

Audited Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2006

CAMOSUN COLLEGE FOUNDATION

Audited Financial Statements

Year ended December 31, 2006

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AUDITORS' REPORT TO THE MEMBERS TO THE CAMOSUN COLLEGE FOUNDATION

We have audited the statement of financial position of Camosun College Foundation as at December 31, 2006 and the statements of operations and changes in fund balances, and cash flows 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, 2006 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'. The letters are stylized and cursive, with the 'K' and 'P' being particularly prominent.

Chartered Accountants

Victoria, Canada

March 9, 2007

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Cash	\$ 161,563	\$ 42,939
Investments, at cost (note 2)	8,370,274	7,399,700
Accrued interest receivable	57,501	48,822
Accounts receivable	13,948	15,505
Receivable from Camosun College	57,300	55,000
Cash surrender value of life insurance policies (note 3)	321,661	308,398
Prepaid expenses	-	10,000
	<hr/>	<hr/>
	\$ 8,982,247	\$ 7,880,364
Liabilities		
Accounts payable and accrued liabilities	\$ 84,275	\$ 85,159
Accounts held in trust (note 4)	140,401	11,793
	<hr/>	<hr/>
	224,676	96,952
Fund Balances		
Accumulated Operating Fund	35,787	(7,536)
Restricted Funds:		
Specific Purpose - externally restricted	327,821	299,335
Endowment Investment Income - externally restricted	1,089,918	622,359
Endowment Fund - externally restricted	7,304,045	6,869,254
	<hr/>	<hr/>
	8,757,571	7,783,412
Commitment (note 9)		
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	\$ 8,982,247	\$ 7,880,364

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, 2006, with comparative figures for 2005

	2006			2005		
	Total	Operating Fund	Restricted Funds			Total
			Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	
Revenues:						
Donations	\$ 590,412	\$ -	\$ 225,250	\$ 26,827	\$ 338,335	\$ 605,140
Donations for the Pacific Sport Institute	51,080	-	51,080	-	-	2,786
Distributions from other foundations (note 6)	92,934	-	-	92,934	-	87,682
Gifts in kind	98,339	-	66,659	-	31,680	101,965
Camosun College grants	365,800	153,025	197,775	-	15,000	292,500
Pacific Sport Institute contributions for fund raising	35,000	35,000	-	-	-	15,000
Investment income (note 2)	894,968	-	-	891,952	3,016	697,064
Special events, net of expenses	40,314	-	40,314	-	-	47,961
Increase in cash surrender value of life insurance policies and related distributions	14,091	-	-	-	14,091	18,652
	<u>2,182,938</u>	<u>188,025</u>	<u>581,078</u>	<u>1,011,713</u>	<u>402,122</u>	<u>1,868,750</u>
Expenses:						
Awards - payments to students	557,746	-	247,125	310,621	-	640,828
- other academic program support	173,071	-	159,319	13,752	-	110,206
Transfer to Camosun College re: Pacific Sport Institute	53,846	-	53,846	-	-	-
Transfer of gifts in kind to Camosun College	66,659	-	66,659	-	-	70,299
Salaries and employee benefits	253,477	253,477	-	-	-	228,582
Professional fees	52,260	12,000	-	40,260	-	44,435
Office and administration	40,276	40,276	-	-	-	36,351
Life insurance premiums	11,444	-	-	-	11,444	23,853
	<u>1,208,779</u>	<u>305,753</u>	<u>526,949</u>	<u>364,633</u>	<u>11,444</u>	<u>1,154,554</u>
Excess (deficiency) of revenues over expenses	974,159	(117,728)	54,129	647,080	390,678	714,196
Interfund transfer re: administration fees	-	161,051	(24,465)	(136,586)	-	-
redesignation of gifts	-	-	(1,178)	(42,935)	44,113	-
Net change in fund balances	974,159	43,323	28,486	467,559	434,791	714,196
Fund balances, beginning of year	7,783,412	(7,536)	299,335	622,359	6,869,254	7,069,216
Fund balances, end of year	\$ 8,757,571	\$ 35,787	\$ 327,821	\$ 1,089,918	\$ 7,304,045	\$ 7,783,412

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Cash from donations	\$ 631,765	\$ 585,700
Cash from distributions, grants, special events	543,305	481,894
Amounts awarded, transferred, paid pursuant to fund terms	(786,380)	(752,661)
Amounts paid for employee salaries and benefits	(253,477)	(228,582)
Amounts paid for professional fee, office and administrative costs	(93,420)	(64,968)
Cash received from interest and dividends	306,145	277,845
Cash received from insurance policies	829	1,196
Increase (decrease) in amounts held in trust	128,608	(1,164)
	<u>477,375</u>	<u>299,260</u>
Cash flow from investing activities:		
Net change in investments	(938,895)	(954,688)
Net cash received from capital gains	580,144	417,037
	<u>(358,751)</u>	<u>(537,651)</u>
Increase (decrease) in cash	118,624	(238,391)
Cash, beginning of year	42,939	281,330
Cash, end of year	<u>\$ 161,563</u>	<u>\$ 42,939</u>
Supplemental cash flow information:		
Non-cash operating and investing activities:		
In-kind contributions of investments	\$ 31,680	\$ 31,666
In-kind contributions transferred to Camosun College	66,659	70,299

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

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 financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

1. Significant accounting policies (continued):

(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.

