

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2009

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2009

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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, 2009 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, 2009 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, except for the change in accounting for special event revenues and expenses, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Victoria, Canada

March 12, 2010

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Cash	\$ 432,831	\$ 641,105
Investments (2009 cost - \$11,903,000) (note 2)	12,220,377	11,311,720
Accrued interest receivable	92,620	104,804
Accounts receivable	309,792	16,152
Cash surrender value of life insurance policies (note 3)	375,959	356,912
Prepaid expenses	-	11,782
	<hr/>	<hr/>
	\$13,431,579	\$12,442,475
Liabilities		
Accounts payable and accrued liabilities	\$ 26,433	\$ 32,560
Payable to Camosun College	526,905	666,413
Deferred revenue	9,449	35,628
Accounts held in trust (note 4)	876,375	600,483
	<hr/>	<hr/>
	1,439,162	1,335,084
Fund Balances		
Restricted funds:		
Specific Purpose Fund – externally restricted	617,870	391,925
Endowment Investment Income Fund		
Externally restricted	710,535	280,032
Internally restricted	47,320	37,691
Endowment Fund – externally restricted	8,853,599	8,657,743
BC Regional Innovation Chair Endowment Fund		
- externally restricted	1,763,093	1,740,000
	<hr/>	<hr/>
	11,992,417	11,107,391
Commitments (note 11)		
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	\$13,431,579	\$12,442,475

See accompanying notes to financial statements.

Approved by the Board:

_____ Director

_____ Director

CAMOSUN COLLEGE FOUNDATION

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2009 with comparative figures for 2008.

	2009		Restricted Funds				2008	
	Total	Operating Fund	Specific Purpose Fund	Endowment Investment Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	Total	
Revenues:								
Donations	\$ 732,589	\$ -	\$ 432,576	\$ 24,705	\$ 275,308	\$ -	\$ 930,831	
Donations for the Pacific Institute for Sport Excellence ("PISE")	551,614	-	551,614	-	-	-	679,934	
Distributions from other foundations (note 5)	48,695	-	-	48,695	-	-	80,151	
Gifts in kind	66,589	-	66,589	-	-	-	104,344	
Camosun College administrative support	458,910	458,910	-	-	-	-	404,922	
Investment income (note 2)	455,047	-	-	389,971	2,615	62,461	456,088	
Realized gain on disposal of investments	9,629	-	-	9,629	-	-	-	
Special events	117,204	-	117,204	-	-	-	68,595	
Increase in cash surrender value of life insurance policies and related distributions (note 3)	19,047	-	-	-	19,047	-	18,967	
	2,459,324	458,910	1,167,983	473,000	296,970	62,461	2,743,832	
Expenses:								
Awards - payments to students	526,547	-	257,132	269,415	-	-	724,429	
- other	155,910	-	89,704	66,206	-	-	193,769	
Transfer to Camosun College re: PISE	551,614	-	551,614	-	-	-	689,319	
Transfer to Camosun College re: BCRIC Endowment	62,461	-	-	-	-	62,461	85,923	
Transfer of gifts in kind to Camosun College	66,589	-	66,589	-	-	-	89,526	
Special events	79,571	-	79,571	-	-	-	30,580	
Salaries and employee benefits	386,560	386,560	-	-	-	-	328,801	
Professional fees	68,183	13,880	-	54,303	-	-	67,462	
Office and administration	58,470	58,470	-	-	-	-	61,429	
Life insurance premiums	6,541	-	-	-	6,541	-	8,493	
	1,962,446	458,910	1,044,610	389,924	6,541	62,461	2,279,731	
Excess of revenues over expenses before undernoted	496,878	-	123,373	83,076	290,429	-	464,101	
Unrealized gain (loss) on investments held	388,148	-	-	365,055	-	23,093	(330,799)	
Excess (deficiency) of revenues over expenses	885,026	-	123,373	448,131	290,429	23,093	133,302	
Interfund transfers (note 9)	-	-	102,572	(7,999)	(94,573)	-	-	
Net change in fund balances	885,026	-	225,945	440,132	195,856	23,093	133,302	
Fund balances, beginning of year	11,107,391	-	391,925	317,723	8,657,743	1,740,000	11,190,931	
Fund balances, end of year	\$ 11,992,417	\$ -	\$ 617,870	\$ 757,855	\$ 8,853,599	\$ 1,763,093	\$ 11,324,233	

