

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2012

Shannon & Buffett, LLP

Chartered Accountants

HAL C. BUFFETT, B.A., C.A. GARRY L. ARMSTRONG, B.SC., C.A.
CLAUDE LEGER, B.B.A., C.G.A., C.A. RON W. SAUNTRY, B.B.A., C.A. May 24, 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of The New Brunswick Community College Foundation

We have audited the accompanying financial statements of The New Brunswick Community College Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows 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 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 to 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 New Brunswick Community College Foundation as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Shannon & Buffett LLP
Chartered Accountants

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF FINANCIAL POSITION - MARCH 31, 2012**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2012 Total</u>	<u>2011 Total</u>
<u>ASSETS</u>					
Current:					
Cash	\$ 283,462	\$ 50,848	\$ 238,187	\$ 572,497	\$ 428,866
Accounts receivable (note 4)	250,000	104,464	54,713	409,177	405,020
Prepaid expenses	-	-	295	295	1,916
	<u>533,462</u>	<u>155,312</u>	<u>293,195</u>	<u>981,969</u>	<u>835,802</u>
Interfund amounts	-	22,486	-	22,486	170,867
Investments (note 5)	4,826,657	-	-	4,826,657	4,370,139
	<u>\$5,360,119</u>	<u>\$ 177,798</u>	<u>\$ 293,195</u>	<u>\$5,831,112</u>	<u>\$5,376,808</u>
<u>LIABILITIES</u>					
Current:					
Accrued liabilities	\$ -	\$ 8,827	\$ 7,805	\$ 16,632	\$ 4,200
Interfund amounts	17,514	-	4,972	22,486	170,867
total liabilities	<u>17,514</u>	<u>8,827</u>	<u>12,777</u>	<u>39,118</u>	<u>175,067</u>
<u>NET ASSETS</u>					
Endowment Fund	5,211,705	-	-	5,211,705	4,600,048
Cumulative unrealized gain on available-for-sale investments (note 5)	130,900	-	-	130,900	133,667
Scholarship Fund (note 6)	-	168,971	-	168,971	275,586
Operating Fund	-	-	280,418	280,418	192,440
	<u>5,342,605</u>	<u>168,971</u>	<u>280,418</u>	<u>5,791,994</u>	<u>5,201,741</u>
	<u>\$5,360,119</u>	<u>\$ 177,798</u>	<u>\$ 293,195</u>	<u>\$5,831,112</u>	<u>\$5,376,808</u>

Approved by the Board:

Shannon & Buffett, LLP
Chartered Accountants

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATIONSTATEMENT OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2012

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2012 Total</u>	<u>2011 Total</u>
Revenue:					
Endowment contributions	\$ 361,658	\$ -	\$ -	\$ 361,658	\$ 365,570
Other donations	-	51,125	-	51,125	23,777
Grants	-	105,000	-	105,000	50,000
Investment income	-	182,290	-	182,290	145,939
Realized gain on disposal of investments	-	-	-	-	10,580
Contributions – New Brunswick Opportunities Fund (note 3)	250,000	-	-	250,000	250,000
Administration recoveries	-	-	105,000	105,000	50,000
	<u>611,658</u>	<u>338,415</u>	<u>105,000</u>	<u>1,055,073</u>	<u>895,866</u>
Expenses:					
Scholarships	-	314,425	-	314,425	201,250
Awards	-	-	3,500	3,500	-
Realized loss on disposal of investments	-	92,617	-	92,617	-
Broker fees	-	37,989	-	37,989	27,695
Insurance	-	-	1,621	1,621	1,689
Travel and meetings	-	-	886	886	162
Printing and supplies	-	-	6,279	6,279	5,705
Professional services	-	-	4,473	4,473	4,473
Bank charges	-	-	263	263	131
	-	<u>445,031</u>	<u>17,022</u>	<u>462,053</u>	<u>241,105</u>
Excess of revenue (expenses) for the year	<u>\$ 611,658</u>	<u>\$ (106,616)</u>	<u>\$ 87,978</u>	<u>\$ 593,020</u>	<u>\$ 654,761</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Endowment Fund</u>	<u>Cumulative unrealized gain (loss) on available-for-sale investments</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2012 Total</u>	<u>2011 Total</u>
Balance, beginning of year	\$4,600,048	\$133,667	\$275,586	\$192,440	\$5,201,741	\$4,327,790
Excess of revenue (expenses) for the year	611,657	-	(106,615)	87,978	593,020	654,761
Unrealized gain (loss) on available-for-sale investments during the year	-	(2,767)	-	-	(2,767)	219,190
Balance, end of year	<u>\$5,211,705</u>	<u>\$130,900</u>	<u>\$168,971</u>	<u>\$280,418</u>	<u>\$5,791,994</u>	<u>\$5,201,741</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2012**

	<u>2012</u>	<u>2011</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 593,020	\$ 654,761
Item not requiring a cash outlay:		
Realized (gain) loss on disposal of investments	<u>92,617</u>	<u>(10,580)</u>
	685,637	644,181
Net change in current assets and liabilities other than cash (note 7)	<u>9,896</u>	<u>153,349</u>
	<u>695,533</u>	<u>797,530</u>
 INVESTING ACTIVITIES		
Proceeds on disposal of investments	1,733,662	327,695
Additions to investments	<u>(2,285,564)</u>	<u>(806,343)</u>
	<u>(551,902)</u>	<u>(478,648)</u>
 INCREASE IN CASH, in the year	143,631	318,882
CASH, beginning of year	<u>428,866</u>	<u>109,984</u>
CASH, end of year	<u>\$ 572,497</u>	<u>\$ 428,866</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2012

1. The Foundation:

The New Brunswick Community College Foundation was established under the Province of New Brunswick Higher Education Foundation Act December 28, 2005. The Foundation became a public charitable foundation effective January 24, 2006 under the Income Tax Act. The Foundation's activities include receiving contributions, investing and administering the contributions received, and to make grants for scholarship programs.

