

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION

Financial Statements

March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Directors of
The New Brunswick Community College Foundation

Opinion

We have audited the financial statements of The New Brunswick Community College Foundation (the organization), which comprise the balance sheet as at March 31, 2024, and the statements of revenues and expenses, 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 organization as at March 31, 2024, 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.

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 organization 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 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located at page 4, forms part of our auditor's report.

Bourque Richard Boutot

**Bourque Richard Boutot P.C. Inc.
Chartered Professional Accountants**

Dieppe, New-Brunswick
September 26, 2024

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Description of the Auditor's Responsibilities for the Audit of the 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 organization'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 organization'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 organization 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.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Statement of Revenues and Expenses
Year Ended March 31, 2024

	Endowment Fund	Scholarship and Capital Campaign Fund	Operating Fund	2024 Total	2023 Total
Revenues					
Administration recoveries	\$ -	\$ -	\$ 77,893	\$ 77,893	\$ 77,893
Contributions - New Brunswick Opportunities Fund	250,000	-	-	250,000	250,000
Donations - Capital Campaign Fund	-	2,045,660	-	2,045,660	704,732
Endowment contributions	447,014	-	-	447,014	289,843
Grants	-	75,000	-	75,000	75,000
Investment Income	-	625,080	-	625,080	528,603
Investment income - Change in market value of investments	-	1,510,312	-	1,510,312	2,247
Other donations	-	820,334	-	820,334	893,807
Other income	-	-	729	729	-
	697,014	5,076,386	78,622	5,852,022	2,822,125
Administrative expenses					
Advertizing and promotion	-	-	219	219	2,507
Amortization	-	-	1,304	1,304	2,370
Bank charges	-	92	223	315	384
Broker fees	-	113,701	-	113,701	100,564
Donations	-	-	-	-	58,000
Expenditures - Capital Campaign Fund	-	2,037,240	-	2,037,240	1,671,382
Insurance	-	-	1,885	1,885	1,483
Miscellaneous	-	-	115	115	-
Printing and supplies	-	-	4,251	4,251	4,218
Professional fees	-	-	13,870	13,870	20,819
Scholarships	-	1,121,345	-	1,121,345	971,583
Telecommunications	-	-	1,022	1,022	-
Training	-	-	28	28	3,198
Travel and meetings	-	-	3,341	3,341	8,075
Wages and benefits	-	-	120,325	120,325	111,011
	-	3,272,378	146,583	3,418,961	2,955,594
Excess (deficiency) of revenues over expenses	\$ 697,014	\$ 1,804,008	\$ (67,961)	\$ 2,433,061	\$ (133,469)

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Statement of Changes in Net Assets
Year Ended March 31, 2024

				2024	2023
	Endowment Fund	Scholarship and Capital Campaign Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 14,929,906	\$ 1,437,139	\$ 58,335	\$ 16,425,380	\$ 16,558,849
Excess (deficiency) of revenues over expenses	697,014	1,804,008	(67,961)	2,433,061	(133,469)
Transfer between fund	-	(26,116)	26,116	-	-
Balance, end of year	\$ 15,626,920	\$ 3,215,031	\$ 16,490	\$ 18,858,441	\$ 16,425,380

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Balance Sheet
March 31, 2024

	Endowment Fund	Scholarship and Capital Campaign Fund	Operating Fund	2024 Total	2023 Total
Assets					
Current assets					
Cash	\$ 12,311	\$ 1,013,343	\$ 24,663	\$ 1,050,317	\$ 678,509
Accounts receivable (Note 3)	250,000	-	10,204	260,204	265,911
Prepaid expenses	-	-	275	275	275
	262,311	1,013,343	35,142	1,310,796	944,695
Investments (Note 4)	17,612,985	-	-	17,612,985	15,548,484
Interfund amounts	(2,248,376)	2,258,370	(9,994)	-	-
Property, plant and equipment (Note 5)	-	-	1,594	1,594	2,898
	\$ 15,626,920	\$ 3,271,713	\$ 26,742	\$ 18,925,375	\$ 16,496,077
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ 27,208	\$ 10,252	\$ 37,460	\$ 41,223
Deferred revenue	-	29,474	-	29,474	29,474
	-	56,682	10,252	66,934	70,697
Net assets					
Endowment Fund	15,626,920	-	-	15,626,920	14,929,906
Scholarship and Capital Campaign Fund (Note 7)	-	3,215,031	-	3,215,031	1,437,139
Operating Fund	-	-	16,490	16,490	58,335
	15,626,920	3,215,031	16,490	18,858,441	16,425,380
	\$ 15,626,920	\$ 3,271,713	\$ 26,742	\$ 18,925,375	\$ 16,496,077

