

Audited Financial Statements of

**CAMOSUN COLLEGE  
FOUNDATION**

Year ended December 31, 2008

# CAMOSUN COLLEGE FOUNDATION

Audited Financial Statements

Year ended December 31, 2008

	<u>Page</u>
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5



**KPMG LLP**  
**Chartered Accountants**  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7

Telephone (250) 480-3500  
Fax (250) 480-3539  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT TO THE MEMBERS OF THE CAMOSUN COLLEGE FOUNDATION**

We have audited the statement of financial position of Camosun College Foundation as at December 31, 2008 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, 2008 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 signature is written in a cursive, slightly slanted style.

Chartered Accountants

Victoria, Canada

March 6, 2009

# CAMOSUN COLLEGE FOUNDATION

## Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
<b>Assets</b>		
Cash	\$ 641,105	\$ 145,934
Investments (note 2) (2008 cost - \$11,382,491 2007 market value \$11,137,886)	11,311,720	11,137,886
Accrued interest receivable	104,804	62,800
Accounts receivable	16,152	15,848
Cash surrender value of life insurance policies (note 3)	356,912	337,945
Prepaid expenses	11,782	5,000
	<b>\$12,442,475</b>	<b>\$11,705,413</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 32,560	\$ 49,921
Payable to Camosun College	666,413	77,859
Deferred revenue	35,628	14,600
Accounts held in trust (note 4)	600,483	372,102
	<b>1,335,084</b>	<b>514,482</b>
<b>Fund Balances</b>		
Restricted Funds:		
Specific Purpose Fund - externally restricted	391,925	401,654
Endowment Investment Income Fund - externally restricted	317,723	1,127,286
Endowment Fund – externally restricted	8,657,743	8,111,991
BC Regional Innovation Chair Endowment Fund	1,740,000	1,550,000
	<b>11,107,391</b>	<b>11,190,931</b>
	<b>\$12,442,475</b>	<b>\$11,705,413</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, 2008, with comparative figures for 2007

	2008		2007				
	Total	Operating Fund	Restricted Funds				Total
			Specific Purpose Fund	Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	
<b>Revenues:</b>							
Donations	\$ 930,831	\$ -	\$ 377,215	\$ 41,454	\$ 512,162	\$ -	\$ 2,641,795
Donations for the Pacific Institute for Sport Excellence ("PISE")	679,934	-	679,934	-	-	-	365,696
Distributions from other foundations (note 5)	80,151	-	-	80,151	-	-	100,775
Gifts in kind	104,344	-	94,588	-	9,756	-	172,785
Camosun College administrative support	404,922	404,922	-	-	-	-	332,750
PISE contributions for fund raising	-	-	-	-	-	-	35,000
Investment income (note 2)	456,088	-	-	371,761	4,175	80,152	345,732
Special events, net of expenses	38,015	-	38,015	-	-	-	50,290
Increase in cash surrender value of life insurance policies	18,967	-	-	-	18,967	-	16,284
	2,713,252	404,922	1,189,752	493,366	545,060	80,152	4,061,107
<b>Expenses:</b>							
Awards - payments to students	724,429	-	295,483	428,946	-	-	547,047
- other	193,769	-	125,799	67,970	-	-	101,254
Transfer to Camosun College re: PISE	689,319	-	689,319	-	-	-	365,716
Transfer to Camosun College re: BCRIC Endowment	85,923	-	-	-	-	85,923	304,225
Transfer of gifts in kind to Camosun College	89,526	-	89,526	-	-	-	117,281
Realized (gain) loss on disposal of investments	216,842	-	-	222,613	-	(5,771)	1,033
Salaries and employee benefits	328,801	328,801	-	-	-	-	340,595
Professional fees	67,462	14,692	38	52,732	-	-	59,099
Office and administration	61,429	61,429	-	-	-	-	43,866
Life insurance premiums	8,493	-	-	-	8,493	-	9,298
	2,465,993	404,922	1,200,165	772,261	8,493	80,152	1,889,414
Excess (deficiency) of revenues over expenses before the undernoted	247,259	-	(10,413)	(278,896)	536,567	-	2,171,693
Unrealized loss on investments held	(330,799)	-	-	(330,799)	-	-	(114,866)
Excess (deficiency) of revenues over expenses	(83,540)	-	(10,413)	(609,695)	536,567	-	2,056,827
Interfund transfers (note 9)	-	-	684	(199,869)	9,185	190,000	-
Net change in fund balances	(83,540)	-	(9,729)	(809,563)	545,752	190,000	2,056,827
Fund balances, beginning of year	11,190,931	-	401,654	1,127,286	8,111,991	1,550,000	8,757,571
Adjustment to fund balance on adoption of new accounting standards	-	-	-	-	-	-	376,533
<b>Fund balances, end of year</b>	<b>\$ 11,107,391</b>	<b>\$ -</b>	<b>\$ 391,925</b>	<b>\$ 317,723</b>	<b>\$ 8,657,743</b>	<b>\$ 1,740,000</b>	<b>\$ 11,190,931</b>

See accompanying notes to financial statements.

