

MARITIME COLLEGE OF FOREST TECHNOLOGY

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

MARITIME COLLEGE OF FOREST TECHNOLOGY

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Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA CLAUDE LEGER, CPA, 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, 2023, 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, 2023, 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
September 21, 2023

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF NET ASSETS

APRIL 30, 2023 WITH COMPARATIVE FIGURES FOR 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current:		
Unrestricted cash and cash equivalents	\$ 818,347	\$ 529,449
Cash and cash equivalents internally restricted for equipment replacement	46,705	61,852
Cash and cash equivalents internally restricted for prizes and donations	117,150	119,111
Accounts receivable (note 2)	42,250	88,954
Prepaid expenses	<u>75,460</u>	<u>88,924</u>
	1,099,912	888,290
Capital assets (note 3)	<u>964,893</u>	<u>932,326</u>
	<u>\$ 2,064,805</u>	<u>\$ 1,820,616</u>
<u>LIABILITIES</u>		
Current:		
Accounts payable and accrued liabilities (note 4)	\$ 138,740	\$ 123,341
Deferred revenue	<u>343,206</u>	<u>26,219</u>
total liabilities	<u>481,946</u>	<u>149,560</u>
<u>NET ASSETS</u>		
Unrestricted net assets	454,111	557,767
Net assets invested in capital assets	964,893	932,326
Net assets internally restricted for equipment replacement	46,705	61,852
Net assets internally restricted for prizes and donations	<u>117,150</u>	<u>119,111</u>
	<u>1,582,859</u>	<u>1,671,056</u>
	<u>\$ 2,064,805</u>	<u>\$ 1,820,616</u>

See accompanying notes to financial statements.

Contingent liabilities (note 8)

Approved by the Board:

Director _____

Director _____

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF OPERATIONS

YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE FIGURES FOR 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Government grants, unrestricted, operating	\$ 2,251,771	\$ 2,196,850
Government grants, restricted, Education Computer Network	35,565	35,565
Government grants, restricted, non-space, Alt & Reno	28,794	3,461
Government grants, restricted, other	32,217	30,000
Student academic fees, regular, Fredericton	526,227	571,852
Student academic fees, regular, Bathurst	192,524	186,335
Student academic fees, continuing education	299,340	253,770
Miscellaneous revenues (note 7)	326,062	389,335
Ancillary enterprises	623,161	600,953
Interest income	<u>12,947</u>	<u>2,180</u>
	<u>4,328,608</u>	<u>4,270,301</u>
Expenses:		
Academic	1,083,939	988,794
Continuing education	193,066	195,050
Administration	820,975	784,351
Plant maintenance and operations	753,757	713,156
Bathurst Campus	585,606	511,017
Vehicles and equipment	44,863	41,243
Miscellaneous	14,753	38,980
Major repairs and alterations and renovations	28,794	3,461
Ancillary enterprises	<u>740,629</u>	<u>737,917</u>
	<u>4,266,382</u>	<u>4,013,969</u>
Excess of revenue over expenses before amortization and gain on disposal of capital assets	<u>62,226</u>	<u>256,332</u>
Amortization of capital assets	(245,979)	(284,782)
Amortization of deferred contributions for capital assets	95,556	130,858
Gain on disposal of capital assets	<u>-</u>	<u>14,000</u>
	<u>(150,423)</u>	<u>(139,924)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (88,197)</u>	<u>\$ 116,408</u>

See accompanying notes to financial statements.

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE FIGURES FOR 2022

	Net Assets Internally Restricted for Prizes and Donations	Net Assets Internally Restricted for Equipment Replacement	Net Assets Invested in Capital Assets	Unrestricted Net Assets	2023 Total	2022 Total
Balance, beginning of year	\$ 119,111	\$ 61,852	\$ 932,326	\$ 557,767	\$ 1,671,056	\$ 1,554,648
Excess (deficiency) of revenue over expenses	(1,961)	100,763	(150,423)	(36,576)	(88,197)	116,408
Transfer to (from) unrestricted net assets	-	(115,910)	-	115,910	-	-
Net change in investment in capital assets (note 5)	-	-	182,990	(182,990)	-	-
Balance, end of year	<u>\$ 117,150</u>	<u>\$ 46,705</u>	<u>\$ 964,893</u>	<u>\$ 454,111</u>	<u>\$ 1,582,859</u>	<u>\$ 1,671,056</u>

See accompanying notes to financial statements.

Transfers of \$115,910 from the Net Assets Internally Restricted for Equipment Replacement were made to the Unrestricted Net Assets to purchase capital assets.

MARITIME COLLEGE OF FOREST TECHNOLOGY

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2023 WITH COMPARATIVE FIGURES FOR 2022

