

**U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
FINANCIAL STATEMENTS
MARCH 31, 2017**

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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, 2017 and the results of its operations for the year ended March 31, 2017.

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 Professional 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 year ended March 31, 2017.

President

Treasurer

June 5, 2017

INDEPENDENT AUDITORS' 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, which comprise the statement of financial position as at March 31, 2017, the statement of revenue and expenditures and changes in restricted fund balance, and the statement of cash flow for the year then ended, 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 public sector accounting standards, 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, 2017, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Victoria, British Columbia
Date: June 5, 2017


Chartered Professional Accountants

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
STATEMENT OF FINANCIAL POSITION
as at March 31, 2017
(in U.S. dollars)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash on deposit	\$ <u>21,372</u>	\$ <u>1,051</u>
	<u>21,372</u>	<u>1,051</u>
 LIABILITIES AND RESTRICTED FUND BALANCE		
Deferred contribution (Note 3)	739	959
Restricted fund balance (Exhibit A)	<u>20,633</u>	<u>92</u>
	<u>\$ 21,372</u>	<u>\$ 1,051</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
STATEMENT OF REVENUE AND EXPENDITURES AND
CHANGES IN RESTRICTED FUND BALANCE
For the year ended March 31, 2017
(in U.S. dollars)**

	<u>2017</u>	<u>2016</u>
REVENUE		
Donations	\$ <u>2,149,588</u>	\$ <u>335,633</u>
 EXPENDITURES		
Transfer of donations to the University of Victoria and the University of Victoria Foundation (Note 3)	284,947	317,460
Transfer of gifts in kind to the University of Victoria	<u>1,844,100</u>	<u>28,081</u>
	<u>2,129,047</u>	<u>345,541</u>
 Excess (deficiency) of revenue over expenditures	20,541	(9,908)
 Restricted fund balance at beginning of year	<u>92</u>	<u>10,000</u>
 Restricted fund balance at end of year	\$ <u><u>20,633</u></u>	\$ <u><u>92</u></u>

See accompanying notes to the financial statements

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
STATEMENT OF CASH FLOW
For the Year ended March 31, 2017
(in U.S. dollars)

	<u>2017</u>	<u>2016</u>
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 20,541	\$ (9,908)
Items not involving cash		
Gifts in kind donations	(1,844,100)	(28,081)
Gifts in kind transferred to University of Victoria	1,844,100	28,081
Changes in non-cash working capital balances		
(Decrease) increase in deferred contribution	<u>(220)</u>	<u>959</u>
Increase (decrease) in cash during the year	20,321	(8,949)
Cash, beginning of year	<u>1,051</u>	<u>10,000</u>
Cash, end of year	<u>\$ 21,372</u>	<u>\$ 1,051</u>

See accompanying notes to the financial statements

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(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

The Foundation's financial statements are prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations using the restricted fund method of accounting.

B. Method of Accounting

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.

C. Accounting Basis

The accrual basis of accounting is followed.

U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(in U.S. dollars)

D. Pledge Revenue Recognition

Pledges from donors are recorded as revenue when payment is received as there is no enforceable right to monies pledged.

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 \$1,844,100 (2016- \$28,081) and the total value of art, equipment or collections transferred to the University of Victoria was \$1,844,100 (2016 - \$28,081).

F. Use of Estimates

The preparation of the financial statements in conformity with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations, 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 expenditures 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 receivable 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, 2017
(in U.S. dollars)

Note 3 Related Party Transaction

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

The University of Victoria Foundation administers the majority of the University of Victoria's endowments. Therefore, in order to reduce overhead costs and to simplify overhead and accounting, the Foundation regularly transfers endowments to the University of Victoria Foundation, upon ascertaining that the University of Victoria Foundation will use them in furtherance of purposes in line with the Foundation's purposes. The University of Victoria Foundation is obligated to maintain each fund as a separate endowment dedicated to the same purposes as stipulated by the donors and approved by the Foundation.

For similar reasons, the Foundation regularly transfers non-endowed funds to the University of Victoria for administration, again after ascertaining that the University of Victoria will use them in furtherance of the Foundation's purposes and any donor restrictions. The Foundation retains discretion as to whether to transfer any particular endowment or any current gift to the University of Victoria Foundation or to the University of Victoria.

In the prior year, the University of Victoria transferred \$1,000 to the Foundation to cover current and future operating costs. The remaining balance as at March 31, 2017 of \$739 (2016 - \$959) is reported as a deferred contribution on the Statement of Financial Position.

**U.S. FOUNDATION FOR THE UNIVERSITY OF VICTORIA
CONTINUITY SCHEDULE OF RESTRICTED FUND BALANCE
For the Year ended March 31, 2017
(in U.S. dollars)**

Exhibit A

	BALANCE MAR 31/16	DONATIONS	TRANSFERS OF DONATIONS (Note 3)	BALANCE MAR 31/17
<u>NON-ENDOWED FUNDS</u>				
Transgender Archives	\$ -	\$ 500	\$ -	\$ 500
Saint John's Bible	92	-	92	-
Senior Research Chair in Transgender Studies	-	261,133	250,000	11,133
Chair in Transgender Studies	-	8,605	3,605	5,000
Eastern Boeotia Archaeological Project Fund	-	250	-	250
Dars Albertini Rugby Fund	-	550	350	200
Vancouver Island Vikes Men's Basketball Scholarship	-	900	150	750
Spirit Bear Foundation Scholarship	-	30,000	30,000	-
History in Art Department	-	100	100	-
Student Emergency Fund	-	100	100	-
Andrew Rippin Award	-	100	-	100
English Department	-	100	-	100
Shakespeare Internet Editions Membership	-	100	-	100
	92	302,438	284,397	18,133
<u>ENDOWED FUNDS</u>				
General Undergraduate Bursary	-	800	500	300
Robert Hagedorn Graduate Scholarship	-	2,000	-	2,000
W. D. West Alumni Bursary	-	150	50	100
General Undergraduate Scholarship	-	100	-	100
	-	3,050	550	2,500
<u>GIFTS IN KIND</u>				
Mearns Centre for learning - Special collections	-	1,844,100	1,844,100	-
Grand Total	\$ 92	\$ 2,149,588	\$ 2,129,047	\$ 20,633