

MARITIME COLLEGE OF FOREST TECHNOLOGY

Financial Statements

Year Ended April 30, 2024

MARITIME COLLEGE OF FOREST TECHNOLOGY

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Year Ended April 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Maritime College of Forest Technology

Opinion

We have audited the financial statements of Maritime College of Forest Technology (the College), which comprise the statement of net assets as at April 30, 2024, and the statements of changes in net assets, operations 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 College as at April 30, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 Matter

The financial statements for the year ended April 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 21, 2023.

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 ASNPO, 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.

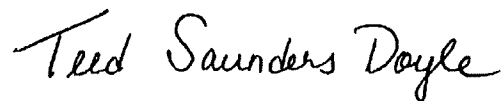
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Independent Auditor's Report to the Members of Maritime College of Forest Technology *(continued)*

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.

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.



Fredericton, New Brunswick
September 17, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

MARITIME COLLEGE OF FOREST TECHNOLOGY

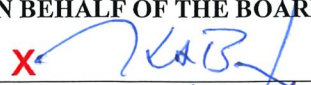
Statement of Net Assets

April 30, 2024

	2024	2023
ASSETS		
CURRENT		
Unrestricted cash and cash equivalents (Note 4)	\$ 349,248	\$ 818,347
Cash and cash equivalents internally restricted for equipment replacement (Note 4)	116,415	46,705
Cash and cash equivalents internally restricted for prizes and donations (Note 4)	121,622	117,150
Accounts receivable (Note 5)	83,613	42,250
Prepaid expenses	47,932	75,460
	<u>718,830</u>	<u>1,099,912</u>
INTANGIBLES (Note 6)	-	-
CAPITAL ASSETS (Note 7)	<u>962,305</u>	<u>964,893</u>
	<u>\$ 1,681,135</u>	<u>\$ 2,064,805</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 262,463	\$ 138,740
Deferred revenue	100,680	343,206
	<u>363,143</u>	<u>481,946</u>
NET ASSETS		
Unrestricted net assets	117,649	454,111
Net assets invested in capital assets	962,305	964,893
Net assets internally restricted for equipment replacement	116,415	46,705
Net assets internally restricted for prizes and donations	121,623	117,150
	<u>1,317,992</u>	<u>1,582,859</u>
	<u>\$ 1,681,135</u>	<u>\$ 2,064,805</u>

CONTINGENT LIABILITY (Note 12)

ON BEHALF OF THE BOARD

 Director
 Director

MARITIME COLLEGE OF FOREST TECHNOLOGY

Statement of Changes in Net Assets

Year Ended April 30, 2024

	Balance, beginning of year	Excess (deficiency) of revenue over expenses	Transfer to (from) unrestricted net assets	Net change in investment in capital assets (note 9)	Balance, end of year
Net assets internally restricted for prizes and donations	\$ 117,150	\$ 4,473	\$ -	\$ -	\$ 121,623
Net assets internally restricted for equipment replacement	46,705	(33,411)	103,121	-	116,415
Net assets invested in capital assets	964,893	(178,613)	-	176,025	962,305
Unrestricted net assets	454,111	(57,316)	(103,121)	(176,025)	117,649
	<u>\$ 1,582,859</u>	<u>\$ (264,867)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,317,992</u>

	2022 Balance	Deficiency of revenues over expenses	Transfers	Net change in investment in capital assets	2023 Balance
Net assets internally restricted for prizes and donations	\$ 119,111	\$ (1,961)	\$ -	\$ -	\$ 117,150
Net assets internally restricted for equipment replacement	61,852	100,763	(115,910)	-	46,705
Net assets invested in capital assets	932,326	(150,423)	-	182,990	964,893
Unrestricted net assets	557,767	(36,576)	115,910	(182,990)	454,111
	<u>\$ 1,671,056</u>	<u>\$ (88,197)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,582,859</u>

Transfers of \$103,121 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 Operations Year Ended April 30, 2024

