

Financial Statements of

**ASSOCIATION OF CANADIAN  
COMMUNITY COLLEGES**

Year ended March 31, 2001

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the statement of financial position of the Association of Canadian Community Colleges as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedule of Departmental Revenue and Expense is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Chartered Accountants

Ottawa, Canada

April 26, 2001

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

## Statement of Financial Position

March 31, 2001, with comparative figures for 2000

	2001	2000
<b>Assets</b>		
Current assets:		
Cash	\$ 550,184	\$ 556,343
Amounts receivable	389,697	420,457
Prepaid expenses	131,460	197,724
Cash restricted for projects (note 3)	8,212,492	5,670,949
Project advances (note 3)	579,820	788,883
	9,863,653	7,634,356
Investments (note 4)	1,227,138	1,158,804
Capital assets (note 5)	116,611	125,061
	\$11,207,402	\$ 8,918,221

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 666,454	\$ 814,865
Project expenses payable (note 3)	5,033,091	4,507,972
Deferred project contributions (note 3)	3,759,221	1,951,860
	9,458,766	7,274,697
Net assets:		
Unrestricted	1,003,151	889,589
Invested in capital assets	116,611	125,061
Internally restricted (note 6)	628,874	628,874
	1,748,636	1,643,524
Commitments (note 7)		
Contingencies (note 8)		
	\$11,207,402	\$ 8,918,221

See accompanying notes to financial statements.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

## Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenue:		
Projects (note 3)	\$ 22,362,061	\$ 27,507,434
Less: direct project expenses	19,003,789	23,324,730
Net project contribution	3,358,272	4,182,704
Membership fees	906,746	878,555
Investment	336,007	231,434
	4,601,025	5,292,693
Expenses:		
Human resources	3,311,962	3,474,207
Operating	294,786	302,136
Occupancy	357,570	416,974
Amortization of capital assets	93,125	98,371
Program activities	438,470	1,063,258
	4,495,913	5,354,946
Excess (deficiency) of revenue over expenses	\$ 105,112	\$ (62,253)

See accompanying notes to financial statements.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

## Statement of Changes in Net Assets

Year ended March 31, 2001, with comparative figures for 2000

	Unrestricted	Invested in capital assets	Internally restricted (note 6)	2001	2000
Balance, beginning of year	\$ 889,589	\$ 125,061	\$ 628,874	\$1,643,524	\$1,705,777
Excess (deficiency) of revenue over expenses	105,112	–	–	105,112	(62,253)
Capital asset additions	(84,675)	84,675	–	–	–
Amortization of capital assets	93,125	(93,125)	–	–	–
<b>Balance, end of year</b>	<b>\$1,003,151</b>	<b>\$ 116,611</b>	<b>\$ 628,874</b>	<b>\$1,748,636</b>	<b>\$1,643,524</b>

See accompanying notes to financial statements.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

## Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 105,112	\$ (62,253)
Items not involving cash:		
Amortization of capital assets	93,125	98,371
Amortization of discount on bonds	(53,095)	(39,495)
Change in non-cash operating items:		
Decrease (increase) in amounts receivable	30,760	(57,709)
Decrease in prepaid expenses	66,264	319,586
Decrease (increase) in cash restricted for projects	(2,541,543)	257,913
Decrease in project advances	209,063	98,005
Decrease in accounts payable and accrued liabilities	(148,411)	(78,490)
Increase in project expense payable	525,119	732,379
Increase (decrease) in deferred project contributions	1,807,361	(1,088,297)
	93,755	180,010
Investments:		
Purchase of capital assets	(84,675)	(69,601)
Purchase of investments	(125,239)	(129,862)
Proceeds from maturity of bonds	110,000	110,000
	(99,914)	(89,463)
Increase (decrease) in cash	(6,159)	90,547
Cash, beginning of year	556,343	465,796
Cash, end of year	\$ 550,184	\$ 556,343

See accompanying notes to financial statements.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

Notes to Financial Statements

Year ended March 31, 2001

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## 1. Description:

The Association of Canadian Community Colleges was incorporated in 1972 without share capital, under Part II of the Canada Corporations Act. The Association is a registered charity and as such is exempt from income tax.