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from operating activities:		
Cash from donations	\$ 978,018	\$ 1,589,843
Cash from distributions, grants, special events	563,381	528,618
Amounts awarded, transferred, paid pursuant to fund terms	(1,462,574)	(1,189,961)
Amounts paid for employee salaries and benefits	(386,560)	(328,801)
Amounts paid for professional fee, office and administrative costs	(132,780)	(40,994)
Cash received from interest and dividends	467,230	414,085
Cash received from insurance policies	-	820
Increase in amounts held in trust	275,892	228,381
	<u>302,607</u>	<u>1,201,991</u>
Cash flows from investing activities:		
Net change in investments	(520,510)	(480,861)
Net cash received on capital gain (loss)	9,629	(225,959)
	<u>(510,881)</u>	<u>(706,820)</u>
Decrease in cash	(208,274)	(495,171)
Cash, beginning of year	641,105	145,934
Cash, end of year	<u>\$ 432,831</u>	<u>\$ 641,105</u>
Supplemental cash flow information:		
Non-cash operating and investing activities:		
In-kind contributions of investments	\$ 18,649	\$ 25,412
In-kind contributions transferred to Camosun College	66,589	89,526

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

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 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, 2009

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. Market conditions in 2009 resulted in the Foundation being unable to make the planned payment in November although it remains committed to meeting the overall goal by the end of the four year period.

(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.

The Foundation complies with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861 "Financial Instruments – Disclosure and Presentation" for the presentation and disclosure of financial instruments and non-financial derivatives.

(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, 2009

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.

(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, 2009

1. Significant accounting policies (continued):

(h) Adoption of new accounting standards:

Effective January 1, 2009 the Foundation adopted the CICA amendments to the 4400 Sections of the CICA Handbook. These amendments clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as a principal and require a statement of cash flows. Adoption of these recommendations required the revenues and expenses related to special events to be shown on a gross basis rather than net on the statement of operations for the year ended December 31, 2009 and the comparatives for 2008. Adoption of these recommendations had no other significant impact on the financial statements for the year ended December 31, 2009.

2. Investments:

	2009	2008
	Fair value	Fair value
Cash held at broker	\$ 27,889	\$ 13,696
Fixed income securities, with effective interest rates of 1.30% to 6.25% (2008 – 2.05% to 5.375%), maturing between 2010 and 2017	9,146,111	9,320,154
Common shares	2,445,027	1,479,730
Preferred shares	601,350	498,140
	<u>\$12,220,377</u>	<u>\$11,311,720</u>

Investment income is comprised of the following:

	2009	2008
Interest	\$ 368,376	\$ 360,645
Dividends	86,671	95,443
	<u>\$ 455,047</u>	<u>\$ 456,088</u>

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2007	\$ 337,945	\$ 966,866
Net increase	18,967	4,975
Balance, December 31, 2008	356,912	971,841
Net increase	19,047	715
Balance, December 31, 2009	\$ 375,959	\$ 972,556

Supplementary information:

	2009	2008
Premiums paid by the Foundation	\$ 356	\$ 1,008
Premiums paid by other parties	6,185	7,485
Total premiums paid	\$ 6,541	\$ 8,493

4. Accounts held in trust:

	2009	2008
Camosun College Student Society Building Trust Fund	\$ 876,375	\$ 600,483

The Foundation manages funds in trust for the Camosun College Students' Society. During the year the Foundation allocated \$20,443 (2008 - \$13,589) in interest income and \$3,550 (2008 - \$2,209) in management fee expenses to the funds held in trust.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

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:

	2009	2008
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 28,058	\$ 39,547
Victoria Foundation - Edward Joseph Harrison Fund	20,637	40,604
	<hr/> \$ 48,695	<hr/> \$ 80,151 <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, 2009

