

Financial Statements of

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

March 31, 2012

Independent Auditor's Report

To the Board of Directors of the
Nova Scotia Community College Foundation

We have audited the accompanying financial statements of the Nova Scotia Community College Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of revenue, expenditures and 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

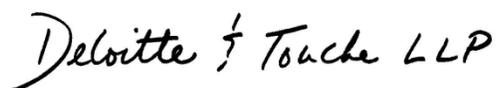
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Community College Foundation as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, handwritten-style font.

Chartered Accountants
Halifax, Nova Scotia
June 26, 2012

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

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NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Financial Position

March 31, 2012

	2012			Total	2011
	General Fund	Restricted Fund	Endowment Fund		Total
ASSETS					
Current					
Cash	\$ 62,193	\$ 1,533,956	\$ 83,606	\$ 1,679,755	\$1,968,302
Investments (Note 4)	-	1,278,306	3,138,277	4,416,583	4,223,927
Accounts receivable	2,149	300,692	1,236	304,077	3,719
	\$ 64,342	\$ 3,112,954	\$ 3,223,119	\$ 6,400,415	\$6,195,948

LIABILITIES

Current					
Accounts payable and accruals	-	1,700	8,728	10,428	8,569
Due to Nova Scotia Community College	-	-	-	-	340,651
	-	1,700	8,728	10,428	349,220

NET ASSETS

Externally restricted	-	2,937,128	3,214,391	6,151,519	5,635,703
Internally restricted	-	174,126	-	174,126	147,591
Unrestricted	64,342	-	-	64,342	63,434
	64,342	3,111,254	3,214,391	6,389,987	5,846,728
	\$ 64,342	\$ 3,112,954	\$ 3,223,119	\$ 6,400,415	\$6,195,948

APPROVED BY THE BOARD

..... Director

..... Director

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Revenue, Expenditures and Net Assets

Year ended March 31, 2012

	2012			Total	2011
	General Fund	Restricted Fund	Endowment Fund		Total
Revenue					
Donations	\$ -	\$ 797,380	\$ 164,450	\$ 961,830	\$1,092,727
Investment income	20,764	14,115	82,791	117,670	98,341
Gain on sale of investments	-	-	12,888	12,888	2,665
Unrealized (loss) gain on investments	-	-	(58,720)	(58,720)	239,207
	20,764	811,495	201,409	1,033,668	1,432,940
Expenditures					
Scholarships and bursaries	-	209,223	54,900	264,123	256,400
Projects	-	190,643	-	190,643	780,013
Office	1,656	-	33,987	35,643	32,729
	1,656	399,866	88,887	490,409	1,069,142
Excess of revenue over expenditures	19,108	411,629	112,522	543,259	363,798
Net assets, beginning of year	63,434	2,824,093	2,959,201	5,846,728	5,482,930
Interfund transfers (Note 5)	(18,200)	(124,468)	142,668	-	-
Net assets, end of year	\$ 64,342	\$ 3,111,254	\$ 3,214,391	\$ 6,389,987	\$5,846,728

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2012

	<u>2012</u>	<u>2011</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenue over expenditures	\$ 543,259	\$ 363,798
Item not affecting cash:		
Unrealized loss (gain) on investments	58,720	(239,207)
Gain on sale of investments	(12,888)	(2,665)
Changes in non-cash working capital items (Note 6)	(639,150)	(69,931)
	<u>(50,059)</u>	<u>51,995</u>
Investing		
Proceeds on sale of investments	118,850	89,859
Purchase of investments	(357,338)	(2,003,801)
	<u>(238,488)</u>	<u>(1,913,942)</u>
Net cash outflow	(288,547)	(1,861,947)
Cash position, beginning of year	1,968,302	3,830,249
Cash position, end of year	\$ 1,679,755	\$ 1,968,302

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

March 31, 2012

1. THE FOUNDATION

Nova Scotia Community College Foundation (the "Foundation") was incorporated in the Province of Nova Scotia under the *Societies Act* on May 15, 2001. The purpose of the Foundation is to support the Nova Scotia Community College and related activities.

The Foundation is a government not-for-profit organization and, as such, is exempt from income taxes under the *Income Tax Act (Canada)*.

