

**U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
FINANCIAL STATEMENTS
MARCH 31, 2013 and 2012**

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U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University of Victoria is responsible for the preparation of the financial statements of the U.S. Foundation for the University of Victoria. The statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations and present fairly the financial position of the Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations for the years ended March 31, 2013 and March 31, 2012.

In fulfilling its responsibility and recognizing the limits inherent in all systems, the University's Administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Foundation's assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of the financial statements.

The financial statements have been examined by Green, Horwood, & Co LLP, Chartered Accountants, the independent auditors appointed by the Foundation's Board of Directors. The Independent Auditors' Report outlines the nature of their examination and expresses an opinion on the financial statements of the Foundation for the years ended March 31, 2013 and March 31, 2012.

President

June 25, 2013

Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the U.S. Foundation for the University of Victoria

We have audited the accompanying financial statements of the U.S. Foundation for the University of Victoria, composed of the Statements of Financial Position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the Statements of Revenue and Expense and Changes in Fund Balances, Cash Flows, and Detailed Statements of Expendable Funds Transactions for the years ended March 31, 2013 and March 31, 2012, and 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 generally accepted accounting principles 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.

Auditor's 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 the auditor's 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, the auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the U.S. Foundation for the University of Victoria as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian generally accepted accounting principles.



Victoria, British Columbia
June 25, 2013

Chartered Accountants

PARTNERS • INCORPORATED PROFESSIONALS
GEORGE FROBEN, CA • GEORGE WONG, CA, CPA (ILLINOIS)
I. KEITH SMITH, CA • MICHAEL TUCKEY, CA, CFP

ASSOCIATES
RICHARD TUCKEY, CA* • JOSEPH WEICKER, CGA
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U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
STATEMENTS OF FINANCIAL POSITION
as at March 31, 2013, March 31, 2012 and April 1, 2011
(in U.S. dollars)

ASSETS	March 31, <u>2013</u>	March 31, <u>2012</u>	April 1, <u>2011</u>
Cash on deposit	\$ 500	\$ 300	\$ 53,663
Capital assets - gifts in kind	492	-	-
Amount due from the University of Victoria	<u>-</u>	<u>302</u>	<u>-</u>
	<u>992</u>	<u>602</u>	<u>53,663</u>
 LIABILITIES AND FUND BALANCES			
Endowment principal balance:			
Restricted endowment	-	-	49,238
Expendable fund balance	<u>992</u>	<u>602</u>	<u>4,425</u>
	<u>\$ 992</u>	<u>\$ 602</u>	<u>\$ 53,663</u>

On behalf of the Board of Directors:

President

Treasurer

See accompanying notes to the financial statements

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
STATEMENTS OF REVENUE AND EXPENSE AND CHANGES IN FUND BALANCES
For the Years ended March 31, 2013 and 2012
(in U.S. dollars)

	<u>Endowment Principal</u>		<u>Expendable Funds</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUE				
Donations	\$ -	\$ -	\$ 205,255	\$ 215,612
Realized (losses) gains	-	(2,285)	-	2,285
	<u>-</u>	<u>(2,285)</u>	<u>205,255</u>	<u>217,897</u>
EXPENSE				
Scholarships, bursaries and other distributions	-	-	204,865	213,053
Transfer of gifts in kind to the University of Victoria	-	-	-	1,957
	<u>-</u>	<u>-</u>	<u>204,865</u>	<u>215,010</u>
(Deficiency) excess of revenue over expense	-	(2,285)	390	2,887
Fund balances at beginning of year	-	49,238	602	4,425
Funds transferred to the University of Victoria Foundation (note 4)	-	(46,953)	-	(6,710)
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 992</u>	<u>\$ 602</u>

See accompanying notes to the financial statements

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
STATEMENTS OF CASH FLOW
For the Years ended March 31, 2013 and 2012
(in U.S. dollars)

	<u>2013</u>	<u>2012</u>
Cash provided by (used in)		
Operating activities		
Excess of revenue over expense	\$ 390	\$ 602
Items not involving cash		
Gift in kind donations	(492)	(1,957)
Gift in kind transferred to University of Victoria	-	1,957
Changes in non-cash working capital balances		
Decrease (increase) in current assets	<u>302</u>	<u>(302)</u>
	200	300
Investing activities		
Funds transferred to the University of Victoria Foundation	<u>-</u>	<u>(53,663)</u>
Increase (decrease) in cash during the year	200	(53,363)
Cash, beginning of year	<u>300</u>	<u>53,663</u>
Cash, end of year	\$ <u><u>500</u></u>	\$ <u><u>300</u></u>

See accompanying notes to the financial statements

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 and 2012
(in U.S. dollars)