On behalf of the Board

_____, Director

_____, Director

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 2,433,061	\$ (133,469)
Non-cash items:		
Amortization of property, plant and equipment	1,304	2,370
Change in market value of investments	(202,378)	(2,247)
	<u>2,231,987</u>	(133,346)
Net change in non-cash items related to operating activities:		
Accounts receivable	5,707	(9,705)
Prepaid expenses	-	3
Accounts payable	(3,763)	2,216
Deferred revenue	-	(50,000)
	<u>2,233,931</u>	(190,832)
Investing activity		
Net variation of investments	<u>(1,862,123)</u>	(576,745)
Increase (decrease) in cash	371,808	(767,577)
Cash, beginning of year	<u>678,509</u>	<u>1,446,086</u>
Cash, end of year	<u>\$ 1,050,317</u>	<u>\$ 678,509</u>
Cash and cash equivalents		
Cash	<u>\$ 1,050,317</u>	<u>\$ 678,509</u>

1. Statutes of incorporation and nature of activities

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 College Communautaire du Nouveau-Brunswick Inc." and was assigned a new charitable registration number by Canada Revenue Agency.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates.

Fund accounting

The Foundation follows the restricted fund method of accounting for operations and net assets.

- a) The Endowment Fund includes all private endowment donation contributions and all donation matching contributions received from NBOF.
- b) 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. Unspent contributions received that are restricted for various non-scholarship flow-through disbursements are recorded as deferred revenue in this Fund (This includes Launch/Boost program and similar amounts). The annual change in market value of investments is also reported in the Scholarship Fund on the Statement of Operations.
- c) The Capital Campaign Fund is a temporary fund set up to include specific contributions for a three year capital campaign, commencing in 2020-21. The funds are expected to be used for bursaries, endowment, research and facilities.
- d) The Operations Fund includes all private unrestricted non-endowment donation contributions, administration revenue and administration expense amounts.

2. Significant accounting policies (continued)

Accounting for contributions

Contributions are recognized using the restricted fund method. Under this method, externally restricted contributions, including endowments, are recognized when received as revenues in the fund that corresponds to the object for which they have been paid. In the absence of an appropriate restricted fund, externally restricted contributions are recognized in the general fund using the deferral method. Contributions with no restrictions are recognized in the general fund when they are received or receivable if the amount can be reasonably estimated and receipt is reasonably assured.

Contribution received as goods and services

The organization receives contributions in the form of goods and services from donors and volunteers. These contributions are not recognized in the financial statements.

Cash and cash equivalents

The organization's policy is to present bank balances, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

Property, plant and equipment

Property, plant and equipment is accounted for at cost. Amortization is calculated using the declining balance method at the following rates:

	Rate
Computer software	45%

Financial instruments

Initial measurement

The organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

Subsequent measurement

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost using the straight-line method include cash and accounts receivable.

Financial assets measured at fair value include investments in mutual funds.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Notes to Financial Statements
March 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

A financial liability issued by the organization in an arm's length transaction indexed to a measure of the organization's financial performance or to changes in the value of the organization's equity is remeasured at the higher of the amortized cost of the debt or the amount that would be due at the balance sheet date if the formula determining the additional amount was applied at that date. The amount of the adjustment relating to the additional amount is recognized in income and presented as a separate component of interest expense.

3. Accounts receivable

	2024	2023
Trade	\$ 729	\$ -
New Brunswick Opportunities Fund	250,000	250,000
HST receivable	9,475	15,911
	<u>\$ 260,204</u>	<u>\$ 265,911</u>

The New Brunswick Opportunities Fund amount of \$250,000 represents the 2023-24 NBOF 50% allocation as matched to \$500,000 of endowment and scholarship contributions received prior to March 31, 2024 of \$250,000.

4. Investments

	2024	2023
Mutual funds	<u>\$ 17,612,985</u>	<u>\$ 15,548,484</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.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Notes to Financial Statements
March 31, 2024

5. Property, plant and equipment

			2024		2023	
	Cost	Accumulated amortization	Net book value		Net book value	
Computer software	\$ 22,468	\$ 20,874	\$ 1,594	\$	\$ 2,898	

6. Financial instruments

Financial risks

The significant risks arising from financial instruments to which the organization is exposed as at March 31, 2024 are detailed below.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating interest rate instruments subject the organization to changes in related future cash flows.

7. Scholarship and Capital Campaign Fund

	2024		2023	
Scholarship Fund	\$ 3,197,943	\$	1,428,472	
Capital Campaign Fund	17,088		8,667	
	\$ 3,215,031	\$	1,437,139	

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION
Notes to Financial Statements
March 31, 2024

8. Restricted amounts - Scholarship Fund net assets

	2024	2023
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 470,730	\$ 414,025
Internally restricted balance of Scholarship Fund net assets	2,727,213	1,014,447
	\$ 3,197,943	\$ 1,428,472

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.