>  | <u>465,182</u>    |
| <b>Change in non-cash operating working capital:</b>     |                   |                   |
| Accrued interest receivable                              | (843)             | 5,683             |
| Accounts receivable                                      | 1,323             | 6,447             |
| Prepaid expenses   | -                 | -                 |
| Accounts payable and accrued liabilities                 | 13,598            | 4,124             |
| Payable to Camosun College                               | 3,569             | (35,909)          |
|  | <u>1,129,861</u>  | <u>445,527</u>    |
| <b>Cash flows from investing activities:</b>             |                   |                   |
| Purchase of investments                                  | (4,776,351)       | (3,923,256)       |
| Proceeds from dispositions of investments                | 3,656,994         | 3,124,110         |
| Increase in funds held in trust                          | 350,515           | 338,998           |
|  | <u>(768,842)</u>  | <u>(460,148)</u>  |
| Increase (decrease) in cash                              | 361,019           | (14,621)          |
| Cash, beginning of year                                  | 158,424           | 173,045           |
| <b>Cash, end of year</b>                                 | <b>\$ 519,443</b> | <b>\$ 158,424</b> |
| <b>Supplemental cash flow information:</b>               |                   |                   |
| <b>Non-cash operating and investing activities:</b>      |                   |                   |
| In-kind contributions of investments                     | \$ 32,957         | \$ 33,192         |
| In-kind contributions transferred to Camosun College     | 1,040,503         | 130,260           |

See accompanying notes to financial statements.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2013

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The Camosun College Foundation (the "Foundation") is registered as a charity under the Income Tax Act and is incorporated under Part II of the Canada 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, 2013

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## 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

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2013

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## 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.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2013

## 2. Investments:

|  |              | 2013         | 2012         |
|--|--------------|--------------|--------------|
|  | Cost         | Fair value   | Fair value   |
| Cash held at broker  | \$ 72,057    | \$ 72,057    | \$ 15,620    |
| Fixed income securities, with effective interest rates of 2.0% to 7.4% (2012 - 1.5% to 7.4%), maturing between 2014 and 2108 | 8,089,702    | 8,224,165    | 8,260,182    |
| Common shares  | 6,261,661    | 7,235,874    | 5,667,055    |
| Preferred shares   | 1,545,495    | 1,453,712    | 1,182,028    |
|  | \$15,968,915 | \$16,985,808 | \$15,124,885 |

At December 31, 2013, the Foundation held shares denominated in foreign currencies with a fair value of \$1,650,104 (2012 - \$1,063,151).

Investment income is comprised of the following:

|   | 2013       | 2012       |
|---|------------|------------|
| Interest  | \$ 300,014 | \$ 332,412 |
| Dividends   | 262,240    | 204,482    |
| Subtotal  | 562,254    | 536,894    |
| Less investment income allocated to the Camosun College Student Society Building Trust Fund | (62,172)   | (59,025)   |
|   | \$ 500,082 | \$ 477,869 |

## 3. Life insurance policies:

|                            | Cash surrender value | Face value |
|----------------------------|----------------------|------------|
| Balance, December 31, 2012 | \$ 400,673           | \$ 916,006 |
| Net increase (decrease)    | 1,473                | (16,316)   |
| Balance, December 31, 2013 | \$ 402,146           | \$ 899,690 |

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2013

### 3. Life insurance policies (continued):

Supplementary information:

|                                | 2013     | 2012     |
|--------------------------------|----------|----------|
| Premiums paid by other parties | \$ 1,774 | \$ 1,530 |
| Total premiums paid            | \$ 1,774 | \$ 1,530 |

In addition, during the year premiums were charged directly to the cash surrender value of the policy totaling \$2,039 (2012 - \$2,283).

### 4. Accounts held in trust:

|   | 2013         | 2012         |
|---|--------------|--------------|
| Camosun College Student Society Building Trust Fund | \$ 2,133,101 | \$ 1,782,586 |

The Foundation manages funds in trust for the Camosun College Student Society. During the year the Foundation allocated \$62,172 (2012 - \$59,025) in investment income and \$11,657 (2012 - \$9,027) 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:

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

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

|   | 2013      | 2012      |
|---|-----------|-----------|
| Vancouver Foundation - Camosun College Foundation Endowment Fund      | \$ 37,501 | \$ 36,721 |
| Victoria Foundation - Edward Joseph Harrison Fund for Camosun College | 37,202    | 36,385    |
|   | \$ 74,703 | \$ 73,106 |

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2013

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## 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

# **CAMOSUN COLLEGE FOUNDATION**

Notes to Financial Statements

Year ended December 31, 2013

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## **7. Financial instruments (continued):**