Note 1. Purpose and Status of U.S. Foundation for the University of Victoria

The purpose of the Foundation is to promote, encourage and foster an appreciation by the American public of the work being conducted by the University of Victoria in the various educational disciplines deemed to be of interest to the American public; to finance, in whole or in part, particular programs, projects and facilities of the University of Victoria deemed by the Foundation to be necessary to the University for the accomplishment of its charitable and educational mission and to be of significance and interest to the American public; to assist the University of Victoria in establishing liaisons in the United States; to make its cultural and educational programs more readily available and accessible to the American public, including defraying the costs, as appropriate, of meetings in the United States which will make the University's programs and services better known there; to encourage the participation of American students in the educational programs of the University of Victoria by providing scholarships and bursaries for American students for undergraduate and graduate study at the University; and to accept, hold, invest, reinvest and administer any gifts, legacies, bequests, devises, trusts, remainder trusts, funds, and property of any sort or nature, and to use, expend, or donate the income or principal thereof for, and to devote the same to, the foregoing purposes of the Foundation. The Foundation is incorporated in the District of Columbia under the Columbia Non-profit Corporation Act. It is a charitable organization registered with the Internal Revenue Service and as such is exempt from income tax.

Note 2. Significant Accounting Policies

A. Basis of Presentation

On April 1, 2012, the Foundation adopted Canadian Public Sector Accounting Standards. The Foundation has also elected to apply the 4200 standards for government not-for-profit organizations using the restricted fund method of accounting. These are the first financial statements prepared in accordance with these Public Sector Accounting Standards.

In accordance with the transitional provisions in Public Sector Accounting Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has not resulted in any adjustments to fund balances as at April 1, 2011 or excess of revenue over expenses for the year ended March 31, 2012.

- B.** The Foundation follows the restricted fund method of accounting for donations to recognize restrictions placed on the use of funds by donors, the University, or the Board of Directors of the Foundation.

The endowment principal of funds is classified into two groups:

- (i) Endowment funds - where the principal is to be held intact in perpetuity,
- (ii) Quasi-endowment funds - where the terms of the endowment permit the principal to be expended under certain circumstances.

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 and 2012
(in U.S. dollars)

B. Method of Accounting (continued)

The expendable income of funds is classified as follows:

- (i) Restricted - by the donor to certain specific uses, e.g. scholarships, bursaries, library books, etc.,
- (ii) Designated - internally restricted by the Board of Directors of the Foundation for certain specific uses, usually at the time the gift or bequest is received,
- (iii) Unrestricted - where no direction is given by the donor and the Board of Directors of the Foundation decides not to direct that the income be used for any specific purposes.

C. The accrual basis of accounting is followed.

D. Pledges from donors are recorded as revenue when payment is received since their ultimate collection cannot be assured until that time.

E. Capital Assets

Donated capital assets are recorded at their fair market value on the date of donation. Capital assets subject to depreciation in their value are depreciated on a straight-line basis over their estimated useful lives. Works of art and the Library's Special Collections are not depreciated as they are deemed to have permanent value. The cost and accumulated depreciation of equipment, furnishings and library holdings are removed from the accounts in the year following their becoming fully depreciated or disposition.

During the year, the total value of art, equipment or collections donated to the Foundation was \$492 (2012- \$1,957) and the total value of art, equipment or collections transferred to the University of Victoria was nil (2012 - \$1,957).

F. Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant items subject to such estimates and assumptions include the valuation and carrying amounts of donated capital assets and financial instruments.

G. Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, and accounts payable. The fair value of cash, accounts receivables and accounts payable approximate the carrying amounts due to the short term maturity of these instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, or credit risk arising from these instruments.

H. Foreign currency

The Foundation's functional currency is the United States (US) dollar. Transactions in foreign currencies are translated into US dollars at the exchange rate in effect on the transaction date.

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013 and 2012
(in U.S. dollars)

I. Change in Accounting Policy

On April 1, 2012, the Foundation adopted Public Accounting Standards, *PS 3450 - Financial Instruments* and *PS 2601 - Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency.

Under PS 3450, all financial instruments are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Foundation's accounting policy choices (see note 2 G).

Note 3 Related Party Transaction

The Foundation receives accounting and administration services at no charge from the University of Victoria.

Note 4 Endowment funds transferred to the University of Victoria Foundation

In 2011, the US Foundation Board of Directors approved the transfer of endowment funds to the University of Victoria Foundation on the basis that each endowment is to be maintained as a separate fund and that the original purpose of the fund be maintained.

In 2012, the Foundation transferred the last endowment fund in the amount of \$53,663 to the University of Victoria Foundation on the basis that the original purpose of the fund be maintained.