

MARITIME COLLEGE OF FOREST TECHNOLOGY

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

MARITIME COLLEGE OF FOREST TECHNOLOGY

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Shannon & Buffett, LLP

Chartered Professional Accountants

Garry L. Armstrong, CPA, CA, Claude C. Leger, CPA, CGA, CA
Ron W. Sauntry, CPA, CA

INDEPENDENT AUDITOR'S REPORT

To The Board of Governors
Maritime College of Forest Technology

Opinion

We have audited the financial statements of Maritime College of Forest Technology, which comprise the statement of net assets as at April 30, 2022, and the statement of operations, statement of changes in net assets and statement of 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 Maritime College of Forest Technology as at April 30, 2022, and its financial performance 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 College 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.

Other Information (Annual Report)

It is understood that the audited financial statements may be used in the College's annual report. Management's responsibility is to ensure that if the financial statements are used in the annual report that the full and complete set of financial statements are included, this includes the independent auditor's report, statement of operations, statement of net assets and statement of changes in net assets, statement of cash flows and the notes to the financial statements.

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 College'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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College'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. 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 College'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 College'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 College 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the College's activities to express an opinion on the financial statements. 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

Shannon & Buffett, LLP
Chartered Professional Accountants
Fredericton, New Brunswick
August 22, 2022

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF NET ASSETS

APRIL 30, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current:		
Unrestricted cash and cash equivalents	\$ 529,449	\$ 596,940
Cash and cash equivalents internally restricted for equipment replacement	61,852	211,754
Cash and cash equivalents internally restricted for prizes and donations	119,111	121,722
Accounts receivable (note 2)	88,954	64,553
Prepaid expenses	<u>88,924</u>	<u>92,886</u>
	888,290	1,087,855
Capital assets (note 3)	<u>932,326</u>	<u>645,823</u>
	<u>\$ 1,820,616</u>	<u>\$ 1,733,678</u>
<u>LIABILITIES</u>		
Current:		
Accounts payable and accrued liabilities (note 4)	\$ 123,341	\$ 150,565
Deferred revenue	<u>26,219</u>	<u>28,465</u>
	149,560	179,030
	<u>149,560</u>	<u>179,030</u>
<u>NET ASSETS</u>		
Unrestricted net assets	557,767	575,349
Net assets invested in capital assets	932,326	645,823
Net assets internally restricted for equipment replacement	61,852	211,754
Net assets internally restricted for prizes and donations	<u>119,111</u>	<u>121,722</u>
	<u>1,671,056</u>	<u>1,554,648</u>
	<u>\$ 1,820,616</u>	<u>\$ 1,733,678</u>

See accompanying notes to financial statements.

Contingent liabilities (note 7)

Approved by the Board:

Director

Director

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF OPERATIONS

YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Government grants, unrestricted, operating	\$ 2,196,850	\$ 2,175,099
Government grants, restricted, Education Computer Network	35,565	35,565
Government grants, restricted, non-space, Alt & Reno	3,461	71,912
Government grants, restricted, other	30,000	-
Student academic fees, regular, Fredericton	571,852	567,263
Student academic fees, regular, Bathurst	186,335	157,425
Student academic fees, continuing education	253,770	233,496
Miscellaneous revenues (note 6)	389,335	337,797
Ancillary enterprises	600,953	676,459
Interest income	<u>2,180</u>	<u>2,723</u>
	<u>4,270,301</u>	<u>4,257,739</u>
Expenses:		
Academic	988,794	1,026,822
Continuing education	195,050	225,050
Administration	784,351	761,698
Plant maintenance and operations	713,156	756,311
Bathurst Campus	511,017	539,203
Vehicles and equipment	41,243	43,276
Miscellaneous	38,980	18,831
Major repairs and alterations and renovations	3,461	71,912
Ancillary enterprises	<u>737,917</u>	<u>692,732</u>
	<u>4,013,969</u>	<u>4,135,835</u>
Excess of revenue over expenses before amortization and gain on disposal of capital assets	<u>256,332</u>	<u>121,904</u>
Amortization of capital assets	(284,782)	(240,954)
Amortization of deferred contributions for capital assets	130,858	118,572
Gain on disposal of capital assets	<u>14,000</u>	<u>30,851</u>
	<u>(139,924)</u>	<u>(91,531)</u>
Excess of revenue over expenses	<u>\$ 116,408</u>	<u>\$ 30,373</u>

See accompanying notes to financial statements.

