

Audited Financial Statements of

**CAMOSUN COLLEGE  
FOUNDATION**

Year ended December 31, 2007

# CAMOSUN COLLEGE FOUNDATION

Audited Financial Statements

Year ended December 31, 2007

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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, 2007 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, 2007 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 for the change in accounting for financial instruments as explained in note 2 to the financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style.

Chartered Accountants

Victoria, Canada

March 7, 2007

# CAMOSUN COLLEGE FOUNDATION

## Statement of Financial Position

December 31, 2007, with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Cash	\$ 145,934	\$ 161,563
Investments (notes 2 and 3; 2007 cost - \$10,876,219 2006 market value \$8,746,807)	11,137,886	8,370,274
Accrued interest receivable	62,800	57,501
Accounts receivable	15,848	13,948
Receivable from Camosun College	-	57,300
Cash surrender value of life insurance policies (note 4)	337,945	321,661
Prepaid expenses	5,000	-
	<hr/>	<hr/>
	\$11,705,413	\$ 8,982,247
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 49,921	\$ 33,890
Payable to Camosun College	77,859	50,385
Deferred revenue	14,600	-
Accounts held in trust (note 5)	372,102	140,401
	<hr/>	<hr/>
	514,482	224,676
<b>Fund Balances</b>		
Accumulated Operating Fund	-	35,787
Restricted Funds:		
Specific Purpose Fund - externally restricted	401,654	327,821
Endowment Investment Income Fund - externally restricted	1,127,286	1,089,918
Endowment Fund	8,111,991	7,304,045
BC Regional Innovation Chair Endowment Fund	1,550,000	-
	<hr/>	<hr/>
	11,190,931	8,757,571
	<hr/>	<hr/>
	\$11,705,413	\$ 8,982,247

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, 2007, with comparative figures for 2006

	2007		Restricted Funds					2006
	Total	Operating Fund	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	Total	
<b>Revenues:</b>								
Donations	\$ 2,641,795	\$ -	\$ 384,486	\$ 32,865	\$ 674,444	\$ 1,550,000	\$ 590,412	
Donations for the Pacific Sport Institute	365,696	-	365,696	-	-	-	51,080	
Distributions from other foundations (note 6)	100,775	-	-	100,775	-	-	92,934	
Gifts in kind	172,785	-	122,332	-	50,453	-	98,339	
Camosun College administrative support	332,750	332,750	-	-	-	-	365,800	
Pacific Sport Institute contributions for fund raising	35,000	35,000	-	-	-	-	35,000	
Investment income (note 3)	345,732	-	-	336,079	5,428	4,225	314,824	
Realized gain (loss) on disposal of investments	(1,033)	-	-	(1,033)	-	-	580,144	
Special events, net of expenses	50,290	-	50,290	-	-	-	40,314	
Increase in cash surrender value of life insurance policies and related distributions	17,347	-	-	-	17,347	-	14,091	
	4,061,137	367,750	922,804	468,686	747,672	1,554,225	2,182,938	
<b>Expenses:</b>								
Awards - payments to students	547,047	-	235,067	311,980	-	-	557,746	
- other	101,254	-	88,622	12,632	-	-	173,071	
Transfer to Camosun College re: Pacific Sport Institute	365,716	-	365,716	-	-	-	53,846	
Transfer to Camosun College re: LEEF Endowment	304,225	-	-	300,000	-	4,225	-	
Transfer of gifts in kind to Camosun College	117,281	-	117,281	-	-	-	66,659	
Salaries and employee benefits	340,595	340,595	-	-	-	-	253,477	
Professional fees	59,099	13,538	96	45,465	-	-	52,260	
Office and administration	43,866	43,866	-	-	-	-	40,276	
Life insurance premiums	10,361	-	-	-	10,361	-	11,444	
	1,889,444	397,999	806,782	670,077	10,361	4,225	1,208,779	
	2,171,693	(30,249)	116,022	(201,391)	737,311	1,550,000	974,159	
Unrealized loss on investments held (note 3)	(114,866)	-	-	(114,866)	-	-	-	
Excess (deficiency) of revenues over expenses	2,056,827	(30,249)	116,022	(316,257)	737,311	1,550,000	-	
Interfund transfers (note 10)	-	(5,538)	(42,189)	(22,908)	70,635	-	-	
Net change in fund balances	2,056,827	(35,787)	73,833	(339,165)	807,946	1,550,000	974,159	
Fund balances, beginning of year	8,757,571	35,787	327,821	1,089,918	7,304,045	-	7,783,412	
Unrealized gain on investments (note 3)	376,533	-	-	376,533	-	-	-	
Fund balances, end of year	\$ 11,190,931	\$ -	\$ 401,654	\$ 1,127,286	\$ 8,111,991	\$ 1,550,000	\$ 8,757,571	

See accompanying notes to financial statements.

