

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

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

# Shannon & Buffett, LLP

## Chartered Professional Accountants

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

June 10, 2020

### 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.

Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of The New Brunswick Community College Foundation/La Fondation du Collège Communautaire du Nouveau-Brunswick Inc. (the Entity), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASFNPO).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASFNPO, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*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, 2020**

	<b><u>Endowment Fund</u></b>	<b><u>Scholarship Fund</u></b>	<b><u>Operating Fund</u></b>	<b><u>2020 Total</u></b>	<b><u>2019 Total</u></b>
<b><u>ASSETS</u></b>					
Current:					
Cash	\$ 81,191	\$ 127,238	\$ 140,378	\$ 348,807	\$ 380,117
Accounts receivable (note 4)	253,253	6,100	30,487	289,840	275,973
Prepaid expenses	-	-	300	300	295
	<u>334,444</u>	<u>133,338</u>	<u>171,165</u>	<u>638,947</u>	<u>656,385</u>
Interfund amounts	<u>1,158,498</u>	-	<u>27,344</u>	<u>1,185,842</u>	<u>241,136</u>
Investments (note 5)	<u>11,110,559</u>	-	-	<u>11,110,559</u>	<u>11,408,366</u>
Capital assets (note 6)	-	-	<u>17,413</u>	<u>17,413</u>	-
	<u>\$12,603,501</u>	<u>\$ 133,338</u>	<u>\$ 215,922</u>	<u>\$12,952,761</u>	<u>\$12,305,887</u>
<b><u>LIABILITIES</u></b>					
Current:					
Accrued liabilities	\$ -	\$ 12,437	\$ 8,030	\$ 20,467	\$ 17,682
Interfund amounts	-	<u>1,185,842</u>	-	<u>1,185,842</u>	<u>241,136</u>
	-	<u>1,198,279</u>	<u>8,030</u>	<u>1,206,309</u>	<u>258,818</u>
total liabilities	-	<u>1,198,279</u>	<u>8,030</u>	<u>1,206,309</u>	<u>258,818</u>
<b><u>NET ASSETS</u></b>					
Endowment Fund	12,603,501	-	-	12,603,501	11,617,777
Scholarship Fund (note 7)	-	(1,064,941)	-	(1,064,941)	151,514
Operating Fund	-	-	<u>207,892</u>	<u>207,892</u>	<u>277,778</u>
	<u>12,603,501</u>	<u>(1,064,941)</u>	<u>207,892</u>	<u>11,746,452</u>	<u>12,047,069</u>
	<u>\$12,603,501</u>	<u>\$ 133,338</u>	<u>\$ 215,922</u>	<u>\$12,952,761</u>	<u>\$12,305,887</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, 2020**

	Endowment <u>Fund</u>	Scholarship <u>Fund</u>	Operating <u>Fund</u>	2020 <u>Total</u>	2019 <u>Total</u>
<b>Revenue:</b>					
Endowment contributions	\$ 732,471	\$ -	\$ -	\$ 732,471	\$ 860,971
Other donations	-	229,476	-	229,476	292,894
Grants	-	225,000	-	225,000	175,000
Investment income	-	345,055	5,386	350,441	387,721
Contributions - New Brunswick Opportunities Fund (note 3)	253,253	-	-	253,253	250,000
Administration recoveries	-	-	20,723	20,723	18,311
Change in market value of investments	-	-	-	-	135,031
	<u>985,724</u>	<u>799,531</u>	<u>26,109</u>	<u>1,811,364</u>	<u>2,119,928</u>
<b>Expenses:</b>					
Scholarships	-	1,087,018	-	1,087,018	797,285
Change in market value of investments	-	810,834	-	810,834	-
Broker fees	-	112,070	-	112,070	104,702
Insurance	-	-	1,555	1,555	1,560
Travel and meetings	-	-	10,287	10,287	4,549
Printing and supplies	-	-	1,988	1,988	5,641
Professional services	-	-	6,768	6,768	6,891
Bank charges	-	64	467	531	1,841
Depreciation	-	-	5,055	5,055	-
Donations	-	6,000	-	6,000	6,000
Miscellaneous	-	-	2,339	2,339	-
Administration	-	-	-	-	10,000
Wages and employee benefits	-	-	67,536	67,536	19,583
	-	<u>2,015,986</u>	<u>95,995</u>	<u>2,111,981</u>	<u>958,052</u>
<b>Excess of revenue (expenses) for the year</b>	<u>\$ 985,724</u>	<u>\$(1,216,455)</u>	<u>\$ (69,886)</u>	<u>\$ (300,617)</u>	<u>\$ 1,161,876</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, 2020**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2020 Total</u>	<u>2019 Total</u>
Balance, beginning of year	\$11,617,777	\$ 151,514	\$ 277,778	\$12,047,069	\$10,885,193
Excess of revenue (expenses) for the year	<u>985,724</u>	<u>(1,216,455)</u>	<u>(69,886)</u>	<u>(300,617)</u>	<u>1,161,876</u>
Balance, end of year	<u>\$12,603,501</u>	<u>\$ (1,064,941)</u>	<u>\$ 207,892</u>	<u>\$11,746,452</u>	<u>\$12,047,069</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, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH GENERATED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses for the year	\$ (300,617)	\$ 1,161,876
Items not requiring a cash outlay:		
- Amortization	5,055	-
- Change in market value of investments	<u>810,834</u>	<u>(135,031)</u>
	515,272	1,026,845
Net change in current assets and liabilities other than cash (note 8)	<u>(11,087)</u>	<u>7,667</u>
	<u>504,185</u>	<u>1,034,512</u>
<b>INVESTING ACTIVITIES:</b>		
Proceeds on disposal of investments	3,370,356	280,963
Additions to investments	(3,883,383)	(1,382,684)
Additions to capital assets	<u>(22,468)</u>	<u>-</u>
	<u>(535,495)</u>	<u>(1,101,721)</u>
<b>(DECREASE) IN CASH, in the year</b>	(31,310)	(67,209)
<b>CASH, beginning of year</b>	<u>380,117</u>	<u>447,326</u>
<b>CASH, end of year</b>	\$ <u>348,807</u>	\$ <u>380,117</u>

**THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION**

**DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**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 all donation 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. The annual change in market value of investments is also 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) Cash -**

Cash includes cash on hand and cash balances with a caisse populaire.

**(d) Investments -**

Investments consist of mutual funds held by broker firms.

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



**THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**2. Significant accounting policies (continued):**

**(e) Capital assets -**

Additions to capital assets are recorded at cost. Provision for amortization is made utilizing the declining balance method on computer software at a rate of 45%.

The Organization commenced amortization of capital assets effective 2020.

**(f) 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).

**(g) Donated services -**

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

**(h) 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.

**THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION****DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2020****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 for the March 31, 2020 fiscal year only.

**4. Accounts receivable:**

	<b><u>2020</u></b>	<b><u>2019</u></b>
New Brunswick Opportunities Fund	\$ 253,253	\$ 250,000
Administration recoveries receivable	26,823	18,311
HST receivable	<u>9,764</u>	<u>7,662</u>
	<b><u>\$ 289,840</u></b>	<b><u>\$ 275,973</u></b>

The New Brunswick Opportunities Fund amount of \$253,253 represents the 2019-20 NBOF 50% allocation as matched to \$500,000 of endowment and scholarship contributions received prior to March 31, 2020 of \$250,000 (and a residual amount of \$ 3,253). An additional \$1,707,386 of endowment and scholarship contributions (also received prior to March 31, 2020) may be eligible for matching (at 50%) if NBOF continues its matching program beyond the March 31, 2020 fiscal year.

**5. Investments:**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Mutual funds	<b><u>\$11,110,559</u></b>	<b><u>\$11,408,366</u></b>

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**6. Capital assets:**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>	<u>2019 Net Book Value</u>
Computer software	\$ <u>22,468</u>	\$ <u>5,055</u>	\$ <u>17,413</u>	\$ <u>-</u>

**7. Restricted amounts - Scholarship Fund net assets:**

	<u>2020</u>	<u>2019</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 180,233	\$ 217,517
Internally restricted balance of Scholarship Fund net assets	<u>(1,245,174)</u>	<u>(66,003)</u>
	<u>\$(1,064,941)</u>	<u>\$ 151,514</u>

The concept of the Scholarship Fund is based on earning/receiving sufficient investment income, donations and grants to fund annual scholarship expenditures. Investment income includes the change in market value of investments. In the year ended March 31, 2020, this change in market value of investments was \$(810,834), a key component of the internally restricted balance of Scholarship Fund net assets of \$(1,245,174) above.

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

	<u>2020</u>	<u>2019</u>
(Increase) decrease in accounts receivable	\$ (13,867)	\$ 6,349
(Increase) in prepaid expenses	(5)	-
Increase in accrued liabilities	<u>2,785</u>	<u>1,318</u>
	<u>\$(11,087)</u>	<u>\$ 7,667</u>

**9. Commitment:**

The Foundation has agreed to donate \$6,000 per year to another registered charity for the next three fiscal years (ending March 31, 2021 to March 31, 2023 inclusive).

**THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION****DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2020****10. 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 except investments which are measured at quoted market value. 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.

**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 anticipating investing, 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. The change in market value of investments of \$(810,834) for the year ended March 31, 2020 includes both realized and unrealized gains/losses.

**11. Subsequent event:**

A worldwide health pandemic, possibly originating in late 2019 and reaching Canada early in 2020, has caused multiple jurisdictions around the world (including the Province of New Brunswick) to declare a state of emergency and impose various severe restrictions and measures. Potential impacts include disruptions and/or restrictions on employees' ability to work, closing and restructuring activities within the Foundation, financial hardship of donors and students, significant changes in market values of Foundation investments and changes to the daily operating environment. These impacts may continue for some time and may result in increased operating costs to stay in accordance with imposed Provincial restrictions and decreases in revenue and/or delays in revenue and collecting receivables and pledges. The future effects of this pandemic are unknown and no attempt has been made to adjust reported 2020 balances that may ultimately be affected.