

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2014

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of Camosun College Foundation

We have audited the accompanying financial statements of Camosun College Foundation, which comprise the statement of financial position as at December 31, 2014, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

CAMOSUN COLLEGE FOUNDATION

Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2014, with comparative information for 2013

	2014		Restricted Funds				2013
	Total	Operating Fund	Specific Purpose Fund	Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	
Revenues:							
Donations	\$ 643,300	-	439,547	15,645	188,108	-	1,102,690
Donations for the Centre Trades Education & Innovation (CTEI)	62,651	-	62,651	-	-	-	214,030
Distributions and grants from other foundations	170,793	-	90,950	79,843	-	-	74,703
Insurance death benefit less prior cash surrender value	61,727	-	-	-	61,727	-	-
Gifts in kind	36,402	-	16,521	-	19,881	-	1,073,460
Camosun College contributions	367,548	288,602	78,946	-	-	-	525,514
Investment income	479,626	-	25,488	375,755	18,928	59,455	500,082
Realized gain on disposal of investments	322,562	-	-	322,997	-	(435)	130,430
Special events	-	-	-	-	-	-	32,378
Insurance policies and related distributions	-	-	-	-	-	-	1,473
	2,144,609	288,602	714,103	794,240	288,644	59,020	3,654,760
Expenses:							
Student Awards and Bursaries (note 9)	677,374	-	325,534	351,840	-	-	685,387
Contributions - Camosun Programs and Equipment	28,967	-	13,822	15,145	-	-	35,843
Contributions - other	89,967	-	89,967	-	-	-	55,531
Transfer to Camosun College re: BCRIC Endowment	50,551	-	-	-	-	50,551	59,901
Transfer of gifts in kind to Camosun College	16,521	-	16,521	-	-	-	1,040,503
Special events	-	-	-	-	-	-	16,890
Foundation office support	248,487	248,487	-	-	-	-	285,007
Trademark Campaign support	78,946	-	78,946	-	-	-	106,809
Professional fees	92,754	11,944	3,491	68,850	-	8,469	95,700
Office and administration	28,171	28,171	-	-	-	-	28,440
Decrease in cash surrender value of life insurance policies (note 3)	6,729	-	-	-	6,729	-	-
Life insurance premiums	6,729	6,729	-	6,729	-	-	-

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Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 1,118,792	\$ 1,855,254
Unrealized gains	(293,667)	(611,137)
Realized gains and loss	(322,562)	(130,430)
Cash surrender value of life insurance policies (note 3)	45,002	(1,473)
	547,565	1,112,214
Change in non-cash operating working capital:		
Accrued interest receivable	6,205	(843)
Accounts receivable	(102,412)	1,323
Accounts payable and accrued liabilities	4,515	13,598
Payable to Camosun College	(19,367)	3,569
Deferred revenue	71,054	-

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Year ended December 31, 2014

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

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.

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") in December 2007. Camosun College designated the Foundation as the trustee for BCRIC. The Foundation agreed to raise funds to match the \$1,250,000 and made an initial contribution of \$300,000 toward the needed \$1.25M and committed to raise the balance of \$950,000 at a rate of \$190,000 a year for five years, ending in November 2012.

As fundraising efforts had not been successful by the date of the first annual commitment, the Foundation advanced \$190,000 to BCRIC with the intent that, as additional funds were raised, the Foundation's advance would be repaid. Fund raising conditions since 2008 have been such that the Foundation has not been able to raise the needed funds.

The principal has been invested and is to be held in perpetuity. The net investment income is used to support the BC Regional Innovation Chair in Sport Technology at Camosun College.

(b) Investments:

Investments are 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 recorded 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.

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Year ended December 31, 2014

1. Significant accounting policies (continued):

(c) Investment transactions and income recognition:

Investment transactions are accounted for as of

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2. Investments:

		2014	2013
	Cost	Fair value	Fair value
Cash held at broker	\$ 27,967	\$ 27,966	\$ 72,057
Fixed income securities, with effective interest rates of 2.0% to 7.4% (2013 – 2.0% to 7.4%), maturing between 2015 and 2021	7,281,421	7,407,335	8,224,165
Common shares	7,559,024	8,494,779	7,235,874
Preferred shares	1,545,495	1,794,386	1,453,712
	\$16,413,907	\$17,724,466	\$16,985,808

At December 31, 2014, the Foundation held shares denominated in foreign currencies with a fair value of \$1,911,553 (2013 - \$1,650,104).

Investment income is comprised of the following:

	2014	2013
Interest	\$ 268,586	\$ 300,014
Dividends and other distributions	307,844	262,240
Subtotal	576,430	562,254
Less investment income allocated to the Camosun College Student Society Building Trust Fund	(96,804)	(62,172)
	\$ 479,626	\$ 500,082

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2013	\$ 402,146	\$ 899,690
Payout of death benefit	(38,273)	(100,000)
Decrease in value	(6,729)	(43,253)
Balance, December 31, 2014	\$ 357,144	\$ 756,437

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3. Life insurance policies (continued):

Supplementary information:

	2014	2013
Premiums paid by other parties	\$ 1,233	\$ 1,774
Total premiums paid	\$ 1,233	\$ 1,774

In addition, during the year premiums were charged directly to the cash surrender value of the policy totaling \$nil (2013 - \$2,039).

4. Accounts held in trust:

	2014	2013
Camosun College Student Society Building Trust Fund	\$ 2,534,512	\$ 2,133,101

The Foundation manages funds in trust for the Camosun College Student Society. During the year the Foundation allocated \$96,804 (2013 - \$62,172) in investment income and \$13,393 (2013 - \$11,657) in management fee expenses to the funds held in trust.

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5. Other endowment funds (continued):

(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.

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:

	2014	2013
Opening balance	\$ 8	\$ 1,008
Net gaming revenue	-	1,200
Charitable expenses	-	(2,200)
Ending balance	\$ 8	\$ 8

7. Instruments:

(a) 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.

(b) Foreign exchange risk:

The Foundation holds investments in securities traded on foreign stock exchanges which are subject to foreign exchange risk (note 2).

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7. Financial instruments (continued):

(c) Liquidity risk: