

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2009

Shannon & Buffett, LLP

Chartered Accountants

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August 18, 2009

AUDITORS' REPORT

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

We have audited the statement of financial position of The New Brunswick Community College Foundation as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 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, 2009**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2009 Total</u>	<u>2008 Total</u>
<u>ASSETS</u>					
Current:					
Cash	\$ 73,660	\$ 484	\$ 15,477	\$ 89,621	\$ 38,794
Accounts receivable (note 4)	250,000	45,391	843	296,234	325,531
Prepaid expenses	<u>-</u>	<u>-</u>	<u>313</u>	<u>313</u>	<u>-</u>
	<u>323,660</u>	<u>45,875</u>	<u>16,633</u>	<u>386,168</u>	<u>364,325</u>
Interfund amounts	<u>-</u>	<u>122,154</u>	<u>-</u>	<u>122,154</u>	<u>72,949</u>
Investments (note 5)	<u>2,726,975</u>	<u>-</u>	<u>-</u>	<u>2,726,975</u>	<u>2,219,549</u>
	<u>\$ 3,050,635</u>	<u>\$ 168,029</u>	<u>\$ 16,633</u>	<u>\$3,235,297</u>	<u>\$2,656,823</u>
<u>LIABILITIES</u>					
Current:					
Accrued liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ 4,296	\$ 4,296	\$ 3,700
Interfund amounts	<u>121,569</u>	<u>-</u>	<u>585</u>	<u>122,154</u>	<u>72,949</u>
total liabilities	<u>121,569</u>	<u>-</u>	<u>4,881</u>	<u>126,450</u>	<u>76,649</u>
<u>NET ASSETS</u>					
Endowment Fund	3,221,636	-	-	3,221,636	2,433,967
Cumulative unrealized loss on available-for-sale investments (note 5)	(292,570)	-	-	(292,570)	-
Scholarship Fund (note 6)	-	168,029	-	168,029	146,147
Operating Fund	<u>-</u>	<u>-</u>	<u>11,752</u>	<u>11,752</u>	<u>60</u>
	<u>2,929,066</u>	<u>168,029</u>	<u>11,752</u>	<u>3,108,847</u>	<u>2,580,174</u>
	<u>\$ 3,050,635</u>	<u>\$ 168,029</u>	<u>\$ 16,633</u>	<u>\$3,235,297</u>	<u>\$2,656,823</u>

Approved by the Board:

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2009**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2009 Total</u>	<u>2008 Total</u>
Revenue:					
Endowment contributions	\$ 537,669	\$ -	\$ -	\$ 537,669	\$ 654,414
Other donations	-	17,960	-	17,960	138,600
Grants	-	50,000	-	50,000	-
Investment income	-	104,853	-	104,853	85,617
Contributions – New Brunswick Opportunities Fund (note 3)	250,000	-	-	250,000	250,000
Administration recoveries	-	-	20,000	20,000	13,213
	<u>787,669</u>	<u>172,813</u>	<u>20,000</u>	<u>980,482</u>	<u>1,141,844</u>
Expenses:					
Realized loss on disposal of investments	-	6,854	-	6,854	-
Scholarships	-	136,470	-	136,470	71,000
Broker fees	-	7,607	-	7,607	-
Advertising and promotion	-	-	1,585	1,585	32,693
Insurance	-	-	1,341	1,341	-
Travel and meetings	-	-	581	581	554
Office	-	-	389	389	-
Professional services	-	-	4,128	4,128	3,842
Bank charges	-	-	284	284	1,064
	<u>-</u>	<u>150,931</u>	<u>8,308</u>	<u>159,239</u>	<u>109,153</u>
Excess of revenue over expenses for the year	<u>\$ 787,669</u>	<u>\$ 21,882</u>	<u>\$ 11,692</u>	<u>\$ 821,243</u>	<u>\$1,032,691</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2009**

