

Financial Statements of

**CAMOSUN COLLEGE
FOUNDATION**

Year ended December 31, 2015

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2015

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KPMG LLP
Chartered Professional 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

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, 2015, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Camosun College Foundation as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

June 1, 2016
Victoria, Canada

CAMOSUN COLLEGE FOUNDATION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Cash	\$ 785,161	\$ 803,687
Investments (2015 cost - \$19,023,424) (note 2)	19,663,333	17,724,466
Accounts receivable	91,561	693,742
Cash surrender value of life insurance policies (note 3)	364,368	357,144
	<u>\$ 20,904,423</u>	<u>\$ 19,579,039</u>

Liabilities


Accounts payable and accrued liabilities	\$ 85,637	\$ 121,468
Deferred grants	-	71,054
Funds due to Camosun College Students Society (note 4)	2,936,968	2,534,512
	<u>3,022,605</u>	<u>2,727,034</u>

Fund Balances

Restricted funds	17,881,818	16,852,005
Commitments (note 8)		
	<u>\$ 20,904,423</u>	<u>\$ 19,579,039</u>

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, 2015 with comparative figures for 2014

	Restricted Funds				2015	2014
	Specific Purpose Fund	Endowment Investment Income Fund	Endowment Fund	BC Regional Innovation Chair Endowment Fund	Total	Total
Revenues:						
Donations	\$ 1,828,566	\$ 16,356	\$ 355,940	\$ -	\$ 2,200,862	\$ 784,897
Distributions received (note 5)	-	88,027	-	-	88,027	79,843
Grants	20,000	-	-	-	20,000	90,950
Gifts in kind	81,479	-	-	-	81,479	36,402
Investment income	1,815	379,486	32,209	56,550	470,060	479,626
Realized gains (losses) on investments	(6,516)	106,153	-	(18,543)	81,094	322,562
Insurance policies	-	-	6,012	-	6,012	53,981
	1,925,344	590,022	394,161	38,007	2,947,534	1,848,261
Expenses:						
Student awards and bursaries (note 9)	369,017	459,191	-	-	828,208	677,374
Program support and equipment	296,431	9,103	-	28,390	333,924	264,952
Unrealized losses (gains) on investments	-	603,833	-	66,783	670,616	(293,667)
Professional fees	447	74,909	-	9,617	84,973	80,810
	665,895	1,147,036	-	104,790	1,917,721	729,469
Excess of revenues over expenses	1,259,449	(557,014)	394,161	(66,783)	1,029,813	1,118,792
Interfund transfers	(494,847)	(5,153)	500,000	-	-	-
Fund balances, beginning of year	1,830,755	2,542,201	10,670,241	1,808,808	16,852,005	15,733,213
Fund balances, end of year	\$ 2,595,357	\$ 1,980,034	\$ 11,564,402	\$ 1,742,025	\$ 17,881,818	\$ 16,852,005

CAMOSUN COLLEGE FOUNDATION

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 1,029,813	\$ 1,118,792
Realized and unrealized (gains) and losses	589,522	(616,229)
Cash surrender value of life insurance policies (note 3)	(7,224)	45,002
	1,612,111	547,565
Change in non-cash operating working capital:		
Accounts receivable	602,181	(96,207)
Accounts payable and accrued liabilities	(35,831)	(14,852)
Deferred grants	(71,054)	71,054
	2,107,407	507,560
Cash flows from investing activities:		
Purchase of investments	(8,239,742)	(4,693,978)
Proceeds from dispositions of investments	5,711,353	4,069,251
Increase in funds held in trust	402,456	401,411
	(2,125,933)	(223,316)
Increase (decrease) in cash	(18,526)	284,244
Cash, beginning of year	803,687	519,443
Cash, end of year	\$ 785,161	\$ 803,687

See accompanying notes to financial statements.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2015

The Camosun College Foundation (the "Foundation") is registered as a charity under the Income Tax Act and is incorporated under the Canada Not-for-Profit Corporations Act. The Foundation was created to assist Camosun College to expand its educational services in areas not funded by government. The Foundation raises and manages funds for life-changing education.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook.

