

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2011

Shannon & Buffett, LLP

Chartered Accountants

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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, 2011, 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, 2011 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 FOUNDATIONSTATEMENT OF FINANCIAL POSITION - MARCH 31, 2011

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<u>ASSETS</u>					
Current:					
Cash	\$ 283,317	\$ 255	\$ 145,294	\$ 428,866	\$ 109,984
Accounts receivable (note 4)	250,000	104,464	50,556	405,020	559,972
Prepaid expenses	<u>-</u>	<u>-</u>	<u>1,916</u>	<u>1,916</u>	<u>313</u>
	<u>533,317</u>	<u>104,719</u>	<u>197,766</u>	<u>835,802</u>	<u>670,269</u>
Interfund amounts	<u>-</u>	<u>170,867</u>	<u>-</u>	<u>170,867</u>	<u>125,268</u>
Investments (note 5)	<u>4,370,139</u>	<u>-</u>	<u>-</u>	<u>4,370,139</u>	<u>3,661,721</u>
	<u>\$4,903,456</u>	<u>\$ 275,586</u>	<u>\$ 197,766</u>	<u>\$5,376,808</u>	<u>\$4,457,258</u>
<u>LIABILITIES</u>					
Current:					
Accrued liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ 4,200	\$ 4,200	\$ 4,200
Interfund amounts	<u>169,741</u>	<u>-</u>	<u>1,126</u>	<u>170,867</u>	<u>125,268</u>
total liabilities	<u>169,741</u>	<u>-</u>	<u>5,326</u>	<u>175,067</u>	<u>129,468</u>
<u>NET ASSETS</u>					
Endowment Fund	4,600,048	-	-	4,600,048	3,984,478
Cumulative unrealized gain (loss) on available-for-sale investments (note 5)	133,667	-	-	133,667	(85,523)
Scholarship Fund (note 6)	-	275,586	-	275,586	274,235
Operating Fund	<u>-</u>	<u>-</u>	<u>192,440</u>	<u>192,440</u>	<u>154,600</u>
	<u>4,733,715</u>	<u>275,586</u>	<u>192,440</u>	<u>5,201,741</u>	<u>4,327,790</u>
	<u>\$4,903,456</u>	<u>\$ 275,586</u>	<u>\$ 197,766</u>	<u>\$5,376,808</u>	<u>\$4,457,258</u>

Approved by the Board:

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATIONSTATEMENT OF OPERATIONSFOR THE YEAR ENDED MARCH 31, 2011

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
Revenue:					
Endowment contributions	\$ 365,570	\$ -	\$ -	\$ 365,570	\$ 544,342
Other donations	-	23,777	-	23,777	28,548
Grants	-	50,000	-	50,000	100,000
Investment income	-	145,939	-	145,939	131,371
Realized gain on disposal of investments	-	10,580	-	10,580	9,637
Contributions – New Brunswick					
Opportunities Fund (note 3)	250,000	-	-	250,000	218,500
Administration recoveries	-	-	50,000	50,000	150,000
	<u>615,570</u>	<u>230,296</u>	<u>50,000</u>	<u>895,866</u>	<u>1,182,398</u>
Expenses:					
Scholarships	-	201,250	-	201,250	143,700
Broker fees	-	27,695	-	27,695	19,650
Insurance	-	-	1,689	1,689	1,732
Travel and meetings	-	-	162	162	-
Printing	-	-	5,705	5,705	919
Professional services	-	-	4,473	4,473	4,460
Bank charges	-	-	131	131	41
	<u>-</u>	<u>228,945</u>	<u>12,160</u>	<u>241,105</u>	<u>170,502</u>
Excess of revenue over expenses for the year	<u>\$ 615,570</u>	<u>\$ 1,351</u>	<u>\$ 37,840</u>	<u>\$ 654,761</u>	<u>\$1,011,896</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATIONSTATEMENT OF CHANGES IN NET ASSETSFOR THE YEAR ENDED MARCH 31, 2011