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:

	2009	2008
Opening balance	\$ 467	\$ 686
Net gaming revenue	6,008	6,028
Charitable expenses	(5,850)	(6,247)
Ending balance per gaming report	\$ 625	\$ 467

7. Fair value of financial instruments:

(a) Fair value:

The Foundation's investments are carried at fair value (note 2). The carrying values of cash, accounts receivable, cash surrender value of life insurance policies, 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 traded on foreign stock exchanges which are subject to foreign exchange risk. At December 31, 2009, the Foundation held shares dominated in foreign currencies with a fair value of \$764,583 (2008 - \$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 policies, 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 high credit quality financial institutions.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

8. Schedules:

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

	2009	2008
Revenue:		
Camosun College administrative support	\$ 458,910	\$ 404,922
Expenses:		
Salaries and employee benefits	386,560	328,801
Professional fees	13,880	14,692
Office and administration	58,470	61,429
	458,910	404,922
Net change in Operating Fund balance	\$ -	\$ -

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

	2009	2008
Revenue:		
Donations	\$ 432,576	\$ 377,215
Donations for PISE	551,614	679,934
Gifts in kind	67,589	94,588
Special events	117,204	68,595
	1,168,983	1,220,332
Expenses:		
Awards - payments to students	257,132	295,483
- other	89,704	125,799
Transfer to Camosun College re: PISE	551,614	689,319
Transfer of gifts in kind to Camosun College	67,589	89,526
Special events	79,571	30,580
Professional fees	-	38
	1,045,610	1,230,745
Interfund transfers (note 9)	102,572	684
Net change in Specific Purpose Fund balance	\$ 225,945	\$ (9,729)

The net excess of revenue over expenses from special events during the year was \$37,633 (2008 - \$38,015).

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

8. Schedules (continued):

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

	2009	2008
Revenue:		
Donations	\$ 24,705	\$ 41,454
Distributions from other foundations	48,695	80,151
Investment income	389,971	371,761
Realized gain on disposal of investments	9,629	-
	<u>473,000</u>	<u>493,366</u>
Expenses:		
Awards - payments to students	269,415	428,946
- other	66,206	67,970
Realized loss on disposal of investments	-	222,613
Professional fees	53,303	52,732
	<u>389,924</u>	<u>772,261</u>
Unrealized gain on investments held	365,055	(330,799)
Interfund transfers (note 9)	(7,999)	(199,869)
Net change in Endowment Investment Income Fund balance	<u>\$ 440,132</u>	<u>\$ (809,563)</u>

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

	2009	2008
Revenue:		
Donations	\$ 275,308	\$ 512,162
Gifts in kind	-	9,756
Investment income	2,615	4,175
Increase in cash surrender value of life insurance policies	19,047	18,967
	<u>296,970</u>	<u>545,060</u>
Expenses:		
Life insurance premiums	6,541	8,493
Interfund transfers (note 9)	(94,573)	9,185
Net change in Endowment Fund balance	<u>\$ 195,856</u>	<u>\$ 545,752</u>

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

8. Schedules (continued):

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

	2009	2008
Revenue:		
Investment income	\$ 62,461	\$ 80,152
Realized gain on disposal of investments	-	5,771
	62,461	85,923
Expenses:		
Disbursement on LEEF Endowment	62,461	85,923
Unrealized gain on investments held	23,093	-
Interfund transfers (note 9)	-	190,000
Net change in BC Regional Innovation Chair Endowment Fund balance	\$ 23,093	\$ 190,000

9. Interfund transfers:

	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund
Interfund transfer detail				
Redesignation of gifts	\$ 102,572	\$ (7,999)	\$ (94,573)	\$ -

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.

11. Commitments:

During the year, the Foundation's board approved a maximum disbursement of \$333,454 for student awards and bursaries for the period September 2009 to April 2010. Of this amount \$145,990 was disbursed in November 2009 and the remaining \$167,895 was disbursed subsequent to December 31, 2009.