

**THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION
DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.**

FINANCIAL STATEMENTS

MARCH 31, 2016

Shannon & Buffett, LLP

Chartered Professional Accountants

HAL C. BUFFETT, CPA, CA GARRY L. ARMSTRONG, CPA, CA
CLAUDE LEGER, CPA, CA RON W. SAUNTRY, CPA, CA

May 13, 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of The New Brunswick Community College Foundation/La Fondation du Collège Communautaire du Nouveau-Brunswick Inc.

We have audited the accompanying financial statements of The New Brunswick Community College Foundation/La Fondation du Collège Communautaire du Nouveau-Brunswick Inc., which comprise the statement of financial position as at March 31, 2016, 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/La Fondation du Collège Communautaire du Nouveau-Brunswick Inc. as at March 31, 2016 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 Professional Accountants

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.

STATEMENT OF FINANCIAL POSITION - MARCH 31, 2016

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
<u>ASSETS</u>					
Current:					
Cash	\$ 395,206	\$ 69,572	\$ 46,941	\$ 511,719	\$ 158,041
Accounts receivable (note 4)	133,340	-	19,978	153,318	29,129
Prepaid expenses	<u>-</u>	<u>-</u>	<u>1,855</u>	<u>1,855</u>	<u>295</u>
	<u>528,546</u>	<u>69,572</u>	<u>68,774</u>	<u>666,892</u>	<u>187,465</u>
Interfund amounts	<u>-</u>	<u>-</u>	<u>301,286</u>	<u>301,286</u>	<u>498,230</u>
Investments (note 5)	<u>7,848,043</u>	<u>-</u>	<u>-</u>	<u>7,848,043</u>	<u>6,684,400</u>
	<u>\$8,376,589</u>	<u>\$ 69,572</u>	<u>\$ 370,060</u>	<u>\$8,816,221</u>	<u>\$7,370,095</u>
<u>LIABILITIES</u>					
Current:					
Accrued liabilities	\$ <u>-</u>	\$ <u>10,627</u>	\$ <u>4,200</u>	\$ <u>14,827</u>	\$ <u>15,353</u>
Interfund amounts	<u>151,044</u>	<u>150,242</u>	<u>-</u>	<u>301,286</u>	<u>498,230</u>
total liabilities	<u>151,044</u>	<u>160,869</u>	<u>4,200</u>	<u>316,113</u>	<u>513,583</u>
<u>NET ASSETS</u>					
Endowment Fund	8,225,545	-	-	8,225,545	6,277,051
Scholarship Fund (note 6)	-	(91,297)	-	(91,297)	203,854
Operating Fund	<u>-</u>	<u>-</u>	<u>365,860</u>	<u>365,860</u>	<u>375,607</u>
	<u>8,225,545</u>	<u>(91,297)</u>	<u>365,860</u>	<u>8,500,108</u>	<u>6,856,512</u>
	<u>\$8,376,589</u>	<u>\$ 69,572</u>	<u>\$ 370,060</u>	<u>\$8,816,221</u>	<u>\$7,370,095</u>

Approved by the Board:

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION**DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue:					
Endowment contributions (note 7)	\$1,571,290	\$ -	\$ -	\$1,571,290	\$ 19,877
Other donations	-	215,675	-	215,675	90,875
Grants	-	175,000	-	175,000	175,000
Investment income	-	303,992	-	303,992	228,215
Contributions - New Brunswick Opportunities Fund (note 3)	377,204	-	-	377,204	54,179
Administration recoveries	-	-	15,231	15,231	49,773
Change in market value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,424</u>
	<u>1,948,494</u>	<u>694,667</u>	<u>15,231</u>	<u>2,658,392</u>	<u>907,343</u>
Expenses:					
Scholarships	-	593,978	-	593,978	543,887
Change in market value of investments	-	327,579	-	327,579	-
Broker fees	-	68,261	-	68,261	58,578
Insurance	-	-	1,560	1,560	1,560
Travel and meetings	-	-	1,263	1,263	490
Printing and supplies	-	-	6,104	6,104	1,752
Professional services	-	-	4,473	4,473	4,473
Bank charges	-	-	278	278	155
Advertising and promotion	-	-	-	-	1,653
Administration	<u>-</u>	<u>-</u>	<u>11,300</u>	<u>11,300</u>	<u>11,300</u>
	<u>-</u>	<u>989,818</u>	<u>24,978</u>	<u>1,014,796</u>	<u>623,848</u>
Excess of revenue (expenses) for the year	<u>\$1,948,494</u>	<u>\$ (295,151)</u>	<u>\$ (9,747)</u>	<u>\$1,643,596</u>	<u>\$ 283,495</u>