2. FUTURE ACCOUNTING POLICIES

New accounting framework

Effective April 1, 2012, Canadian government not-for-profit organizations will have a new financial reporting framework. The Province of Nova Scotia has directed that government not-for-profit organizations will be adopting Public Sector Accounting Standards. The Foundation is currently evaluating the impact of this transition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, which includes proceeds from government, donations and bequests.

The General Fund accounts for the Foundation's program delivery and administrative activities.

The Restricted Fund accounts for contributions designated for a special purpose.

The Endowment Fund reports resources contributed for endowment.

Revenue recognition

Unrestricted donations, including bequests, are recognized as revenue of the General Fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Those donations restricted internally by the Foundation for a specific purpose are transferred to the Restricted Fund.

Restricted donations, including specific bequests designated for a specific purpose, are recognized as revenue of the Restricted Fund when received.

Contributions whereby the donor has directed that the capital resources be maintained permanently are recognized as revenue of the Endowment Fund.

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

March 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash represents amounts on deposit with a financial institution.

Investments

Investments are recorded at fair value.

Contributed services

Volunteers contribute services to assist the Foundation in carrying out the service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

Not-for-profit organizations may elect not to adopt the requirements of Sections 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation and instead may apply the guidance in Section 3861, Financial Instruments – Disclosure and Presentation. The Foundation has elected to use this exemption.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. Settlement date accounting is used.

The Foundation's financial instruments are classified and measured as follows:

<u>Asset/liability</u>	<u>Classification</u>	<u>Subsequent Measurement</u>
Cash	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held-for-trading	Fair value
Accounts payable and accruals	Other financial liabilities	Amortized cost
Due to Nova Scotia Community College	Other financial liabilities	Amortized cost

Investments are recorded at fair value. The fair value is determined using closing published price quotations in an active market.

Transaction costs are expensed as incurred.

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

March 31, 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumption that affect the amounts reported of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reporting period. The accounts most subject to estimation and a judgment include accrued liabilities. Actual results could differ from those estimates.

4. INVESTMENTS

	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Investments - Restricted Fund	\$ 1,278,306	\$ 1,278,305	\$ 1,278,306	\$ 1,278,306
Investments - Endowment Fund	3,138,277	3,020,150	2,945,621	2,768,773
	<u>\$ 4,416,583</u>	<u>\$ 4,298,455</u>	<u>\$ 4,223,927</u>	<u>\$ 4,047,079</u>

5. INTERFUND TRANSFER

Interfund transfers were made to move revenues between funds to meet the terms set out in the gift agreements. Transfers were also made to reclass several historical award distributions to ensure the fund activities were accurately reflected.

6. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2012	2011
Accounts receivable	\$ (300,358)	\$ (2,715)
Accounts payable and accruals	1,859	1,242
Due to Nova Scotia Community College	(340,651)	(68,458)
	<u>\$ (639,150)</u>	<u>\$ (69,931)</u>

7. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, accounts receivable, due to Nova Scotia Community College and accounts payable and accruals approximate fair value due to their short-term maturity. Investments are recorded at their fair value.

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

March 31, 2011

7. FINANCIAL INSTRUMENTS (continued)

Market risk

The Foundation is subject to market risk with respect to its investments and it manages this risk by having a diversified investment portfolio.

8. CAPITAL MANAGEMENT

The Foundation considers net assets to be its capital.

	<u>2012</u>	<u>2011</u>
Foundation net assets	6,389,987	5,846,728
Capital	\$ 6,389,987	\$ 5,846,728

The Foundation's objectives when managing capital are to maintain a capital structure that provides financial flexibility in order to preserve its ability to meet financial obligations. In managing its capital structure, the Foundation monitors performance throughout the year to ensure working capital requirements are funded from operations. The Foundation will make adjustments to its capital structure to meet the objectives of the broader strategy or in response to changes in economic conditions and risk.

Externally restricted

Externally restricted assets are subject to externally imposed stipulations specifying the purpose for which they must be used. These stipulations are typically explicitly stated in a formal gift agreement. At March 31, 2012, the Foundation was in compliance with all restrictions applicable to these funds.

Internally restricted

Internally restricted assets are subject to internally imposed stipulations specifying the purpose for which they must be used. At March 31, 2012, the Foundation was in compliance with all restrictions applicable to these funds.

Unrestricted

Unrestricted assets are not subject to any donor stipulations. The Foundation uses unrestricted assets to meet its greatest needs.