

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

FINANCIAL STATEMENTS

MARCH 31, 2019

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 22, 2019

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, 2019, 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, 2019, 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, 2019

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
<u>ASSETS</u>					
Current:					
Cash	\$ 200,547	\$ 109,321	\$ 70,249	\$ 380,117	\$ 447,326
Accounts receivable (note 4)	250,000	-	25,973	275,973	282,322
Prepaid expenses	<u>-</u>	<u>-</u>	<u>295</u>	<u>295</u>	<u>295</u>
	<u>450,547</u>	<u>109,321</u>	<u>96,517</u>	<u>656,385</u>	<u>729,943</u>
Interfund amounts	<u>-</u>	<u>54,502</u>	<u>186,634</u>	<u>241,136</u>	<u>264,999</u>
Investments (note 5)	<u>11,408,366</u>	<u>-</u>	<u>-</u>	<u>11,408,366</u>	<u>10,171,614</u>
	<u>\$11,858,913</u>	<u>\$ 163,823</u>	<u>\$ 283,151</u>	<u>\$12,305,887</u>	<u>\$11,166,556</u>
<u>LIABILITIES</u>					
Current:					
Accrued liabilities	\$ <u>-</u>	\$ <u>12,309</u>	\$ <u>5,373</u>	\$ <u>17,682</u>	\$ <u>16,364</u>
Interfund amounts	<u>241,136</u>	<u>-</u>	<u>-</u>	<u>241,136</u>	<u>264,999</u>
total liabilities	<u>241,136</u>	<u>12,309</u>	<u>5,373</u>	<u>258,818</u>	<u>281,363</u>
<u>NET ASSETS</u>					
Endowment Fund	11,617,777	-	-	11,617,777	10,506,806
Scholarship Fund (note 6)	-	151,514	-	151,514	70,123
Operating Fund	<u>-</u>	<u>-</u>	<u>277,778</u>	<u>277,778</u>	<u>308,264</u>
	<u>11,617,777</u>	<u>151,514</u>	<u>277,778</u>	<u>12,047,069</u>	<u>10,885,193</u>
	<u>\$11,858,913</u>	<u>\$ 163,823</u>	<u>\$ 283,151</u>	<u>\$12,305,887</u>	<u>\$11,166,556</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, 2019**

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue:					
Endowment contributions	\$ 860,971	\$ -	\$ -	\$ 860,971	\$ 747,809
Other donations	-	292,894	-	292,894	198,001
Grants	-	175,000	-	175,000	175,000
Investment income	-	387,684	37	387,721	226,109
Contributions - New Brunswick Opportunities Fund (note 3)	250,000	-	-	250,000	280,575
Administration recoveries	-	-	18,311	18,311	17,770
Change in market value of investments	-	135,031	-	135,031	9,768
	<u>1,110,971</u>	<u>990,609</u>	<u>18,348</u>	<u>2,119,928</u>	<u>1,655,032</u>
Expenses:					
Scholarships	-	803,285	-	803,285	686,223
Broker fees	-	104,702	-	104,702	93,080
Insurance	-	-	1,560	1,560	1,560
Travel and meetings	-	-	4,549	4,549	1,898
Printing and supplies	-	-	5,641	5,641	5,962
Professional services	-	-	6,891	6,891	29,793
Bank charges	-	1,231	610	1,841	185
Advertising and promotion	-	-	-	-	10,181
Administration	-	-	10,000	10,000	10,000
Wages and employee benefits	-	-	19,583	19,583	-
	<u>-</u>	<u>909,218</u>	<u>48,834</u>	<u>958,052</u>	<u>838,882</u>
Excess of revenue (expenses) for the year	<u>\$1,110,971</u>	<u>\$ 81,391</u>	<u>\$ (30,486)</u>	<u>\$1,161,876</u>	<u>\$ 816,150</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, 2019

	<u>Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Operating Fund</u>	<u>2019 Total</u>	<u>2018 Total</u>
Balance, beginning of year	\$10,506,806	\$ 70,123	\$ 308,264	\$10,885,193	\$10,069,043
Excess of revenue (expenses) for the year	<u>1,110,971</u>	<u>81,391</u>	<u>(30,486)</u>	<u>1,161,876</u>	<u>816,150</u>
Balance, end of year	<u>\$11,617,777</u>	<u>\$ 151,514</u>	<u>\$ 277,778</u>	<u>\$12,047,069</u>	<u>\$10,885,193</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, 2019**

	<u>2019</u>	<u>2018</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 1,161,876	\$ 816,150
Item not requiring a cash outlay:		
- Change in market value of investments	<u>(135,031)</u>	<u>(9,768)</u>
	1,026,845	806,382
Net change in current assets and liabilities other than cash (note 7)	<u>7,667</u>	<u>(11,512)</u>
	<u>1,034,512</u>	<u>794,870</u>
INVESTING ACTIVITIES:		
Proceeds on disposal of investments	280,963	202,115
Additions to investments	<u>(1,382,684)</u>	<u>(1,029,672)</u>
	<u>(1,101,721)</u>	<u>(827,557)</u>
(DECREASE) IN CASH, in the year	(67,209)	(32,687)
CASH, beginning of year	<u>447,326</u>	<u>480,013</u>
CASH, end of year	\$ <u>380,117</u>	\$ <u>447,326</u>

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

DU COLLÈGE COMMUNAUTAIRE DU NOUVEAU-BRUNSWICK INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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).

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MARCH 31, 2019

2. Significant accounting policies (continued):

(e) 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).

(f) Donated services -

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

(g) 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 for the March 31, 2019 fiscal year only.

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

4. Accounts receivable:

	<u>2019</u>	<u>2018</u>
New Brunswick Opportunities Fund	\$ 250,000	\$ 255,615
Administration recoveries receivable	18,311	18,170
HST receivable	<u>7,662</u>	<u>8,537</u>
	<u>\$ 275,973</u>	<u>\$ 282,322</u>

The New Brunswick Opportunities Fund amount of \$250,000 represents the 2018-19 NBOF 50% allocation as matched to \$500,000 of endowment and scholarship contributions received prior to March 31, 2019. An additional \$1,182,798 of endowment and scholarship contributions (also received prior to March 31, 2019) may be eligible for matching (at 50%) if NBOF continues its matching program beyond the March 31, 2019 fiscal year.

5. Investments:

	<u>2019</u>	<u>2018</u>
Mutual funds	<u>\$11,408,366</u>	<u>\$10,171,614</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 change in market value of investments includes realized gains on disposal of investments of \$44,049 in 2019 (\$35,314 in 2018).

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

6. Restricted amounts - Scholarship Fund net assets:

	<u>2019</u>	<u>2018</u>
Externally restricted portion of undisbursed non-endowment donation contributions for payment of scholarships	\$ 217,517	\$ 188,010
Internally restricted balance of Scholarship Fund net assets	<u>(66,003)</u>	<u>(117,887)</u>
	<u>\$ 151,514</u>	<u>\$ 70,123</u>

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

	<u>2019</u>	<u>2018</u>
(Increase) decrease in accounts receivable	\$ 6,349	\$ (11,964)
Increase in accrued liabilities	<u>1,318</u>	<u>452</u>
	<u>\$ 7,667</u>	<u>\$ (11,512)</u>

8. Commitment:

The Foundation has agreed to donate \$6,000 per year to another registered charity for the next four fiscal years (ending March 31, 2020 to March 31, 2023 inclusive).

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 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.

THE NEW BRUNSWICK COMMUNITY COLLEGE FOUNDATION/LA FONDATION

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NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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 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.