

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2013

Shannon & Buffett, LLP

Chartered Accountants

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May 15, 2013

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, 2013, 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 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.

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 New Brunswick Community College Foundation as at March 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Shannon & Buffett LLP
Chartered Accountants

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF FINANCIAL POSITION - MARCH 31, 2013**

	Endowment Fund	Scholarship Fund	Operating Fund	Mar. 31, 2013 Total	(Restated) Mar. 31, 2012 Total	(Restated) Apr. 1, 2011 Total
<u>ASSETS</u>						
Current:						
Cash	\$ 56,464	\$ 3,177	\$ 277,327	\$ 336,968	\$ 572,497	\$ 428,866
Accounts receivable (note 5)	210,849	154,464	52,726	418,039	409,177	405,020
Prepaid expenses	<u> -</u>	<u> -</u>	<u> 295</u>	<u> 295</u>	<u> 295</u>	<u> 1,916</u>
	<u>267,313</u>	<u>157,641</u>	<u>330,348</u>	<u>755,302</u>	<u>981,969</u>	<u>835,802</u>
Interfund amounts	<u> -</u>	<u> 9,852</u>	<u> -</u>	<u> 9,852</u>	<u> 22,486</u>	<u> 170,867</u>
Investments (note 6)	<u>5,417,793</u>	<u> -</u>	<u> -</u>	<u>5,417,793</u>	<u>4,826,657</u>	<u>4,370,139</u>
	<u>\$5,685,106</u>	<u>\$ 167,493</u>	<u>\$ 330,348</u>	<u>\$6,182,947</u>	<u>\$5,831,112</u>	<u>\$5,376,808</u>
<u>LIABILITIES</u>						
Current:						
Accrued liabilities	\$ <u> -</u>	\$ <u> 9,649</u>	\$ <u> 4,200</u>	\$ <u> 13,849</u>	\$ <u> 16,632</u>	\$ <u> 4,200</u>
Interfund amounts	<u> 2,675</u>	<u> -</u>	<u> 7,177</u>	<u> 9,852</u>	<u> 22,486</u>	<u> 170,867</u>
total liabilities	<u> 2,675</u>	<u> 9,649</u>	<u> 11,377</u>	<u> 23,701</u>	<u> 39,118</u>	<u> 175,067</u>
<u>NET ASSETS</u>						
Endowment Fund	5,682,431	-	-	5,682,431	5,342,605	4,733,715
Scholarship Fund (note 7)	-	157,844	-	157,844	168,971	275,586
Operating Fund	<u> -</u>	<u> -</u>	<u> 318,971</u>	<u> 318,971</u>	<u> 280,418</u>	<u> 192,440</u>
	<u>5,682,431</u>	<u> 157,844</u>	<u> 318,971</u>	<u>6,159,246</u>	<u>5,791,994</u>	<u>5,201,741</u>
	<u>\$5,685,106</u>	<u>\$ 167,493</u>	<u>\$ 330,348</u>	<u>\$6,182,947</u>	<u>\$5,831,112</u>	<u>\$5,376,808</u>

Approved by the Board:

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Endowment</u> <u>Fund</u>	<u>Scholarship</u> <u>Fund</u>	<u>Operating</u> <u>Fund</u>	<u>2013</u> <u>Total</u>	<u>(Restated)</u> <u>2012</u> <u>Total</u>
Revenue:					
Endowment contributions	\$ 45,337	\$ -	\$ -	\$ 45,337	\$ 361,658
Other donations	-	62,815	-	62,815	51,125
Grants	-	100,000	-	100,000	105,000
Investment income	-	222,190	-	222,190	182,290
Contributions - New Brunswick Opportunities Fund (note 4)	210,849	-	-	210,849	250,000
Administration recoveries	-	-	50,000	50,000	105,000
Change in market value of investments	<u>83,640</u>	<u>-</u>	<u>-</u>	<u>83,640</u>	<u>-</u>
	<u>339,826</u>	<u>385,005</u>	<u>50,000</u>	<u>774,831</u>	<u>1,055,073</u>
Expenses:					
Scholarships	-	360,978	-	360,978	314,425
Awards	-	-	-	-	3,500
Change in market value of investments	-	-	-	-	95,384
Broker fees	-	35,154	-	35,154	37,989
Insurance	-	-	1,560	1,560	1,621
Travel and meetings	-	-	748	748	886
Printing and supplies	-	-	4,343	4,343	6,279
Professional services	-	-	4,473	4,473	4,473
Bank charges	<u>-</u>	<u>-</u>	<u>323</u>	<u>323</u>	<u>263</u>
	<u>-</u>	<u>396,132</u>	<u>11,447</u>	<u>407,579</u>	<u>464,820</u>
Excess of revenue (expenses) for the year	<u>\$ 339,826</u>	<u>\$ (11,127)</u>	<u>\$ 38,553</u>	<u>\$ 367,252</u>	<u>\$ 590,253</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2013

	Endowment Fund	Scholarship Fund	Operating Fund	2013 Total	(Restated) 2012 Total
Balance, beginning of year	\$ 5,342,605	\$ 168,971	\$ 280,418	\$ 5,791,994	\$ 5,201,741
Excess of revenue (expenses) for the year	<u>339,826</u>	<u>(11,127)</u>	<u>38,553</u>	<u>367,252</u>	<u>590,253</u>
Balance, end of year	<u>\$ 5,682,431</u>	<u>\$ 157,844</u>	<u>\$ 318,971</u>	<u>\$ 6,159,246</u>	<u>\$ 5,791,994</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2013**