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE FIGURES FOR 2021

	Net Assets Internally Restricted for Prizes and Donations	Net Assets Internally Restricted for Equipment Replacement	Net Assets Invested in Capital Assets	Unrestricted Net Assets	2022 Total	2021 Total
Balance, beginning of year	\$ 121,722	\$ 211,754	\$ 645,823	\$ 575,349	\$1,554,648	\$1,524,275
Excess (deficiency) of revenue over expenses	(2,611)	(15,565)	(139,924)	274,508	116,408	30,373
Transfer to (from) unrestricted net assets	-	(134,337)	426,427	(292,090)	-	-
Balance, end of year	<u>\$ 119,111</u>	<u>\$ 61,852</u>	<u>\$ 932,326</u>	<u>\$ 557,767</u>	<u>\$1,671,056</u>	<u>\$1,554,648</u>

See accompanying notes to financial statements.

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2022 WITH COMPARATIVE FIGURES FOR 2021

	<u>2022</u>	<u>2021</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 116,408	\$ 30,373
Items not requiring a cash outlay:		
Amortization of capital assets	284,782	240,954
Amortization of deferred contributions for capital assets	(130,858)	(118,572)
Gain on disposal of capital assets	<u>(14,000)</u>	<u>(30,851)</u>
	256,332	121,904
Net change in current assets and liabilities other than cash:		
Accounts receivable	(24,401)	(25,631)
Prepaid expenses	3,962	(13,370)
Accounts payable and accrued liabilities	(27,224)	65,067
Deferred revenue	<u>(2,246)</u>	<u>(33,315)</u>
	<u>206,423</u>	<u>114,655</u>
INVESTING ACTIVITIES:		
Acquisition of capital assets	(825,274)	(241,622)
Proceeds from disposal of capital assets	<u>14,000</u>	<u>33,000</u>
	<u>(811,274)</u>	<u>(208,622)</u>
FINANCING ACTIVITIES:		
Contributions for capital assets	384,847	98,184
Repayments of obligation under capital lease	<u>-</u>	<u>(16,540)</u>
	<u>384,847</u>	<u>81,644</u>
DECREASE IN CASH, in the year	(220,004)	(12,323)
CASH, beginning of year	<u>930,416</u>	<u>942,739</u>
CASH, end of year	<u>\$ 710,412</u>	<u>\$ 930,416</u>
CASH CONSISTS OF:		
Unrestricted cash and cash equivalents	\$ 529,449	\$ 596,940
Cash and cash equivalents internally restricted for equipment replacement	61,852	211,754
Cash and cash equivalents internally restricted for prizes and donations	<u>119,111</u>	<u>121,722</u>
	<u>\$ 710,412</u>	<u>\$ 930,416</u>

See accompanying notes to financial statements.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

General:

The Maritime College of Forest Technology, recognized internationally, provides training in technical, vocational and continuing education in Forestry and Fish & Wildlife. The College provides a residential environment and maximizes opportunities to teach in the forest. The College is a registered charity organization as described in paragraph 149 (1)(f) of the Income Tax Act and, as such, is not subject to income tax.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Internally restricted funds – prizes and donations -

The College receives gifts and donations from outside organizations and individuals for the purpose of awarding prizes to students. The Board of Governors has required that these funds, together with interest earned thereon, be segregated and that all prizes be deemed to come from such segregated funds.

