

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2005

CAMOSUN COLLEGE FOUNDATION

Audited Financial Statements

Year ended December 31, 2005

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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, 2005 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, 2005 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 on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font.

Chartered Accountants

Victoria, Canada

March 10, 2006

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Cash	\$ 42,939	\$ 281,330
Investments, at cost (note 2)	7,399,700	6,413,345
Accrued interest receivable	59,990	57,809
Accounts receivable	4,337	2,392
Receivable from Camosun College	55,000	103,793
Cash surrender value of life insurance policies (note 3)	308,398	290,942
Prepaid expenses	10,000	-
	<hr/>	<hr/>
	\$ 7,880,364	\$ 7,149,611

Liabilities

Accounts payable and accrued liabilities	\$ 85,159	\$ 67,438
Accounts held in trust	11,793	12,957
	<hr/>	<hr/>
	96,952	80,395

Fund Balances

Accumulated operating deficit	(7,536)	(22,130)
Restricted Funds:		
Specific Purpose - externally restricted	299,335	336,726
Endowment Investment Income - externally restricted	622,359	274,301
Endowment Fund - externally restricted	6,869,254	6,480,319
	<hr/>	<hr/>
	7,783,412	7,069,216
	<hr/>	<hr/>
	\$ 7,880,364	\$ 7,149,611

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, 2005, with comparative figures for 2004

	2005				2004	
	Total	Restricted Funds			Endowment Fund	Total
		Operating Fund	Specific Purpose Fund	Endowment Investment Income Fund		
Revenues:						
Donations	\$ 607,926	\$ 294	\$ 256,000	\$ 37,147	\$ 314,485	\$ 579,128
Distributions from other foundations (note 5)	87,682	-	-	87,682	-	83,432
Gifts in kind	101,965	-	70,299	-	31,666	214,170
Camosun College grants	307,500	132,500	142,000	-	33,000	398,750
Investment income (note 2)	697,064	-	-	694,276	2,788	254,882
Special events, net of expenses	47,961	(1,903)	49,864	-	-	42,931
Increase in cash surrender value of life insurance policies and related distributions	18,652	-	-	-	18,652	18,384
	<u>1,868,750</u>	<u>130,891</u>	<u>518,163</u>	<u>819,105</u>	<u>400,591</u>	<u>1,591,677</u>
Expenses:						
Awards	751,034	-	457,733	293,301	-	655,544
Transfer of gifts in kind to Camosun College	70,299	-	70,299	-	-	190,052
Salaries and employee benefits	228,582	228,582	-	-	-	231,185
Professional fees	44,435	8,375	-	36,060	-	40,296
Office and administration	36,351	36,351	-	-	-	43,756
Life insurance premiums	23,853	-	-	-	23,853	13,953
Camosun College Alumni Association	-	-	-	-	-	6,000
	<u>1,154,554</u>	<u>273,308</u>	<u>528,032</u>	<u>329,361</u>	<u>23,853</u>	<u>1,180,786</u>
Excess (deficiency) of revenues over expenses	714,196	(142,417)	(9,869)	489,744	376,738	410,891
Interfund transfer re: administration fees	-	157,011	(26,948)	(130,063)	-	-
redesignation of gifts	-	-	(574)	(11,623)	12,197	-
Net change in fund balances	714,196	14,594	(37,391)	348,058	388,935	410,891
Fund balances, beginning of year	7,069,216	(22,130)	336,726	274,301	6,480,319	6,658,325
Fund balances, end of year	<u>\$ 7,783,412</u>	<u>\$ (7,536)</u>	<u>\$ 299,335</u>	<u>\$ 622,359</u>	<u>\$ 6,869,254</u>	<u>\$ 7,069,216</u>

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

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 operating revenues and expenses of the Foundation, and 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, related portfolio management fees and the awards granted from this income. In addition, the fund includes distributions from endowments held at other foundations where the Camosun College Foundation is the beneficiary.

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.

(b) Investments:

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

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

1. Significant accounting policies (continued):

(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.

