

CAMOSUN COLLEGE FOUNDATION

Financial Statements

Year ended December 31, 2015

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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, 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 | 693,712 |
| Liabilities | | |
| Funds due to Camosun College Students Society (note 4) | 2,936,968 | 2,534,512 |
| Fund Balances | | |
| Restricted funds | 17,881,818 | 16,852,005 |
| Commitments (note 8) | | |
| | \$ 20,904,423 | \$ 19,579,039 |

See accompanying notes to financial statements.

Approved by the Board:

 Director
 Director

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Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2015 with comparative figures for 2014

| | | | | | 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) |

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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.

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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

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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

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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 |

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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:

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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.

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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.