	<u>2023</u>	<u>2022</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenses	\$ (88,197)	\$ 116,408
Items not requiring a cash outlay:		
Amortization of capital assets	245,979	284,782
Amortization of deferred contributions for capital assets	(95,556)	(130,858)
Gain on disposal of capital assets	<u>-</u>	<u>(14,000)</u>
	62,226	256,332
Net change in current assets and liabilities other than cash:		
Accounts receivable	46,704	(24,401)
Prepaid expenses	13,464	3,962
Accounts payable and accrued liabilities	15,399	(27,224)
Deferred revenue	<u>316,987</u>	<u>(2,246)</u>
	<u>454,780</u>	<u>206,423</u>
INVESTING ACTIVITIES:		
Acquisition of capital assets	(235,674)	(825,274)
Proceeds from disposal of capital assets	<u>-</u>	<u>14,000</u>
	<u>(235,674)</u>	<u>(811,274)</u>
FINANCING ACTIVITIES:		
Contributions for capital assets	<u>52,684</u>	<u>384,847</u>
INCREASE (DECREASE) IN CASH, in the year	271,790	(220,004)
CASH, beginning of year	<u>710,412</u>	<u>930,416</u>
CASH, end of year	<u>\$ 982,202</u>	<u>\$ 710,412</u>
CASH CONSISTS OF:		
Unrestricted cash and cash equivalents	\$ 818,347	\$ 529,449
Cash and cash equivalents internally restricted for equipment replacement	46,705	61,852
Cash and cash equivalents internally restricted for prizes and donations	<u>117,150</u>	<u>119,111</u>
	<u>\$ 982,202</u>	<u>\$ 710,412</u>

See accompanying notes to financial statements.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

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 as 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, 2023

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, 2023

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>2023</u>	<u>2022</u>
Students	\$ 7,142	\$ 6,443
Accrued interest	8,893	1,346
Net HST	1,264	259
Other amounts	42,703	96,381
Allowance for doubtful accounts	<u>(17,752)</u>	<u>(15,475)</u>
	<u>\$ 42,250</u>	<u>\$ 88,954</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

3. Capital assets:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Leasehold improvements	\$ 18,994,257	\$ 17,378,388	\$ 1,615,869	\$ 1,611,649
Furniture and equipment	5,707,674	5,556,991	150,683	147,327
Computer and GPS equipment	1,391,997	1,222,702	169,295	160,805
Vehicles and rolling stock	<u>1,008,915</u>	<u>961,459</u>	<u>47,456</u>	<u>73,826</u>
	<u>27,102,843</u>	<u>25,119,540</u>	<u>1,983,303</u>	<u>1,993,607</u>

Deferred contributions for capital assets:

Leasehold improvements	17,623,387	16,667,047	942,342	956,340
Furniture and equipment	4,302,304	4,247,890	54,414	36,233
Computer and GPS equipment	205,880	204,788	1,092	2,185
Vehicles and rolling stock	<u>369,100</u>	<u>348,538</u>	<u>20,562</u>	<u>66,523</u>
	<u>22,500,671</u>	<u>21,468,263</u>	<u>1,018,410</u>	<u>1,061,281</u>

Net capital assets	<u>\$ 4,602,172</u>	<u>\$ 3,651,277</u>	<u>\$ 964,893</u>	<u>\$ 932,326</u>
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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:

	<u>2023</u>	<u>2022</u>
Accounts payable	\$ 64,504	\$ 73,072
Accrued liabilities	<u>74,236</u>	<u>50,269</u>
	<u>\$ 138,740</u>	<u>\$ 123,341</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

5. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	<u>2023</u>	<u>2022</u>
Capital assets	\$ 1,983,303	\$ 1,993,607
Amounts financed by deferred contributions	<u>(1,018,410)</u>	<u>(1,061,281)</u>
	<u>\$ 964,893</u>	<u>\$ 932,326</u>

(b) Change in net assets invested in capital assets is calculated as follows:

	<u>2023</u>	<u>2022</u>
Excess (deficiency) of revenue over expenses:		
Amortization of capital assets	\$ (245,979)	\$ (284,782)
Amortization of deferred contributions for capital assets	95,556	130,858
Gain on disposal of capital assets	<u>-</u>	<u>14,000</u>
	<u>\$ (150,423)</u>	<u>\$ (139,924)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 235,674	\$ 825,274
Amount funded by deferred contributions	(52,684)	(384,847)
Reduction in amount financed by long-term debt	<u>-</u>	<u>-</u>
	<u>\$ 182,990</u>	<u>\$ 440,427</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

6. 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:

2024	\$	55,200
2025		56,000
2026		56,800
2027		20,600
2028 to 2035		<u>13,300</u>
	\$	<u>201,900</u>

7. Miscellaneous revenues:

	<u>2023</u>	<u>2022</u>
Facilities rental	\$ 52,464	\$ 49,554
Equipment rental	250	361
Other student fees	224,432	258,680
Donations	2,998	2,640
Other	<u>45,918</u>	<u>78,100</u>
	<u>\$ 326,062</u>	<u>\$ 389,335</u>

8. Contingent liabilities:

The College is a defendant in two legal actions as at April 30, 2023. A ruling was made on one of the actions on May 2, 2023 for an amount of \$52,649. The amount was paid to the Plaintiff and will be recorded as an expense in the year ended April 30, 2024. After acceptance, the Plaintiff filed an appeal of the matter. The actions are ongoing and no final determination of liability or damages, if any, have been made and no provision has been recorded as at April 30, 2023. Additional provisions, if any, will be recorded in the future period(s) when the amounts, if any, are reasonably determinable.

MARITIME COLLEGE OF FOREST TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2023

9. 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, 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted cash and cash equivalents	\$ 818,347	\$ 529,449
Restricted cash and cash equivalents	163,855	180,963
Accounts receivable	<u>42,250</u>	<u>88,954</u>
	<u>\$ 1,024,452</u>	<u>\$ 799,366</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 \$17,752 (2022 - \$15,475). 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, 2023 and forward the College is exposed to additional liquidity risk resulting from general economic and inflationary factors.

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, 2023

9. 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 significant 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.