# CAMOSUN COLLEGE FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash flows from operating activities:		
Cash from donations	\$ 2,998,110	\$ 631,765
Cash from distributions, grants, special events	583,815	543,305
Amounts awarded, transferred, paid pursuant to fund terms	(1,319,220)	(786,380)
Amounts paid for employee salaries and benefits	(340,595)	(253,477)
Amounts paid for professional fee, office and administrative costs	(59,635)	(93,420)
Cash received from interest and dividends	340,606	306,145
Cash received from insurance policies	1,063	829
Increase in amounts held in trust	231,701	128,608
	<u>2,435,845</u>	<u>477,375</u>
Cash flow from investing activities:		
Net change in investments	(2,450,441)	(938,895)
Net cash received on capital gain (loss)	(1,033)	580,144
	<u>(2,451,474)</u>	<u>(358,751)</u>
Increase (decrease) in cash	(15,629)	118,624
Cash, beginning of year	161,563	42,939
Cash, end of year	<u>\$ 145,934</u>	<u>\$ 161,563</u>
Supplemental cash flow information:		
Non-cash operating and investing activities:		
In-kind contributions of investments	\$ 55,504	\$ 31,680
In-kind contributions transferred to Camosun College	117,281	66,659

See accompanying notes to financial statements.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

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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:

### (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 to 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, 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.

#### **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.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

#### **BC Regional Innovation Chair Endowment Fund:**

The BC Regional Innovation Chair Endowment Fund was established with a capital contribution to Camosun College of \$1,250,000 by the Leading Edge Endowment Fund ("LEEF"). Camosun College designated the Foundation as the trustee for LEEF. The Foundation has committed to raise a matching amount for the College over the next five years. In 2007, the Foundation contributed \$300,000 to LEEF and will seek to raise a further \$950,000 over five years. The principal is to be held in perpetuity with the net income used to support the BC Regional Innovation Chair in Sport Technology at Camosun College.

### (b) Investments:

Effective January 1, 2007, investments are classified as held for trading, and recorded at fair value (see note 2). 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 reflected 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 fair value given the short-term nature of these investments.

### (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.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (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 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.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

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## 1. Significant accounting policies (continued):

### (g) Future accounting changes:

The Canadian Institute of Chartered Accountants ("CICA") has issued three new accounting standards that are effective for the Foundation's 2008 year end – Handbook Section 1535, *Capital Disclosures*, Section 3862, *Financial Instruments – Disclosures* and Handbook Section 3863, *Financial Instruments – Presentation*.

Section 1535 includes required disclosure about an entity's objectives, policies and processes for managing capital. Sections 3862 and 3863 replace the current Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. The new sections revise and enhance the current disclosure requirements and require disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The initial adoption of these standards is not expected to have a material impact on the Foundation's financial statements.

### (h) Comparative figures:

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

## 2. Change in accounting policy:

Effective January 1, 2007, the Foundation adopted the CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. The Foundation has designated all of its investments as held for trading and, accordingly, recorded them at fair value.

In accordance with S3855, the provisions have been applied effective January 1, 2007 without restatement of prior periods. Accordingly, investments recorded in the December 31, 2006 financial statements have been re-valued, as of January 1, 2007, using closing bid quotations and the resulting adjustment to the fund balance at the beginning of the period has been recorded, as an opening adjustment to fund balances, in the Statement of Operations and Changes in Fund Balances.

The initial impact of this change is to increase the Endowment Investment Income Fund for the net unrealized gain on investments of \$376,533 held at January 1, 2007.

Further, a subsequent unrealized loss on investments of \$114,866 has been recorded at December 31, 2007.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

### 3. Investments:

	2007		2006	
	Cost	Fair value	Cost	Fair value
Cash held at broker	\$ 1,308,923	\$ 1,308,923	\$ 60,473	\$ 60,473
Fixed income securities, with effective interest rates of 3.30% to 5.375% (2006 - 3.25% to 7.5%), maturing between 2008 and 2017	6,473,700	6,511,554	5,757,573	5,809,820
Common shares	2,422,549	2,685,859	1,881,181	2,189,614
Preferred shares	671,047	631,550	671,047	686,900
	\$10,876,219	\$11,137,886	\$ 8,370,274	\$ 8,746,807

Investment income is comprised of the following:

	2007	2006
Interest	\$ 265,126	\$ 249,699
Dividends	80,606	65,125
	\$ 345,732	\$ 314,824

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

## 4. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2005	\$ 308,398	\$ 962,089
Net increase	13,263	5,751
Balance, December 31, 2006	321,661	967,840
Net increase	16,284	(974)
Balance, December 31, 2007	\$ 337,945	\$ 966,866