	2024	2023
REVENUES		
Government grants, unrestricted, operating	\$ 2,295,800	\$ 2,251,771
Government grants, restricted, Education Computer Network	-	35,565
Government grants, restricted, non-space, Alt & Reno	20,935	28,794
Government grants, restricted, Student Information System	100,653	-
Government grants, restricted, other	32,000	32,217
Student academic fees, regular, Fredericton	538,282	526,227
Student academic fees, regular, Bathurst	170,066	192,524
Student academic fees, regular, education	351,951	299,340
Miscellaneous revenues (Note 9)	399,976	326,062
Ancillary enterprises	677,832	623,161
Interest income	21,672	12,947
	<u>4,609,167</u>	<u>4,328,608</u>
EXPENSES		
Academic	1,183,692	1,083,939
Continuing education	252,854	193,066
Administration (Note 10)	1,098,306	820,975
Plant maintenance and operations	747,344	753,757
Bathurst Campus	572,406	585,606
Vehicles and equipment	46,573	44,863
Miscellaneous	14,005	14,753
Major repairs and alterations and renovations	20,935	28,794
Ancillary enterprises	759,306	740,629
	<u>4,695,421</u>	<u>4,266,382</u>
Excess (deficiency) of revenues over expenses before amortization	<u>(86,254)</u>	<u>62,226</u>
Amortization of capital assets	(289,692)	(245,979)
Amortization of deferred contributions for capital assets	111,079	95,556
Amortization of intangible assets	(12,000)	-
Amortization of deferred contributions for intangible assets	12,000	-
	<u>(178,613)</u>	<u>(150,423)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (264,867)</u>	<u>\$ (88,197)</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

Statement of Cash Flows Year Ended April 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (264,867)	\$ (88,197)
Items not requiring a cash outlay:		
Amortization of capital assets	289,692	245,979
Amortization of deferred contributions for capital assets	(111,079)	(95,556)
Amortization of intangible assets	12,000	-
Amortization of deferred contributions for intangible assets	(12,000)	-
	<u>(86,254)</u>	<u>62,226</u>
Net change in current assets and liabilities other than cash:		
Accounts receivable	(41,363)	46,704
Prepaid expenses	27,528	13,464
Accounts payable and accrued liabilities	123,724	15,399
Deferred revenue	(242,526)	316,987
	<u>(132,637)</u>	<u>392,554</u>
	<u>(218,891)</u>	<u>454,780</u>
INVESTING ACTIVITIES:		
Acquisition of capital assets	<u>(456,250)</u>	<u>(235,674)</u>
FINANCING ACTIVITIES:		
Contributions for capital assets	<u>280,225</u>	<u>52,684</u>
INCREASE (DECREASE) IN CASH FLOW	(394,916)	271,790
Cash - beginning of year	<u>982,202</u>	<u>710,412</u>
CASH - END OF YEAR	<u>\$ 587,286</u>	<u>\$ 982,202</u>
CASH CONSISTS OF:		
Unrestricted cash and cash equivalents <i>(Note 4)</i>	\$ 349,250	\$ 818,347
Cash and cash equivalents internally restricted for equipment replacement <i>(Note 4)</i>	116,414	46,705
Cash and cash equivalents internally restricted for prizes and donations <i>(Note 4)</i>	<u>121,622</u>	<u>117,150</u>
	<u>\$ 587,286</u>	<u>\$ 982,202</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

1. NATURE OF OPERATIONS

Maritime College of Forest Technology (the "College") is a Public College incorporated without share capital under the Companies Act of New Brunswick. The College provides a two-year Forest Technology Diploma Program and an optional one-year Fish & Wildlife Technology Program. The College is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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.

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.

Revenue recognition

The deferral method of accounting for contributions is as follows: Contributions for capital assets are captured 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, temporary money market instruments, and guaranteed investment certificates maturing within one year.

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MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Capital assets are amortized over their estimated useful lives on a straight-line basis at the following 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.

Intangible assets

All significant additions are recorded at cost. Intangible assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Student Information System Development	10%
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Grants received to finance intangible asset acquisitions are netted against the cost of the related asset and amortization is calculated on a net basis.

Deferred revenue

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

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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.

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MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

3. FINANCIAL INSTRUMENTS

The College is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the College's risk exposure and concentration as of April 30, 2024.