The mission of the Association is to provide leadership in supporting member institutions in their provision of lifelong learning opportunities which promote both individual development and that of the society and economy.

## 2. Significant accounting policies:

### (a) General:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### (b) Investments:

Investments are recorded at cost. When there is a loss in value of an investment that is other than a temporary decline, the investment is written down to market value. Premiums or discounts on the purchase of bonds are amortized over the term of the investments.

### (c) Capital assets:

Capital assets are stated at cost. Amortization is provided on the straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	term of lease

### (d) Revenue recognition:

#### (i) Project revenue is recorded using the deferral method of accounting for contributions.

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.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

Notes to Financial Statements, continued

Year ended March 31, 2001

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## 2. Significant accounting policies (continued):

### (d) Revenue recognition (continued):

Externally restricted contributions are recognized as revenue using the percentage of completion method based on the proportion of total contract expenses incurred during the fiscal year. Contributions relating to specific projects extending beyond the end of the year are deferred to the extent that matching expenses have not been incurred. A loss is recognized on projects when total expenses are expected to exceed total contributions.

(ii) Membership fees are recognized as revenue in the period in which they apply.

### (e) Foreign exchange:

Transactions conducted in a foreign currency are translated into Canadian dollars at the average exchange rate for the period. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates in effect at year-end.

### (f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## 3. Project activities:

The Association coordinates and implements a number of educational and research projects funded by a variety of agencies. Most of the project activities are conducted by member institutions of the Association. The Association is responsible for the completion of the projects and ensuring that the project expenditures are in accordance with the funding agreements.

The Association receives funds in advance of the projects from its funding agencies. These funds are restricted in use to the projects and are reported separately from the Association's regular cash resources.

Project advances are amounts forwarded to member institutions performing the project work prior to the project expenses being incurred. Project expenses payable consist of expenses incurred in the year on projects which have not yet been paid by the Association.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

Notes to Financial Statements, continued

Year ended March 31, 2001

### 3. Project activities (continued):

Deferred project contributions consist of project amounts received from funding agencies for which project expenses have not been incurred. The changes in the deferred project contributions balance are as follows:

	2001	2000
Balance, beginning of year	\$ 1,951,860	\$ 3,040,157
Cash received during the year	24,169,422	26,419,137
Recognized as revenue during the year	(22,362,061)	(27,507,434)
<b>Balance, end of year</b>	<b>\$ 3,759,221</b>	<b>\$ 1,951,860</b>

### 4. Investments:

	2001		2000	
	Carrying value	Market value	Carrying value	Market value
Bonds	\$ 989,494	\$ 986,786	\$ 939,614	\$ 903,120
Marketable securities	237,644	231,462	219,190	250,911
	<b>\$ 1,227,138</b>	<b>\$ 1,218,248</b>	<b>\$ 1,158,804</b>	<b>\$ 1,154,031</b>

The Association maintains its investments on the principle of security of capital while generating a reasonable return on investment.

### 5. Capital assets:

	2001		2000	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 402,026	\$ 371,031	\$ 30,995	\$ 36,376
Computer equipment	493,973	416,202	77,771	74,563
Leasehold improvements	43,449	35,604	7,845	14,122
	<b>\$ 939,448</b>	<b>\$ 822,837</b>	<b>\$ 116,611</b>	<b>\$ 125,061</b>

Cost and accumulated amortization at March 31, 2000 amounted to \$1,027,266 and \$902,205 respectively.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

Notes to Financial Statements, continued

Year ended March 31, 2001

## 6. Internally restricted net assets:

The Board of Directors periodically approves appropriations of funds for specific future purposes. Currently, the Board has appropriated funds for new international development opportunities and the Association's Awards program as follows:

	2001	2000
New international development	\$ 413,874	\$ 413,874
Awards program	215,000	215,000
	<u>\$ 628,874</u>	<u>\$ 628,874</u>

## 7. Commitments:

The Association has committed to make the following future minimum payments under premises and equipment leases:

2002	\$ 54,549
2003	41,109
2004	11,837
2005	4,753
2006	3,150
	<u>\$ 115,398</u>

## 8. Contingencies:

Program revenues of the Association are subject to conditions regarding the expenditures of the funds. The Association's accounting records, as well as those of agencies delegated to execute the projects, are subject to audit by CIDA to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to CIDA. Currently, there are no audits in progress.

The Association is contingently liable under letters of guarantee amounting to \$1,689,055 (2000 - \$1,854,000) which have been issued in the normal course of business and which relate to overseas projects.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

Notes to Financial Statements, continued

Year ended March 31, 2001

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## 9. Financial instruments:

### (a) Foreign currency risk:

Foreign currency exposure arises from the Association's cash holdings in foreign currencies. Amounts received in foreign currencies are generally disbursed in the same currency, effectively hedging the Association's exposure to currency fluctuations. The Association holds cash for projects in the following non-U.S. foreign currencies:

Project	Amount	Currency
Bosnia - Media Training Project	11,906	German Mark
Women Law in China Implementation	211,384	Chinese Yuan
ADB - Pakistan	2,757,757	Pakistan Rupee
ADB - Bangladesh	1,831	Bangladeshi Taka
CIILP	7,351,417	Indian Rupee
PRICAT	10,606	Tunisian Dinar

These amounts are the equivalent of approximately \$406,411 (2000 - \$390,400) in Canadian dollars.

### (b) Concentration of credit risk:

The Association's amounts receivable consist principally of amounts due from ten project funders and partners and GST receivable from the federal government. The project funders are principally federal government departments, foreign governments and foreign development banks. Management believes that an adequate provision has been made for the possibility of amounts proving uncollectible.

## 10. Comparative figures:

Certain of the 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001.

# ASSOCIATION OF CANADIAN COMMUNITY COLLEGES

## Schedule of Departmental Revenue and Expense

Year ended March 31, 2001, with comparative figures for 2000

	Governance and Office of the President	Member Services and Public Policy	Partnership Programs	Marketing and Development	Corporate Services	2001 Total	2000 Total
<b>Revenue:</b>							
Projects	\$ 44,633	\$ 336,875	\$ 21,567,305	\$ 271,719	\$ 141,529	\$ 22,362,061	\$ 27,507,434
Direct project expenses	–	–	19,003,789	–	–	19,003,789	23,324,730
Net project contribution	44,633	336,875	2,563,516	271,719	141,529	3,358,272	4,182,704
Membership fees	143,318	763,428	–	–	–	906,746	878,555
Investment	279,374	24,988	–	–	31,645	336,007	231,434
	467,325	1,125,291	2,563,516	271,719	173,174	4,601,025	5,292,693
<b>Expenses:</b>							
Human resources	182,677	768,285	1,527,006	349,489	484,505	3,311,962	3,474,207
Operating	40,937	17,212	50,839	6,017	179,781	294,786	302,136
Occupancy	13,252	79,495	178,856	33,118	52,849	357,570	416,974
Amortization of capital assets	3,437	20,596	46,338	8,580	14,174	93,125	98,371
Program activities	201,902	85,440	(15,569)	146,994	19,703	438,470	1,063,258
	442,205	971,028	1,787,470	544,198	751,012	4,495,913	5,354,946
Allocation of net corporate services expense	25,120	150,742	339,165	62,811	(577,838)	–	–
	467,325	1,121,770	2,126,635	607,009	173,174	4,495,913	5,354,946
<b>Excess (deficiency) of revenue over expenses</b>	\$ –	\$ 3,521	\$ 436,881	\$ (335,290)	\$ –	\$ 105,112	\$ (62,253)