	<u>Endowment Fund</u>	<u>Cumulative unrealized gain (loss) on available-for-sale investments</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
Balance, beginning of year	\$3,984,478	\$ (85,523)	\$274,235	\$154,600	\$4,327,790	\$3,108,847
Excess of revenue over expenses for the year	615,570	-	1,351	37,840	654,761	1,011,896
Unrealized gain on available-for-sale investments during the year	-	219,190	-	-	219,190	207,047
Balance, end of year	<u>\$4,600,048</u>	<u>\$133,667</u>	<u>\$275,586</u>	<u>\$192,440</u>	<u>\$5,201,741</u>	<u>\$4,327,790</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u>	<u>2010</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 654,761	\$ 1,011,896
Item not requiring a cash outlay:		
Realized gain on disposal of investments	<u>(10,580)</u>	<u>(9,637)</u>
	644,181	1,002,259
Net change in current assets and liabilities other than cash (note 7)	<u>153,349</u>	<u>(263,834)</u>
	<u>797,530</u>	<u>738,425</u>
INVESTING ACTIVITIES		
Proceeds on disposal of investments	327,695	438,293
Additions to investments	<u>(806,343)</u>	<u>(1,156,355)</u>
	<u>(478,648)</u>	<u>(718,062)</u>
INCREASE IN CASH, in the year	318,882	20,363
CASH, beginning of year	<u>109,984</u>	<u>89,621</u>
CASH, end of year	<u>\$ 428,866</u>	<u>\$ 109,984</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2011

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, 2011****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.

The 2009-10 amount of \$250,000 was reduced by a contribution of \$31,500 to AAACCNB Bathurst under an agreement to share this portion of the matched funding.

4. Accounts receivable:

	<u>2011</u>	<u>2010</u>
New Brunswick Opportunities Fund	\$ 250,000	\$ 250,000
Administration recoveries receivable	50,000	100,000
Scholarship grants receivable	50,000	100,000
Endowment contributions receivable	-	60,000
Accrued interest receivable – Investments	54,464	48,457
HST receivable	<u>556</u>	<u>1,515</u>
	<u>\$ 405,020</u>	<u>\$ 559,972</u>

The New Brunswick Opportunities Fund amount of \$250,000 represents the 2011-12 NBOF 50% allocation as matched to \$500,000 of endowment contributions received prior to March 31, 2011. An additional \$400,912 of endowment contributions received prior to March 31, 2011 may be available for NBOF matching in 2012-13 and future years.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2011****5. Investments:**

	<u>-----2011-----</u>		<u>-----2010-----</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<u>Available-for-sale investments:</u>				
Mutual funds (Louisbourg Investments)	\$2,903,108	\$2,769,441	\$2,245,758	\$2,331,281
<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>1,415,963</u>	<u>1,415,963</u>
	<u>\$4,370,139</u>	<u>\$4,236,472</u>	<u>\$3,661,721</u>	<u>\$3,747,244</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	\$2,903,108
Investments at cost	<u>2,769,441</u>
Excess	<u>\$ 133,667</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2011****6. Restricted amounts – Scholarship Fund net assets:**

	<u>2011</u>	<u>2010</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 41,572	\$ 53,360
Externally restricted undisbursed grants for payment of scholarships	50,000	100,000
Internally restricted balance of Scholarship Fund net assets	<u>184,014</u>	<u>120,875</u>
	<u>\$ 275,586</u>	<u>\$ 274,235</u>

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

	<u>2011</u>	<u>2010</u>
(Increase) decrease in accounts receivable	\$ 154,952	\$ (263,738)
(Increase) in prepaid expenses	(1,603)	-
(Decrease) in accrued liabilities	<u>-</u>	<u>(96)</u>
	<u>\$ 153,349</u>	<u>\$ (263,834)</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.