(a) Fund accounting:

The Foundation receives support from various donors and allows for restrictions on the use of the donations. These are recorded in the following restricted funds:

- (i) The Specific Purpose Fund includes donations for which the donor has stipulated specific uses such as bursaries, scholarships and equipment acquisitions and unrestricted donations which have been internally restricted.
- (ii) The Endowment Investment Income Fund includes investment income, defined as interest and dividends, earned by 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. A portion of the Endowment Investment Income Fund balance has been internally restricted by the Board of Directors (2015 - \$739,130, 2014 - \$632,976).
- (iii) 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.
- (iv) 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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(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 their fair value.

(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 are recognized as revenue of the appropriate restricted fund. Unrestricted donations are recognized in the Specific Purpose Fund and are internally restricted for use at the discretion of the Board of Directors.

Contributions for endowments 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 as determined by independent appraisers on date of receipt, except for contributions of art and collectibles which 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.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2015

2. Investments:

		2015	2014
	Cost	Fair value	Fair value
Cash held at broker	\$ 33,198	\$ 33,198	\$ 27,966
Fixed income securities, with effective interest rates of 1.2% to 7.4% (2014 – 2.0% to 7.4%), maturing between 2016 and 2022	8,202,817	8,306,907	7,407,335
Common shares	8,950,086	9,669,626	8,494,779
Preferred shares	1,837,323	1,653,602	1,794,386
	\$19,023,424	\$19,663,333	\$17,724,466

At December 31, 2015, the Foundation held shares denominated in foreign currencies with a fair value of \$2,263,094 (2014 - \$1,911,553).

3. Life insurance policies:

	Cash surrender value	Face value
Balance, December 31, 2014	\$ 357,144	\$ 756,437
Net increase (decrease)	7,224	(9,101)
Balance, December 31, 2015	\$ 364,368	\$ 747,336

Premiums paid by other parties amounted to \$1,233 in the current year (2014 - \$1,233).

4. Funds due to the Camosun College Student Society:

	2015	2014
Camosun College Student Society Funds	\$ 2,936,968	\$ 2,534,512

The Foundation manages funds for the Camosun College Student Society. During the year the Foundation allocated \$114,763 (2014 - \$96,804) in investment income and \$16,307 (2014 - \$13,393) in portfolio management fee expenses to the funds held for the Society.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2015

5. Other endowment funds:

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

	2015	2014
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 800,000	\$ 800,000
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	1,000,000	1,000,000
	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>

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

	2015	2014
Vancouver Foundation - Camosun College Foundation Endowment Fund	\$ 41,161	\$ 38,941
Victoria Foundation - Edward Joseph Harrison Fund for Camosun College	46,866	40,902
	<u>\$ 88,027</u>	<u>\$ 79,843</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 students in need.

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.

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Notes to Financial Statements

Year ended December 31, 2015

6. Financial 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).

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. A key liquidity requirement is grant commitments. Liquidity risk is managed by investing the majority of the Foundation's assets in investments that are traded in an active market and can be readily liquidated. The Foundation aims to retain sufficient cash positions to maintain liquidity. The Foundation's investments are considered readily realizable and liquid, therefore the Foundation's liquidity risk is considered minimal.

(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 statement of financial position.

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, governments and corporations.

(e) Market risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's marketable securities are carried at fair value with fair value changes recognized in the statement of operations and changes in fund balances, all changes in market conditions will directly result in an increase or decrease in net assets. Market price risk is managed by the Foundation's Investment Policy which provides for the construction of diversified portfolios of instruments traded on various markets across various industries.

CAMOSUN COLLEGE FOUNDATION

Notes to Financial Statements

Year ended December 31, 2015

7. Related party transactions:

Camosun College provided operating support to the Foundation:

	2015	2014
Office and administration support	\$ 313,242	\$ 276,658
Professional fees	13,773	11,944
	<u>\$ 327,015</u>	<u>\$ 288,602</u>

In addition, donations to the Specific Purpose Fund of \$546,055 (2014 - \$78,946) were provided by Camosun College to support Camosun programs.

8. Commitments:

During the year, the Foundation's board approved a maximum disbursement of \$510,000 for student awards and bursaries for the period September 2015 to April 2016. Of this amount \$312,057 was disbursed in December 2015 and the remaining \$197,943 was disbursed after February 2016.

9. Comparative information:

For the year ended December 31, 2015 the Foundation changed the presentation of operating costs to no longer be presented in a separate fund on the statement of operations and changes in fund balances. The 2014 comparative information was restated to conform to the presentation adopted in the current year. The operating costs and related Camosun College support for operating costs are now presented in note 7.

Certain other comparative information has been reclassified to conform to the current year's presentation.