2. Significant accounting policies:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for operations and net assets.

- (i) The Endowment Fund includes all private endowment donation contributions and the corresponding 50% matching contributions received from NBOF.
- (ii) The Scholarship Fund includes all investment income earned by the Foundation investments, all private non-endowment donation and grant contributions restricted for payment of scholarships and all scholarship program disbursements.
- (iii) The Operations Fund includes all private unrestricted non-endowment donation contributions, administration revenue and administration expense amounts.

(b) Investments:

- (i) Investments held-to-maturity are recorded at cost which approximates fair value.
- (ii) Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity investments, or held for trading. They are measured at fair value. Fair value is determined based on market prices. Gains and losses are recognized directly in the statement of changes in net assets until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in "cumulative unrealized gain/loss on available-for-sale investments" should be recognized in the statement of operations.

(c) Revenue recognition:

Endowment contributions are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured. Pledged amounts are not recorded until received.

Non-endowment contributions and administration recoveries revenue are recognized as revenue when the amount can be reasonably estimated and collection is reasonably assured.

NBOF contributions are recognized as revenue when the corresponding matched endowment contributions have been received, to a maximum of \$250,000 of the following years NBOF allocation (see note 3).

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2012****2. Significant accounting policies (continued):****(d) Donated services:**

The value of donated services provided to the organization such as volunteer work is not recorded in the accounts.

(e) Use of estimates:

In preparing the Foundation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(f) New accounting standards:

The Accounting Standards Board has issued Part III to the CICA Handbook. Part III deals with Accounting Standards for Not-for-Profit organizations and first time adoption of this part of the handbook is mandatory for the annual financial statements relating to fiscal years beginning on or after January 1, 2012. These new standards have not been applied in these financial statements.

3. New Brunswick Opportunities Fund (NBOF):

For private donation contributions received, the New Brunswick Opportunities Fund (NBOF) will match funding at a rate of 50% under the terms of an agreement between the Foundation and NBOF.

NBOF will match contributions received to a maximum of \$250,000 per fiscal year (50% of \$500,000 contributions) and currently allows the Foundation to carry over excess unmatched contributions to the following fiscal year of NBOF for matching.

4. Accounts receivable:

	<u>2012</u>	<u>2011</u>
New Brunswick Opportunities Fund	\$ 250,000	\$ 250,000
Administration recoveries receivable	50,000	50,000
Scholarship grants receivable	50,000	50,000
Accrued interest receivable – Investments	54,464	54,464
HST receivable	<u>4,713</u>	<u>556</u>
	<u>\$ 409,177</u>	<u>\$ 405,020</u>

The New Brunswick Opportunities Fund amount of \$250,000 represents the 2012-13 NBOF 50% allocation as matched to \$500,000 of endowment contributions received prior to March 31, 2012. An additional \$313,696 of endowment contributions received prior to March 31, 2012 may be available for NBOF matching in 2013-14 and future years.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2012****5. Investments:**

	-----2012-----		-----2011-----	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<u>Available-for-sale investments:</u>				
Mutual funds (Louisbourg Investments)	\$3,359,626	\$3,228,726	\$2,903,108	\$2,769,441
<u>Held-to-maturity investments:</u>				
4.65% Term deposit (Caisse Populaire Beausejour Ltee.), maturing June 14, 2013	<u>1,467,031</u>	<u>1,467,031</u>	<u>1,467,031</u>	<u>1,467,031</u>
	<u>\$4,826,657</u>	<u>\$4,695,757</u>	<u>\$4,370,139</u>	<u>\$4,236,472</u>

The Foundation has established policies for management of its investments. The available-for-sale investments are managed by an independent external investment manager and the held-to-maturity investments are held with an independent external Caisse Populaire.

The Foundation's investment strategy is designed to maintain an investment portfolio of high quality financial assets. The Foundation manages investment risk by diversifying its portfolio among asset classes, industry sectors, and individual securities.

The fair value of the available-for-sale investments is subject to fluctuations of the corresponding public financial instrument trading index.

Cumulative unrealized gain on available-for-sale investments:

Investments at fair value	\$3,359,626
Investments at cost	<u>3,228,726</u>
Excess	<u>\$ 130,900</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2012****6. Restricted amounts – Scholarship Fund net assets:**

	<u>2012</u>	<u>2011</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 35,505	\$ 41,572
Externally restricted undisbursed grants for payment of scholarships	50,000	50,000
Internally restricted balance of Scholarship Fund net assets	<u>83,466</u>	<u>184,014</u>
	<u>\$ 168,971</u>	<u>\$ 275,586</u>

7. Net change in current assets and liabilities other than cash:

	<u>2012</u>	<u>2011</u>
(Increase) decrease in accounts receivable	\$ (4,157)	\$ 154,952
(Increase) decrease in prepaid expenses	1,621	(1,603)
Increase in accrued liabilities	<u>12,432</u>	<u>-</u>
	<u>\$ 9,896</u>	<u>\$ 153,349</u>

8. Financial instruments:

The Foundation's financial instruments consist of cash, accounts receivable, investments and accrued liabilities. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.