(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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

2. Investments:

	2005		2004	
	Cost	Market value	Cost	Market value
Cash held at broker	\$ 79,662	\$ 79,661	\$ 637,316	\$ 637,316
Fixed income securities, with effective interest rates of 2.27% to 7.5% (2004 - 2.81% to 7.5%), maturing between 2006 and 2014	5,019,870	5,141,192	3,895,240	4,087,051
Common shares	1,918,901	2,428,894	1,674,067	2,002,218
Preferred shares	381,267	398,025	206,722	215,740
	\$ 7,399,700	\$ 8,047,772	\$ 6,413,345	\$ 6,942,325

Investment income is comprised of the following:

	2005	2004
Interest	\$ 216,194	\$ 212,990
Dividends	63,833	48,753
Capital gains (losses)	417,037	(6,861)
	\$ 697,064	\$ 254,882

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2003	\$ 273,049	\$ 851,812
Net increase	17,893	104,034
Balance, December 31, 2004	290,942	955,846
Net increase	17,456	6,243
Balance, December 31, 2005	\$ 308,398	\$ 962,089

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

3. Life insurance policies (continued):

Supplementary information:

	2005	2004
Premiums paid by the Foundation	\$ 1,627	\$ 1,837
Premiums paid by other parties	22,226	12,116
Total premiums paid	\$ 23,853	\$ 13,953
Cash distributions to the Foundation	\$ 1,196	\$ 491

4. Capital assets:

	2005		2004	
	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 2005 or 2004.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

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

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

	2005	2004
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 44,096	\$ 41,932
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	43,586	41,500
	<hr/> \$ 87,682 <hr/>	<hr/> \$ 83,432 <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.

(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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

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:

	2005	2004
Opening balance	\$ 509	\$ 265
Net gaming revenue	6,489	6,744
Charitable expenses	(6,500)	(6,500)
Ending balance per gaming report	\$ 498	\$ 509

7. Fair value of financial instruments:

Note 2 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.

Supplementary disclosure of cash flow information:

	2005	2004
Cash received from interest and dividends	\$ 277,845	\$ 254,034

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2005

9. Schedules:

(a) Operating Fund revenues, expenses and interfund transfers:

	2005	2004
Revenue:		
Donations	\$ 294	\$ 944
Gifts in kind	-	12,116
Camosun College grants	132,500	148,750
Special events, net of expenses	(1,903)	-
	<u>130,891</u>	<u>161,810</u>
Expenses:		
Salaries and employee benefits	228,582	231,185
Professional fees	8,375	40,296
Office and administration	36,351	43,756
Life insurance premiums	-	13,953
Camosun College Alumni Association	-	6,000
	<u>273,308</u>	<u>335,190</u>
Interfund transfers re: administration fees	157,011	151,250
Net change in Operating Fund balance	<u>\$ 14,594</u>	<u>\$ (22,130)</u>

(b) Specific Purpose Fund revenues, expenses and interfund transfers:

	2005	2004
Revenue:		
Donations	\$ 256,000	\$ 239,193
Gifts in kind	70,299	190,052
Camosun College grants	142,000	233,000
Special events, net of expenses	49,864	6,888
	<u>518,163</u>	<u>669,133</u>
Expenses:		
Awards	457,733	383,692
Transfer of gifts in kind to Camosun College	70,299	190,052
	<u>528,032</u>	<u>573,744</u>
Interfund transfers re: administration fees	(26,948)	(34,620)
Interfund transfers re: redesignation of gifts	(574)	(10,737)
Net change in Specific Purpose Fund balance	<u>\$ (37,391)</u>	<u>\$ 50,032</u>

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Notes to Financial Statements

Year ended December 31, 2005

9. Schedules (continued):

(c) Endowment Investment Income Fund revenue, expenses and interfund transfers:

	2005	2004
Revenue:		
Donations	\$ 37,147	\$ 22,304
Distributions from other foundations	87,682	83,432
Investment income	694,276	253,193
	819,105	358,929
Expenses:		
Awards	293,301	271,852
Investment management fees	36,060	-
	329,361	271,852
Interfund transfers re: administration fees	(130,063)	(109,165)
Interfund transfers re: redesignation of gifts	(11,623)	(9,615)
Net change in Endowment Investment Income Fund balance	\$ 348,058	\$ (31,703)

(d) Endowment Fund revenue, expenses and interfund transfers:

	2005	2004
Revenue:		
Donations	\$ 314,485	\$ 316,687
Gifts in kind	31,666	12,002
Camosun College grants	33,000	17,000
Investment income	2,788	1,689
Special events, net of expenses	-	36,043
Increase in cash surrender value of life insurance policies	18,652	18,384
	400,591	401,805
Expenses:		
Life insurance premiums	23,853	-
Interfund transfers re: administration fees	-	(7,465)
Interfund transfers re: redesignation of gifts	12,197	20,352
Net change in Endowment Fund balance	\$ 388,935	\$ 414,692