

Financial Statements of

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

March 31, 2011

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, 2011, 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

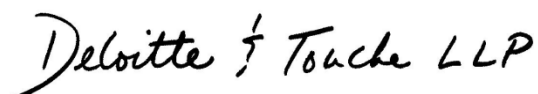
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Halifax, Nova Scotia
June 22, 2011

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Table of Contents

March 31, 2011

	<u>Page</u>
Statement of Financial Position	1
Statement of Revenue, Expenditures and Net Assets	2
Statement of Cash Flows	3
Notes to the Financial Statements	4-7

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Financial Position

March 31, 2011

	2011				2010
	General Fund	Restricted Fund	Endowment Fund	Total	Total
ASSETS					
Current					
Cash	\$ 61,632	\$ 1,884,521	\$ 22,149	\$ 1,968,302	\$3,830,249
Investments (Note 4)	-	1,278,306	2,945,621	4,223,927	2,068,113
Accounts receivable	1,802	1,917	-	3,719	1,004
	<u>\$ 63,434</u>	<u>\$ 3,164,744</u>	<u>\$ 2,967,770</u>	<u>\$ 6,195,948</u>	<u>\$5,899,366</u>
LIABILITIES					
Current					
Accounts payable and accruals	-	-	8,569	8,569	7,327
Due to Nova Scotia Community College	-	340,651	-	340,651	409,109
	<u>-</u>	<u>340,651</u>	<u>8,569</u>	<u>349,220</u>	<u>416,436</u>
NET ASSETS					
Externally restricted	-	2,676,502	2,959,201	5,635,703	5,289,626
Internally restricted	-	147,591	-	147,591	151,452
Unrestricted	63,434	-	-	63,434	41,852
	<u>63,434</u>	<u>2,824,093</u>	<u>2,959,201</u>	<u>5,846,728</u>	<u>5,482,930</u>
	<u>\$ 63,434</u>	<u>\$ 3,164,744</u>	<u>\$ 2,967,770</u>	<u>\$ 6,195,948</u>	<u>\$5,899,366</u>

APPROVED BY THE BOARD

..... Director

..... Director

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Revenue, Expenditures and Net Assets

Year ended March 31, 2011

	2011			2010
	General Fund	Restricted Fund	Endowment Fund	Total
				Total
Revenue				
Donations	\$ 245	\$ 802,813	\$ 289,669	\$ 1,092,727
Investment income	27,440	1,917	68,984	98,341
Gain (loss) on sale of investments	-	-	2,665	2,665
Unrealized gain on investments	-	-	239,207	239,207
	27,685	804,730	600,525	1,432,940
Expenditures				
Scholarships and bursaries	-	207,878	48,522	256,400
Projects	-	780,013	-	780,013
Office	2,377	-	30,352	32,729
	2,377	987,891	78,874	1,069,142
Excess of revenue over expenditures	25,308	(183,161)	521,651	363,798
Net assets, beginning of year	41,852	2,995,146	2,445,932	5,482,930
Interfund transfers (Note 5)	(3,726)	12,108	(8,382)	-
Net assets, end of year	\$ 63,434	\$ 2,824,093	\$ 2,959,201	\$ 5,846,728

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2010

	<u>2011</u>	<u>2010</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Operating		
Excess of revenue over expenditures	\$ 363,798	\$ 1,281,342
Item not affecting cash:		
Unrealized gain on investments	(239,207)	(220,042)
(Gain) loss on sale of investments	(2,665)	22,413
Changes in non-cash working capital items (Note 6)	(69,931)	328,958
	<u>51,995</u>	<u>1,412,671</u>
Investing		
Proceeds on sale of investments	89,859	225,483
Purchase of investments	(2,003,801)	(1,091,455)
	<u>(1,913,942)</u>	<u>(865,972)</u>
Net cash (outflow) inflow	(1,861,947)	546,699
Cash position, beginning of year	3,830,249	3,283,550
Cash position, end of year	<u>\$ 1,968,302</u>	<u>\$ 3,830,249</u>

NOVA SCOTIA COMMUNITY COLLEGE FOUNDATION

Notes to the Financial Statements

March 31, 2011

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 January 1, 2012, Canadian government not-for-profit organizations will have a new financial reporting framework. These organizations have a choice of applying Public Sector Accounting Standards for Government Not-for-profit Organizations or Public Sector Accounting Standards. The Foundation is working with the Province of Nova Scotia to determine which accounting framework it will adopt.

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.

All financial instruments are measured on the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities, which are measured at amortized cost. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the association'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>Measurement</u>
Cash	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments	Held-for-trading	Fair value
Accounts payable and accrued liabilities	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

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Investments - Restricted Fund	\$ 1,278,306	\$ 1,278,306	\$ -	\$ -
Investments - Endowment Fund	2,945,621	2,768,773	2,068,113	2,130,472
	<u>\$ 4,223,927</u>	<u>\$ 4,047,079</u>	<u>\$ 2,068,113</u>	<u>\$ 2,130,472</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

	2011	2010
Accounts receivable	\$ (2,715)	\$ 586
Accounts payable and accrued liabilities	1,242	(45,929)
Due to Nova Scotia Community College	(68,458)	374,301
	<u>\$ (69,931)</u>	<u>\$ 328,958</u>

7. FINANCIAL INSTRUMENTS

Fair value

The carrying values of cash, accounts receivable, due to Nova Scotia Community College and accounts payable and accrued liabilities 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>2011</u>	<u>2010</u>
Foundation net assets	5,846,728	5,482,930
Capital	\$ 5,846,728	\$ 5,482,930

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. There are restrictions on some of the Foundations capital assets; the Foundation is in compliance with all restrictions.

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, 2011, 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, 2011, 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. At March 31, 2011, the Foundation was in compliance with all restrictions applicable to these funds.