Supplementary information:

	2007	2006
Premiums paid by the Foundation	\$ 980	\$ 1,717
Premiums paid by other parties	9,381	9,727
Total premiums paid	\$ 10,361	\$ 11,444
Cash distributions to the Foundation	\$ 1,063	\$ 829

## 5. Accounts held in trust:

	2007	2006
CCSS - Building Trust Fund	\$ 372,102	\$ 120,401
Trust Fund	-	20,000
	\$ 372,102	\$ 140,401

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

## 6. Other endowment funds:

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

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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:

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	2007	2006
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 53,063	\$ 48,269
Victoria Foundation - Edward Joseph Harrison Fund	47,712	44,665
	<hr/> \$ 100,775	<hr/> \$ 92,934 <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, 2007

## 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:

	2007	2006
Opening balance	\$ 496	\$ 498
Net gaming revenue	5,569	6,468
Charitable expenses	(5,379)	(6,470)
Ending balance per gaming report	\$ 686	\$ 496

## 8. Fair value of financial instruments:

The Foundation's investments are carried at fair value (notes 2 and 3). The carrying values of cash, accrued interest receivable, accounts receivable, cash surrender value of life insurance policies, receivable from or payable to 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. Schedules:

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

	2007	2006
Revenue:		
Camosun College administrative support	\$ 332,750	\$ 153,025
Pacific Sport Institute contributions for fund raising	35,000	35,000
	367,750	188,025
Expenses:		
Salaries and employee benefits	340,595	253,477
Professional fees	13,538	12,000
Office and administration	43,866	40,276
	397,999	305,753
Interfund transfers (note 10)	(5,538)	(161,051)
Net change in Operating Fund balance	\$ (35,787)	\$ 43,323

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

## 9. Schedules (continued):

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

	2007	2006
Revenue:		
Donations	\$ 384,486	\$ 225,250
Donations for the Pacific Sport Institute	365,696	51,080
Gifts in kind	122,332	66,659
Camosun College grants	-	197,775
Special events, net of expenses	50,290	40,314
	<u>922,804</u>	<u>581,078</u>
Expenses:		
Awards - payments to students	235,067	247,125
- other	88,622	159,319
Transfer to Camosun College re: Pacific Sport Institute	365,716	53,846
Transfer of gifts in kind to Camosun College	117,281	66,659
Professional fees	96	-
	<u>806,782</u>	<u>526,949</u>
Interfund transfers (note 10)	(42,189)	(25,643)
<b>Net change in Specific Purpose Fund balance</b>	<b>\$ 73,833</b>	<b>\$ 28,486</b>

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

	2007	2006
Revenue:		
Donations	\$ 32,865	\$ 26,827
Distributions from other foundations	100,775	92,934
Investment income	336,079	311,808
Realized gain (loss) on disposal of investments	(1,033)	580,144
	<u>468,686</u>	<u>1,011,713</u>
Expenses:		
Awards - payments to students	311,980	310,621
- other	12,632	13,752
Transfer to Camosun College re: LEEF Endowment	300,000	-
Professional fees	45,465	40,260
	<u>670,077</u>	<u>364,633</u>
Unrealized loss on investment held	(114,866)	-
Interfund transfers (note 10)	(22,908)	(179,521)
<b>Net change in Endowment Investment Income Fund balance</b>	<b>\$ (339,165)</b>	<b>\$ 467,559</b>

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

## 9. Schedules (continued):

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

	2007	2006
Revenue:		
Donations	\$ 674,444	\$ 338,335
Gifts in kind	50,453	31,680
Camosun College	-	15,000
Investment income	5,428	3,016
Increase in cash surrender value of life insurance policies	17,347	14,091
	747,672	402,122
Expenses:		
Life insurance premiums	10,361	11,444
Interfund transfers (note 10)	70,635	44,113
Net change in Endowment Fund balance	\$ 807,946	\$ 434,791

(e) BC Regional Innovation Chair Endowment Fund revenue and expenses:

	2007	2006
Revenue:		
Donations	\$ 1,550,000	\$ -
Investment income	4,225	-
	1,554,225	-
Expenses:		
Disbursement on LEEF Endowment	4,225	-
Net change in BC Regional Innovation Chair Endowment Fund balance	\$ 1,550,000	\$ -

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2007

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## 10. Interfund transfers:

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	Operating Fund	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund
Interfund transfer detail:				
Administrative fees	\$ 16,692	\$ (15,059)	\$ (1,903)	\$ -
Work on Campus program	(22,500)	22,500	-	-
Redesignation of gifts	-	(49,630)	(21,005)	70,635
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (5,808)	\$ (42,189)	\$ (22,908)	\$ 70,635

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