

Audited Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2004

CAMOSUN COLLEGE FOUNDATION

Audited Financial Statements

Year ended December 31, 2004

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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Camosun College Foundation as at December 31, 2004 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied, except as described in note 2, on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Victoria, Canada

March 16, 2005

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003 (amended note 2)
Assets		
Cash	\$ 281,330	\$ 170,411
Investments, at cost (note 3)	6,413,345	6,112,740
Accrued interest receivable	57,809	50,100
Accounts receivable	2,392	2,765
Receivable from Camosun College	58,079	86,735
Cash surrender value of life insurance policies	290,942	273,049
	<hr/>	<hr/>
	\$ 7,103,897	\$ 6,695,800
Liabilities		
Accounts payable and accrued liabilities	\$ 21,724	\$ 24,518
Accounts held in trust	12,957	12,957
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	34,681	37,475
Fund Balances		
Accumulated operating deficit	(22,130)	-
Restricted Funds:		
Specific Purpose - externally restricted	407,654	322,220
Endowment Investment Income - externally restricted	203,373	270,478
Endowment Fund - externally restricted	6,480,319	6,065,627
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	7,069,216	6,658,325
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	\$ 7,103,897	\$ 6,695,800

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, 2004, with comparative figures for 2003

	2004		2003		2003	
			Restricted Funds			
	Total	Operating Fund	Specific Purpose	Endowment Investment Income	Endowment Fund	Total
						(amended note 2)
Revenues:						
Donations	\$ 662,560	\$ 944	\$ 322,625	\$ 22,304	\$ 316,687	\$ 616,476
Gifts in kind	202,054	-	190,052	-	12,002	134,056
Camosun College grants	398,750	148,750	233,000	-	17,000	406,250
Investment income (note 3)	254,882	-	-	253,193	1,689	333,976
Special events, net of expenses	42,931	-	6,888	-	36,043	34,007
Increase in cash surrender value of life insurance policies	18,384	-	-	-	18,384	26,235
	<u>1,579,561</u>	<u>149,694</u>	<u>752,565</u>	<u>275,497</u>	<u>401,805</u>	<u>1,551,000</u>
Expenses:						
Awards	655,544	-	423,322	232,222	-	594,880
Transfer to Camosun College	190,052	-	190,052	-	-	134,056
Salaries and employee benefits	231,185	231,185	-	-	-	175,081
Professional fees	40,296	40,296	-	-	-	49,838
Office and administration	43,756	43,756	-	-	-	30,881
Life insurance premiums	1,837	1,837	-	-	-	3,632
Camosun College Alumni Association	6,000	6,000	-	-	-	-
	<u>1,168,670</u>	<u>323,074</u>	<u>613,374</u>	<u>232,222</u>	<u>-</u>	<u>988,368</u>
Excess (deficiency) of revenues over expenses	410,891	(173,380)	139,191	43,275	401,805	562,632
Fund balances, beginning of year	6,658,325	-	322,220	270,478	6,065,627	6,095,693
Interfund transfer re: funding operations	-	151,250	(34,620)	(109,165)	(7,465)	-
other	-	-	(19,137)	(1,215)	20,352	-
Fund balances, end of year	<u>\$ 7,069,216</u>	<u>\$ (22,130)</u>	<u>\$ 407,654</u>	<u>\$ 203,373</u>	<u>\$ 6,480,319</u>	<u>\$ 6,658,325</u>

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2004

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:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

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: (i) operating revenues and expenses of the Foundation, and (ii) donations received for which there are no restrictions attached by the donor.

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 earned on the Endowment Fund and the awards granted from this income.

Endowment Fund:

The Endowment Fund includes donations for which the Foundation and/or the donor specifies 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. The face value of the insurance policies at December 31, 2004 was \$955,846 (2003 - \$851,812).

(b) Investments:

Investments are carried at cost net of the amortization of any premiums or discounts arising on the purchase of the investments.

(c) Capital assets:

Computer equipment and software are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for computer hardware and software is three years.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2004

1. Significant accounting policies (continued):

(d) Contributions:

Gifts in kind designated for Camosun College are recorded at their estimated fair market value on date of receipt, except that contributions of art and collectibles 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.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which 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.

(f) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

2. Amendment of prior periods:

The prior period financial statements have been amended to remove endowments transferred to the Vancouver Foundation from the statement of financial position. The effect of this amendment is to decrease endowment assets and fund balance by \$800,000 effective January 1, 2003.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2004

3. Investments:

	2004		2003	
	Cost	Market value	Cost	Market value
Cash held at broker	\$ 637,316	\$ 637,316	\$ 2,635	\$ 2,635
Fixed income securities, with effective interest rates of 2.81% to 7.5% (2003 - 2.5% to 10.75%), maturing between 2005 and 2013	3,895,240	4,087,051	4,234,788	4,413,113
Common shares	1,674,067	2,002,218	1,772,905	1,808,624
Preferred shares	206,722	215,740	102,412	107,680
	\$ 6,413,345	\$ 6,942,325	\$ 6,112,740	\$ 6,332,052

Investment income is comprised of the following:

	2004	2003
Interest	\$ 212,990	\$ 238,412
Dividends	48,753	34,444
Capital gains (losses)	(6,861)	61,120
	\$ 254,882	\$ 333,976

4. Capital assets:

	2004		2003	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 8,144	\$ 8,144	\$ -	\$ -
Computer software	15,149	15,149	-	-
	\$ 23,293	\$ 23,293	\$ -	\$ -

There were no capital asset acquisitions during either 2004 or 2003.

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Year ended December 31, 2004

5. Other endowment funds:

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

(a) Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 800,000
(b) Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	1,000,000
	<hr/> \$ 1,800,000 <hr/>

(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.

During the year, the Foundation received \$41,932 (2003 - \$46,007) from the Camosun College Foundation Endowment Fund.

(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 Victoria Foundation operates the Fund which was established with a \$1,000,000 donation from Mr. Edward Joseph Harrison. During the year, the Foundation received \$41,500 (2003 - \$27,500) from the Edward Joseph Harrison Fund for Camosun College.

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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:

	2004	2003
Opening balance	\$ 265	\$ 223
Net gaming revenue	6,744	7,342
Charitable expenses	(6,500)	(7,300)
Ending balance per gaming report	\$ 509	\$ 265

7. Fair value of financial instruments:

Note 3 disclosed the fair values of the Foundation's investment assets. The carrying values of cash, accrued interest receivable, accounts receivable, cash surrender value of life insurance policies, receivable from Camosun College, accounts payable and accrued liabilities, and accounts held in trust approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

8. Statement of cash flows:

A statement of cash flows has not been prepared as the cash flows are readily apparent in the accompanying financial statements.