	<u>2013</u>	(Restated) <u>2012</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 367,252	\$ 590,253
Item not requiring a cash outlay:		
- Change in market value of investments	<u>(83,640)</u>	<u>95,384</u>
	283,612	685,637
Net change in current assets and liabilities other than cash (note 8)	<u>(11,645)</u>	<u>9,896</u>
	<u>271,967</u>	<u>695,533</u>
INVESTING ACTIVITIES:		
Proceeds on disposal of investments	286,477	1,733,662
Additions to investments	<u>(793,973)</u>	<u>(2,285,564)</u>
	<u>(507,496)</u>	<u>(551,902)</u>
INCREASE (DECREASE) IN CASH, in the year	(235,529)	143,631
CASH, beginning of year	<u>572,497</u>	<u>428,866</u>
CASH, end of year	<u>\$ 336,968</u>	<u>\$ 572,497</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

1. **The Foundation:**

The New Brunswick Community College Foundation was established under the Province of New Brunswick Higher Education Foundation Act on 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) **Basis of accounting -**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

(b) **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.

(c) **Investments -**

Investments consist of mutual funds held by a broker and term savings amount with a Caisse Populaire.

The term savings amount is recorded at cost which approximates fair value. The corresponding accrued interest receivable is recorded at cost and combined with accounts receivable. The aggregate of these two amounts approximates the fair value for this investment.

The mutual funds are recorded at fair value (quoted market price).

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2013****2. Significant accounting policies (continued):****(d) 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 4).

(e) Donated services -

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

(f) 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 amounts.

3. Adoption of Accounting Standards for Not-For-Profit Organizations:

Effective April 1, 2012, the Foundation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPO). These are the Foundation's first financial statements prepared in accordance with ASNFPO which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and in the preparation of the opening ASNFPO balance sheet at April 1, 2011 (the Foundation's date of transition).

The Foundation issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the Foundation, and accordingly; no adjustments have been recorded in the comparative statement of financial position. Certain of the Foundation's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2013****3. Adoption of Accounting Standards for Not-For-Profit Organizations (continued):**

The Foundation previously recognized unrealized gains/losses on investments (ie. change in market value of investments) as a direct adjustment to net assets and previously recognized realized gains/losses on investments in the statement of operations.

The impact of adopting new ASNFP standards to the statements of operations and changes in net assets is as follows:

Excess of revenue (expenses) for the year ended March 31, 2012:

As previously reported	\$ 593,020
Realized loss on disposal of investments	92,617
Change in market value of investments	<u>(95,384)</u>
As restated	590,253
Net assets, April 1, 2011	<u>5,201,741</u>
Net assets, March 31, 2012	<u>\$ 5,791,994</u>

4. 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.

5. Accounts receivable:

	<u>2013</u>	<u>2012</u>
New Brunswick Opportunities Fund	\$ 210,849	\$ 250,000
Administration recoveries receivable	50,000	50,000
Scholarship grants receivable	100,000	50,000
Accrued interest receivable - Investments	54,464	54,464
HST receivable	<u>2,726</u>	<u>4,713</u>
	<u>\$ 418,039</u>	<u>\$ 409,177</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2013****5. Accounts receivable (continued):**

The New Brunswick Opportunities Fund amount of \$210,849 represents the 2013-14 NBOF 50% allocation as matched to \$421,698 of endowment and scholarship contributions received prior to March 31, 2013. \$208,811 is anticipated to be received in 2013-14 and the balance received in the following fiscal year.

6. Investments:

2013.....		2012
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds (Louisbourg Investments)	\$ 3,950,762	\$ 3,743,372	\$ 3,359,626
4.65% Term savings (Caisse Populaire Beausejour Ltee.), maturing June 14, 2013	<u>1,467,031</u>	<u>1,467,031</u>	<u>1,467,031</u>
	<u>\$ 5,417,793</u>	<u>\$ 5,210,403</u>	<u>\$ 4,826,657</u>

The Foundation has established policies for management of its investments. The mutual fund investments are managed by an independent external investment manager and the term savings investment is 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 mutual fund investments is subject to fluctuations of the corresponding public financial instrument trading index.

7. Restricted amounts - Scholarship Fund net assets:

	<u>2013</u>	<u>2012</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 62,621	\$ 35,505
Externally restricted undisbursed grants for payment of scholarships	100,000	50,000
Internally restricted balance of Scholarship Fund net assets	<u>(4,777)</u>	<u>83,466</u>
	<u>\$ 157,844</u>	<u>\$ 168,971</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATIONNOTES TO THE FINANCIAL STATEMENTSMARCH 31, 2013**8. Net change in current assets and liabilities other than cash:**

	<u>2013</u>	<u>2012</u>
(Increase) decrease in accounts receivable	\$ (8,862)	\$ (4,157)
Decrease in prepaid expenses	-	1,621
Increase (decrease) in accrued liabilities	<u>(2,783)</u>	<u>12,432</u>
	<u>\$ (11,645)</u>	<u>\$ 9,896</u>

9. Financial instruments:**Fair value -**

The Foundation's carrying value of cash, accounts receivable and accrued liabilities approximates fair value due to the immediate or expected short-term maturity of these instruments.