(b) Internally restricted funds – equipment replacement -

The Board of Governors has segregated funds for the purpose of replacing equipment and other capital assets approved by the Board. Interest earned on the funds is segregated and a portion of student tuition and professional certification fees is also accumulated for this purpose. Withdrawal from such funds is made when equipment and other capital assets, as approved by the Board, are acquired from general operating funds.

(c) Revenue recognition -

The deferral method of accounting for contributions is followed. Contributions for capital assets are capitalized when received and amortized using the same rates of amortization as the assets to which they relate. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged amounts are not recorded until received.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

1. Significant accounting policies (continued):

(d) Cash and cash equivalents -

Cash and cash equivalents include cash on hand, balances with banks and temporary money market instruments.

(e) Capital assets -

All significant additions are recorded at cost. Donated assets are recorded at the cost amount to the donor where this is reasonably determinable or otherwise at the estimated fair market value at the time the gift is made.

Amortization is calculated on the straight-line basis at the following annual rates:

Leasehold improvements	-	5%
Furniture and equipment	-	10%
Vehicles and rolling stock	-	20%
Computers and GPS equipment	-	25%

Capital grants received to finance capital asset acquisitions are netted against the cost of the related asset and amortization is calculated on a net basis.

(f) Deferred revenue -

The balance consists of regular and continuing education student fees and other amounts received during the year but applicable to future periods.

(g) Accounting estimates -

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations required management to make estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

1. Significant accounting policies (continued):

(h) Financial instruments -

(i) Measurement of financial instruments

The College initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs.

The College subsequently measures all of its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations in the period incurred.

(ii) Impairment

At the end of each reporting period the College assesses whether there are any indications that the financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the College determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset. Where there is a significant adverse change, the carrying amount of the asset is reduced and the impairment loss is recognized in the statement of operations.

(iii) Transaction costs

Transaction costs are recognized in the statement of operations in the period incurred, except for the financial instruments that will be subsequently measured at amortized costs.

2. Accounts receivable:

Accounts receivable are comprised of the following as at April 30:

	<u>2022</u>	<u>2021</u>
Students	\$ 6,443	\$ 8,776
Accrued interest	1,346	508
Grants	-	10,131
Net HST	259	-
Other amounts	96,381	61,408
Allowance for doubtful accounts	<u>(15,475)</u>	<u>(16,270)</u>
	<u>\$ 88,954</u>	<u>\$ 64,553</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

3. Capital assets:

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Leasehold improvements	\$18,915,326	\$17,303,677	\$ 1,611,649	\$ 1,114,572
Furniture and equipment	5,663,118	5,515,791	147,327	159,486
Computer and GPS equipment	1,292,092	1,131,287	160,805	115,601
Vehicles and rolling stock	<u>996,633</u>	<u>922,807</u>	<u>73,826</u>	<u>63,456</u>
	<u>26,867,169</u>	<u>24,873,562</u>	<u>1,993,607</u>	<u>1,453,115</u>
Deferred contributions for capital assets:				
Leasehold improvements	17,623,387	16,667,047	956,340	678,652
Furniture and equipment	4,302,304	4,266,071	36,233	45,713
Computer and GPS equipment	205,880	203,695	2,185	3,278
Vehicles and rolling stock	<u>369,100</u>	<u>302,577</u>	<u>66,523</u>	<u>79,649</u>
	<u>22,500,671</u>	<u>21,439,390</u>	<u>1,061,281</u>	<u>807,292</u>
Net capital assets	<u>\$ 4,366,498</u>	<u>\$ 3,434,172</u>	<u>\$ 932,326</u>	<u>\$ 645,823</u>

Capital assets are located on both the Fredericton and Bathurst campuses.

Leasehold improvements relate to buildings on the Fredericton campus including the academic building, student residences (2), workshop/vehicle maintenance building, staff houses, field training building and training sawmill, as well as some start-up furniture and equipment. These buildings are owned by the Maritime Forestry Complex Corporation. In return for the College's initial contribution of funds to the construction of these capital assets, the Corporation agreed to lease the premises to the College until August 6, 2084 for an initial consideration of \$1. The College is responsible annually for its proportionate share of operating expenses paid by the Corporation.

4. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are comprised of the following as at April 30:

	2022	2021
Accounts payable	\$ 73,072	\$ 89,357
Accrued liabilities	50,269	54,830
Net HST	<u>-</u>	<u>6,378</u>
	<u>\$ 123,341</u>	<u>\$ 150,565</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

5. Commitments:

The College leases space for the Bathurst campus under an operating lease which expires in 2027 and leases land in Kingsclear under an operating lease which expires in 2035.

Future minimum payments by year and in aggregate are approximately as follows:

2023	\$	54,400
2024		55,200
2025		56,000
2026		56,800
2027 to 2035		<u>94,700</u>
	\$	<u><u>317,100</u></u>

6. Miscellaneous revenues:

	<u>2022</u>	<u>2021</u>
Facilities rental	\$ 49,554	\$ 43,600
Equipment rental	361	-
Other student fees	258,680	258,040
Donations	2,640	1,350
Other	<u>78,100</u>	<u>34,807</u>
	<u><u>\$ 389,335</u></u>	<u><u>\$ 337,797</u></u>

7. Contingent liabilities:

The College is a defendant in two legal actions as at April 30, 2022. The actions are ongoing and no determination of liability or damages, if any, have been made and accordingly, no provision has been recorded as at April 30, 2022. A provision, if any, will be recorded in the future period when the amounts, if any, are reasonably determinable.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

8. Financial instruments:

The College is exposed to the following various risks through its financial instruments:

Credit risk -

Credit risk is the risk that a party may default on their financial obligations to the College, or if there is a concentration of transactions carried out with the same party or a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the College could incur a financial loss.

The maximum exposure that the College has to credit risk as at April 30, 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted cash and cash equivalents	\$ 529,449	\$ 596,940
Restricted cash and cash equivalents	180,963	333,476
Accounts receivable	<u>88,954</u>	<u>64,553</u>
	<u>\$ 799,366</u>	<u>\$ 994,969</u>

Credit risk in cash, restricted cash and term deposits is minimized by depositing cash in major Canadian financial institutions. Management minimizes credit risks in accounts receivable by dealing with selected known customers and affiliates of the College and close monitoring of accounts receivable balances. A provision for doubtful accounts has been recorded for accounts receivable of \$15,475 (2021 - \$16,270). Management believes that overall credit risk is minimal.

Liquidity risk -

Liquidity risk is the risk that the College will not be able to meet a demand for cash or fund its obligations as they come due. As at April 30, 2022 and forward the College is exposed to additional liquidity risk resulting from Covid-19 as revenues from all sources may be negatively impacted for the remainder of the 2022 year and for subsequent years.

Generally, the College meets its liquidity requirements by preparing an annual budget for operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. The College holds significant cash reserves and investments throughout the year resulting from its semi-annual advances of the operating grant from the Department of Post-Secondary Education, Training and Labour.

Market risk -

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2022

8. Financial instruments (continued):

Currency risk -

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The College does not normally transact a significant portion of its business in non-Canadian dollars and is not exposed to any significant currency risks.

Interest rate risk -

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates.

The exposure of the College to interest rate risk arises from its interest-bearing assets. Fluctuations in market rates of interest do not presently have a significant impact on the College's results of operations. Any increase in interest rates could be beneficial to the College. The College presently does not have any interest-bearing debt, if it did, increases in rates would impact the organization in a negative manner.

Other price risk -

The College is not presently exposed to any significant price risks on its financial instruments.

Changes in risk -

There have been no changes in the College's risk exposures from the prior year.

Summary of risk -

In management's opinion the risks are low on all financial instruments.

9. Comparative figures

Certain prior year comparative figures have been changed to agree with the presentation adopted for 2022.