STATEMENT 3

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2016 Total</u>	<u>2015 Total</u>
Balance, beginning of year	\$ 6,277,051	\$ 203,854	\$ 375,607	\$ 6,856,512	\$ 6,573,017
Excess of revenue (expenses) for the year	<u>1,948,494</u>	<u>(295,151)</u>	<u>(9,747)</u>	<u>1,643,596</u>	<u>283,495</u>
Balance, end of year	<u>\$ 8,225,545</u>	<u>\$ (91,297)</u>	<u>\$ 365,860</u>	<u>\$ 8,500,108</u>	<u>\$ 6,856,512</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 1,643,596	\$ 283,495
Item not requiring a cash outlay:		
- Change in market value of investments	<u>327,579</u>	<u>(289,424)</u>
	1,971,175	(5,929)
Net change in current assets and liabilities other than cash (note 8)	<u>(126,275)</u>	<u>(17,867)</u>
	<u>1,844,900</u>	<u>(23,796)</u>
INVESTING ACTIVITIES:		
Proceeds on disposal of investments	308,893	366,917
Additions to investments	<u>(1,800,115)</u>	<u>(303,215)</u>
	<u>(1,491,222)</u>	<u>63,702</u>
INCREASE IN CASH, in the year	353,678	39,906
CASH, beginning of year	<u>158,041</u>	<u>118,135</u>
CASH, end of year	<u>\$ 511,719</u>	<u>\$ 158,041</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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.

Effective July 2, 2013, the Foundation incorporated as "The New Brunswick Community College Foundation/La Fondation du Collège Communautaire du Nouveau-Brunswick Inc." and was assigned a new charitable registration number by Canada Revenue Agency.

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. Commencing with the year ended March 31, 2015, the annual change in market value of investments is reported in the Scholarship Fund on the Statement of Operations.

(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 broker firms.

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

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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 3).

(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. New Brunswick Opportunities Fund (NBOF):

For private donation contributions received, the New Brunswick Opportunities Fund (NBOF) (a program of the Province of New Brunswick) 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. Future NBOF funding is currently committed until March 31, 2017 only.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

4. Accounts receivable:

	<u>2016</u>	<u>2015</u>
New Brunswick Opportunities Fund	\$ 133,340	\$ 6,136
Administration recoveries receivable	15,231	18,910
HST receivable	<u>4,747</u>	<u>4,083</u>
	<u>\$ 153,318</u>	<u>\$ 29,129</u>

The New Brunswick Opportunities Fund amount of \$133,340 represents a portion of the 2015-16 NBOF 50% allocation as matched to \$266,680 of endowment and scholarship contributions received prior to March 31, 2016.

5. Investments:

	<u>2016</u>	<u>2015</u>
Mutual funds (Louisbourg Investments)	\$ 4,693,753	\$ 5,006,954
Mutual funds (Acadia Financial Services)	<u>3,154,290</u>	<u>1,677,446</u>
	<u>\$ 7,848,043</u>	<u>\$ 6,684,400</u>

The Foundation has established policies for management of its investments. The mutual fund investments are managed by independent external investment managers.

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.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

6. Restricted amounts - Scholarship Fund net assets:

	<u>2016</u>	<u>2015</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 193,125	\$ 78,118
Internally restricted balance of Scholarship Fund net assets	<u>(284,422)</u>	<u>125,736</u>
	<u>\$ (91,297)</u>	<u>\$ 203,854</u>

7. Endowment contributions:

Endowment contributions for the year ended March 31, 2016 includes an amount of \$ 1,030,707 transferred from the Province of New Brunswick from special purpose trust funds.

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

	<u>2016</u>	<u>2015</u>
(Increase) in accounts receivable	\$ (124,189)	\$ (13,717)
(Increase) in prepaid expenses	(1,560)	-
(Decrease) in accrued liabilities	<u>(526)</u>	<u>(4,150)</u>
	<u>\$ (126,275)</u>	<u>\$ (17,867)</u>

9. Financial instruments:

Measurement of financial instruments -

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down (reversal) is recognized in the excess of revenue (expenses) for the year in the Statement of Operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

9. Financial instruments (continued):

Liquidity risk -

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due.

The Foundation meets its liquidity requirements by preparing an annual budget for operations, anticipating investing and financing and scholarship activities and holding assets that can be readily converted into cash. All of the Foundation's investments can be readily convertible to cash on the market.

Market risk -

The Foundation's investments are quoted in an active market and therefore are subject to market rates. Market fluctuations could lead to significant changes in valuations of these investments.