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:

	2024	2023
Unrestricted cash and cash equivalents	\$ 349,248	\$ 818,347
Restricted cash and cash equivalents	238,037	163,855
Accounts receivable	83,613	42,250
	<u>\$ 670,898</u>	<u>\$ 1,024,452</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 \$nil (2023 - \$17,752). Management believes that overall credit risk is minimal.

Liquidity risk

(continues)

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

3. FINANCIAL INSTRUMENTS *(continued)*

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, 2024 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 comprises three types of risk: currency rate risk, interest rate risk and other price risk.

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.

Summary of risk

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following as at April 30:

	2024	2023
Cash	\$ 38,175	\$ 447,485
Guaranteed investment certificates	549,111	534,717
	<u>\$ 587,286</u>	<u>\$ 982,202</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

5. ACCOUNTS RECEIVABLE

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

	<u>2024</u>	<u>2023</u>
Students	\$ 799	\$ 7,142
Grants	32,000	-
Accrued interest	16,171	8,893
Net HST	(4,899)	1,264
Other amounts	39,542	42,703
Allowance for doubtful accounts	-	(17,752)
	<u>\$ 83,613</u>	<u>\$ 42,250</u>

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

6. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Intangible assets:				
Student Information System Development	\$ 120,000	\$ (12,000)	\$ 108,000	\$ -
Deferred contributions for intangible assets:				
Student Information System Development	120,000	12,000	108,000	-
	\$ -	\$ -	\$ -	\$ -

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value (Note 12)
Capital assets:				
Leasehold improvements	\$ 19,382,910	\$ 17,795,810	\$ 1,587,100	\$ 1,320,430
Furniture and equipment	5,732,921	5,561,642	171,279	187,996
Computer and GPS equipment	1,430,209	1,322,201	108,008	169,295
Vehicles and rolling stock	1,013,053	972,856	40,197	62,306
	27,559,093	25,652,509	1,906,584	1,740,027
Deferred contributions for capital assets:				
Leasehold improvements	17,905,013	17,068,993	836,020	645,031
Furniture and equipment	4,344,326	4,271,716	72,610	74,181
Computer and GPS equipment	215,142	208,196	6,946	1,092
Vehicles and rolling stock	1,224,467	1,195,764	28,703	54,830
	23,688,948	22,744,669	944,279	775,134
Net capital assets	\$ 3,870,145	\$ 2,907,840	\$ 962,305	\$ 964,893

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.

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

8. INVESTMENT IN CAPITAL ASSETS

	2024	2023
(a) Investment in capital assets is calculated as follows:		
Capital assets	\$ 1,906,584	\$ 1,740,027
Amount financed by deferred contributions	(1,888,558)	(1,550,268)
	<u>18,026</u>	<u>189,759</u>
(b) Change in net assets invested in capital assets is calculated as follows:		
Amortization of capital assets	(289,692)	(245,979)
Amortization of deferred contributions for capital assets	111,079	95,556
Amortization of intangible assets	(12,000)	-
Amortization of deferred contributions for intangible assets	12,000	-
	<u>(178,613)</u>	<u>(150,423)</u>
Net change in investment in capital assets:		
Capital assets acquired	456,250	235,674
Amount funded by deferred contributions	(280,225)	(52,684)
	<u>176,025</u>	<u>182,990</u>

9. MISCELLANEOUS REVENUES

	2024	2023
Facilities rental	\$ 49,986	\$ 52,464
Equipment rental	1,270	250
Other student fees	293,102	224,432
Donations	-	2,998
Other	55,618	45,918
	<u>\$ 399,976</u>	<u>\$ 326,062</u>

10. ADMINISTRATION EXPENSES

Administration expense includes \$52,649 (2023 - \$nil) relating to a financial settlement of a wrongful termination lawsuit.

MARITIME COLLEGE OF FOREST TECHNOLOGY

Notes to Financial Statements

Year Ended April 30, 2024

11. 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:

2025	\$	56,000
2026		56,800
2027		20,600
2028 to 2035		<u>13,300</u>
	\$	<u>146,700</u>

12. CONTINGENT LIABILITY

As at April 30, 2024, the College is a named defendant in a wrongful dismissal lawsuit, currently under appeal. The likelihood of success and the magnitude of any potential financial liability cannot be reasonably estimated by management at the date of the auditor's report.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.