(d) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. A portion of the investment income received by the Endowment Investment Income Fund is transferred to the Operating Fund to support the ongoing operational costs of the Foundation. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) 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.

(f) 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.

(g) 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, 2006

2. Investments:

	2006		2005	
	Cost	Market value	Cost	Market value
Cash held at broker	\$ 60,473	\$ 60,473	\$ 79,662	\$ 79,661
Fixed income securities, with effective interest rates of 3.25% to 7.5% (2005 - 2.27% to 7.5%), maturing between 2007 and 2015	5,757,573	5,867,321	5,019,870	5,141,192
Common shares	1,881,181	2,189,614	1,918,901	2,428,894
Preferred shares	671,047	686,900	381,267	398,025
	\$ 8,370,274	\$ 8,804,308	\$ 7,399,700	\$ 8,047,772

Investment income is comprised of the following:

	2006	2005
Interest	\$ 249,699	\$ 216,194
Dividends	65,125	63,833
Capital gains	580,144	417,037
	\$ 894,968	\$ 697,064

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2004	\$ 290,942	\$ 955,846
Net increase	17,456	6,243
Balance, December 31, 2005	308,398	962,089
Net increase	13,263	5,751
Balance, December 31, 2006	\$ 321,661	\$ 967,840

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

3. Life insurance policies (continued):

Supplementary information:

	2006	2005
Premiums paid by the Foundation	\$ 1,717	\$ 1,627
Premiums paid by other parties	9,727	22,226
Total premiums paid	\$ 11,444	\$ 23,853
Cash distributions to the Foundation	\$ 829	\$ 1,196

4. Accounts held in trust:

	2006	2005
CCSS - Building Trust Fund	\$ 120,401	\$ 11,793
Trust Fund	20,000	-
	\$ 140,401	\$ 11,793

5. Capital assets:

	2006		2005	
	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 2006 or 2005.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

6. 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
	<u>\$ 1,800,000</u>

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

	2006	2005
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 48,269	\$ 44,096
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	44,665	43,586
	<u>\$ 92,934</u>	<u>\$ 87,682</u>

(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, 2006

7. 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:

	2006	2005
Opening balance	\$ 498	\$ 509
Net gaming revenue	6,468	6,489
Charitable expenses	(6,470)	(6,500)
Ending balance per gaming report	\$ 496	\$ 498

8. 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.

9. Contingent commitment:

The Foundation has agreed to commit \$1.25 million in matching dollars over five years contingent upon Camosun College receiving approval from the Government of British Columbia's Leading Edge Endowment Fund to establish a BC Regional Innovation Chair in Sport Technology.

Following approval, this commitment will be funded through an initial contribution of \$300,000 followed by further contributions of \$190,000 a year over the following five years.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

10. Schedules:

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

	2006	2005
Revenue:		
Donations	\$ -	\$ 294
Camosun College grants	153,025	117,500
Pacific Sport Institute contributions for fund raising	35,000	15,000
Special events, net of expenses	-	(1,903)
	<u>188,025</u>	<u>130,891</u>
Expenses:		
Salaries and employee benefits	253,477	228,582
Professional fees	12,000	8,375
Office and administration	40,276	36,351
	<u>305,753</u>	<u>273,308</u>
Interfund transfers re: administration fees	161,051	157,011
Net change in Operating Fund balance	<u>\$ 43,323</u>	<u>\$ 14,594</u>

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

	2006	2005
Revenue:		
Donations	\$ 276,330	\$ 256,000
Gifts in kind	66,659	70,299
Camosun College grants	197,775	142,000
Special events, net of expenses	40,314	49,864
	<u>581,078</u>	<u>518,163</u>
Expenses:		
Awards - payments	247,125	352,912
- other academic program support	159,319	104,821
Transfer to Camosun College re: Pacific Sport Institute	53,846	-
Transfer of gifts in kind to Camosun College	66,659	70,299
	<u>526,949</u>	<u>528,032</u>
Interfund transfers re: administration fees	(24,465)	(26,948)
Interfund transfers re: redesignation of gifts	(1,178)	(574)
Net change in Specific Purpose Fund balance	<u>\$ 28,486</u>	<u>\$ (37,391)</u>

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2006

10. Schedules (continued):

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

	2006	2005
Revenue:		
Donations	\$ 26,827	\$ 37,147
Distributions from other foundations	92,934	87,682
Investment income	891,952	694,276
	<u>1,011,713</u>	<u>819,105</u>
Expenses:		
Awards - payments	310,621	287,916
- other academic program support	13,752	5,385
Investment management fees	40,260	36,060
	<u>364,633</u>	<u>329,361</u>
Interfund transfers re: administration fees	(136,586)	(130,063)
Interfund transfers re: redesignation of gifts	(42,935)	(11,623)
Net change in Endowment Investment Income Fund balance	<u>\$ 467,559</u>	<u>\$ 348,058</u>

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

	2006	2005
Revenue:		
Donations	\$ 338,335	\$ 314,485
Gifts in kind	31,680	31,666
Camosun College	15,000	33,000
Investment income	3,016	2,788
Increase in cash surrender value of life insurance policies	14,091	18,652
	<u>402,122</u>	<u>400,591</u>
Expenses:		
Life insurance premiums	11,444	23,853
Interfund transfers re: redesignation of gifts	44,113	12,197
Net change in Endowment Fund balance	<u>\$ 434,791</u>	<u>\$ 388,935</u>