# CAMOSUN COLLEGE FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash flows from operating activities:		
Cash from donations	\$ 1,589,843	\$ 2,998,110
Cash from distributions, grants, special events	528,618	583,815
Amounts awarded, transferred, paid pursuant to fund terms	(1,189,961)	(1,319,220)
Amounts paid for employee salaries and benefits	(328,801)	(340,595)
Amounts paid for professional fee, office and administrative costs	(40,994)	(59,635)
Cash received from interest and dividends	414,085	340,606
Cash received from insurance policies	820	1,063
Increase in amounts held in trust	228,381	231,701
	<u>1,201,991</u>	<u>2,435,845</u>
Cash flow from investing activities:		
Net change in investments	(480,861)	(2,450,441)
Net cash received on capital loss	(225,959)	(1,033)
	<u>(706,820)</u>	<u>(2,451,474)</u>
Increase (decrease) in cash	495,171	(15,629)
Cash, beginning of year	145,934	161,563
Cash, end of year	<u>\$ 641,105</u>	<u>\$ 145,934</u>
Supplemental cash flow information:		
Non-cash operating and investing activities:		
In-kind contributions of investments	\$ 25,412	\$ 55,504
In-kind contributions transferred to Camosun College	89,526	117,281

See accompanying notes to financial statements.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

---

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. 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.

#### **Endowment Fund:**

The Endowment Fund includes donations for which the donor has agreed 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, 2008

---

## 1. Significant accounting policies (continued):

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

#### **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"). Camosun College designated the Foundation as the trustee for BCRIC. The Foundation has committed to raise a matching amount for the College over the next five years. In 2008, the Foundation contributed \$190,000 to BCRIC and will seek to raise a further \$760,000 over four 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:

Investments are classified as held for trading, and recorded at fair value. 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.

### (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.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 1. Significant accounting policies (continued):

### (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) Adoption of new accounting standards:

Effective January 1, 2008 the Foundation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535 "Capital Disclosures." Section 1535 "Capital Disclosures" establishes standards for disclosing qualitative and quantitative information about the Foundation's objectives, policies and processes for managing capital. The adoption of this standard has no impact on the Foundation's financial statements.

The Foundation continues to apply the provision of Handbook Section 3861 "Financial Instruments – Disclosure and Presentation." This is a disclosure option for not-for-profit organizations in 2008.

### (h) Comparative figures:

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

## 2. Investments:

	2008 Fair value	2007 Fair value
Cash held at broker	\$ 13,696	\$ 1,308,923
Fixed income securities, with effective interest rates of 2.05% to 5.375% (2007 - 3.30% to 5.375%), maturing between 2008 and 2017	9,320,154	6,511,554
Common shares	1,479,730	2,685,859
Preferred shares	498,140	631,550
	<b>\$11,311,720</b>	<b>\$11,137,886</b>

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 2. Investments (continued):

Investment income is comprised of the following:

	2008	2007
Interest	\$ 360,645	\$ 265,126
Dividends	95,443	80,606
	<u>\$ 456,088</u>	<u>\$ 345,732</u>

## 3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2006	\$ 321,661	\$ 967,840
Net increase (decrease)	16,284	(974)
Balance, December 31, 2007	337,945	966,866
Net increase	18,967	4,975
Balance, December 31, 2008	<u>\$ 356,912</u>	<u>\$ 971,841</u>

Supplementary information:

	2008	2007
Premiums paid by the Foundation	\$ 1,008	\$ 980
Premiums paid by other parties	7,485	8,318
Total premiums paid	<u>\$ 8,493</u>	<u>\$ 9,298</u>

## 4. Accounts held in trust:

	2008	2007
Camosun College Student Society Building Trust Fund	<u>\$ 600,483</u>	<u>\$ 372,102</u>

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 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
	<u>\$ 1,800,000</u>

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

	2008	2007
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 39,547	\$ 53,063
Victoria Foundation - Edward Joseph Harrison Fund	40,604	47,712
	<u>\$ 80,151</u>	<u>\$ 100,775</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, 2008

## 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:

	2008	2007
Opening balance	\$ 686	\$ 496
Net gaming revenue	6,028	5,569
Charitable expenses	(6,247)	(5,379)
Ending balance per gaming report	\$ 467	\$ 686

## 7. Financial instruments:

### (a) Fair value

The Foundation's investments are carried at fair value (note 2). 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.