	Endowment <u>Fund</u>	Cumulative unrealized loss on available-for-sale <u>investments</u>	Scholarship <u>Fund</u>	Operating <u>Fund</u>	2009 <u>Total</u>	2008 <u>Total</u>
Balance, beginning of year	\$2,433,967	\$ -	\$ 146,147	\$ 60	\$2,580,174	\$1,547,483
Excess of revenue over expenses for the year	787,669	-	21,882	11,692	821,243	1,032,691
Unrealized loss on available-for-sale investments during the year	<u>-</u>	<u>(292,570)</u>	<u>-</u>	<u>-</u>	<u>(292,570)</u>	<u>-</u>
Balance, end of year	<u>\$3,221,636</u>	<u>\$(292,570)</u>	<u>\$ 168,029</u>	<u>\$ 11,752</u>	<u>\$3,108,847</u>	<u>\$2,580,174</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2009**

	<u>2009</u>	<u>2008</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 821,243	\$ 1,032,691
Item not requiring a cash outlay:		
Realized loss on disposal of investments	<u>6,854</u>	<u>-</u>
	828,097	1,032,691
Net change in current assets and liabilities other than cash (note 7)	<u>29,580</u>	<u>(53,758)</u>
	<u>857,677</u>	<u>978,933</u>
INVESTING ACTIVITIES		
Proceeds on disposal of investments	128,071	-
Additions to investments	<u>(934,921)</u>	<u>(1,005,821)</u>
	<u>(806,850)</u>	<u>(1,005,821)</u>
INCREASE (DECREASE) IN CASH, in the year	50,827	(26,888)
CASH, beginning of year	<u>38,794</u>	<u>65,682</u>
CASH, end of year	<u>\$ 89,621</u>	<u>\$ 38,794</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009

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, 2009****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.

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>2009</u>	<u>2008</u>
New Brunswick Opportunities Fund	\$ 250,000	\$ 250,000
Accrued interest receivable – Investments	45,391	73,112
HST receivable	<u>843</u>	<u>2,419</u>
	<u>\$ 296,234</u>	<u>\$ 325,531</u>

The New Brunswick Opportunities Fund amount of \$250,000 represents the 2009-10 NBOF 50% allocation as matched to \$500,000 of endowment contributions received prior to March 31, 2009. An additional \$399,476 of endowment contributions received prior to March 31, 2009 may be available for NBOF matching in 2010-11.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2009****5. Investments:**

	<u>-----2009-----</u>		<u>-----2008-----</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<u>Available-for-sale investments:</u>				
Mutual funds (Montrusco Bolton)	\$1,227,548	\$1,520,118	\$ -	\$ -
<u>Held-to-maturity investments:</u>				
4.65% Term deposit (Caisse Populaire Beausejour Ltee.), maturing June 14, 2013	<u>1,499,427</u>	<u>1,499,427</u>	<u>2,219,549</u>	<u>2,219,549</u>
	<u>\$2,726,975</u>	<u>\$3,019,545</u>	<u>\$2,219,549</u>	<u>\$2,219,549</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 loss on available-for-sale investments:

Investments at fair value	\$1,227,548
Investments at cost	<u>1,520,118</u>
Excess	<u>\$ (292,570)</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2009****6. Restricted amounts – Scholarship Fund net assets:**

	<u>2009</u>	<u>2008</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 56,267	\$ 72,600
Externally restricted undisbursed grants for payment of scholarships	50,000	-
Internally restricted balance of Scholarship Fund net assets	<u>61,762</u>	<u>73,547</u>
	<u>\$ 168,029</u>	<u>\$ 146,147</u>

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

	<u>2009</u>	<u>2008</u>
(Increase) decrease in accounts receivable	\$ 29,297	\$ (53,758)
(Increase) in prepaid expenses	(313)	-
Increase in accrued liabilities	<u>596</u>	<u>-</u>
	<u>\$ 29,580</u>	<u>\$ (53,758)</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.