### (b) Interest rate risk

The Foundation's exposure to interest rate risk relates to its investments in fixed income securities. The fair value of these securities is directly impacted by changes in interest rates.

### (c) Foreign exchange risk

The Foundation holds investments in securities outside of Canada which are subject to foreign exchange risk. At December 31, 2008, the Foundation held shares in foreign companies with a fair value of \$622,173.

### (d) Credit risk

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash, investments, accounts receivable, and cash surrender value of life insurance companies, the Foundation's credit risk is limited to the carrying value on the balance sheet.

The Foundation manages the risk associated with the concentration of credit risk through its policy of investing in instruments issued by credit worthy financial institutions.

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 8. Schedules:

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

	2008	2007
Revenue:		
Camosun College administrative support	\$ 404,922	\$ 332,750
PISE contributions for fund raising	-	35,000
	<u>404,922</u>	<u>367,750</u>
Expenses:		
Salaries and employee benefits	328,801	340,595
Professional fees	14,692	13,538
Office and administration	61,429	43,866
	<u>404,922</u>	<u>397,999</u>
Interfund transfers	-	(5,538)
Net change in Operating Fund balance	\$ -	\$ (35,787)

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

	2008	2007
Revenue:		
Donations	\$ 377,215	\$ 384,486
Donations for PISE	679,934	365,696
Gifts in kind	94,588	122,332
Special events, net of expenses	38,015	50,290
	<u>1,189,752</u>	<u>922,804</u>
Expenses:		
Awards - payments to students	295,483	235,067
- other	125,799	88,622
Transfer to Camosun College re: PISE	689,319	365,716
Transfer of gifts in kind to Camosun College	89,526	117,281
Professional fees	38	96
	<u>1,200,165</u>	<u>806,782</u>
Interfund transfers (note 9)	684	(42,189)
Net change in Specific Purpose Fund balance	\$ (9,729)	\$ 73,833

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 8. Schedules (continued):

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

	2008	2007
Revenue:		
Donations	\$ 41,454	\$ 32,865
Distributions from other foundations	80,151	100,775
Investment income	371,761	336,079
	<u>493,366</u>	<u>469,719</u>
Expenses:		
Awards - payments to students	428,946	311,980
- other	67,970	12,632
Transfer to Camosun College re: BCRIC Endowment	-	300,000
Realized loss on disposal of investments	222,613	1,033
Professional fees	52,732	45,465
	<u>772,261</u>	<u>671,110</u>
Unrealized loss on investments held	(330,799)	(114,866)
Interfund transfers (note 9)	(199,869)	(22,908)
Net change in Endowment Investment Income Fund balance	<u>\$ (809,563)</u>	<u>\$ (339,165)</u>

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

	2008	2007
Revenue:		
Donations	\$ 512,162	\$ 674,444
Gifts in kind	9,756	50,453
Investment income	4,175	5,428
Increase in cash surrender value of life insurance policies	18,967	16,284
	<u>545,060</u>	<u>746,609</u>
Expenses:		
Life insurance premiums	8,493	9,298
Interfund transfers (note 9)	9,185	70,635
Net change in Endowment Fund balance	<u>\$ 545,752</u>	<u>\$ 807,946</u>

# CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

## 8. Schedules (continued):

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

	2008	2007
Revenue:		
Donations	\$ -	\$ 1,250,000
Investment income	80,152	4,225
Realized gain on disposal of investments	5,771	-
	85,923	1,254,225
Expenses:		
Disbursement on BCRIC Endowment	85,923	4,225
Interfund transfers (note 9)	190,000	300,000
Net change in BC Regional Innovation Chair Endowment Fund balance	\$ 190,000	\$ 1,550,000

## 9. Interfund transfers:

	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund
Interfund transfer detail:				
Contribution to BCRIC	\$ -	\$ (190,000)	\$ -	\$ 190,000
Redesignation of gifts	684	(9,869)	9,185	-
	\$ 684	\$ (199,869)	\$ (9,185)	\$ 190,000

## 10. Capital management:

The Foundation is incorporated under Part II of the Canada Corporations Act as a non-share capital, not-for-profit corporation and all earnings are applied to assist Camosun College students.

The Foundation defines capital to be fund balances. The Foundation manages its capital to allow it to fund operations and meet the mandates of its donors.