

**NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.**

**Financial Statements**

**Year Ended June 30, 2024**



53 King Street, Suite 301  
Saint John, NB E2L 1G5

CALL: (506) 632-9020

FAX: (506) 632-9030

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of New Brunswick Medical Education Foundation Inc.

### *Qualified Opinion*

We have audited the financial statements of New Brunswick Medical Education Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at June 30, 2024, and the statements of revenues and expenditures and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 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 Qualified Opinion*

In common with many charitable organizations, the Foundation receives revenues from the general public in the form of donations and other fundraising projects, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2024 was modified accordingly because of the possible effects of this limitation of scope.

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 Foundation 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 qualified audit opinion.

### *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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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*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 Foundation'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 Foundation'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 Foundation 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.



Chartered Professional Accountants

Saint John, New Brunswick  
September 24, 2024

**NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.**

**Statement of Financial Position**

**As at June 30, 2024**

	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,075,734	\$ 1,229,488
Receivables (Note 4)	46,800	45,600
	<b>1,122,534</b>	1,275,088
<b>INVESTMENTS (Note 5)</b>	<b>10,654,908</b>	10,386,433
	<b>\$ 11,777,442</b>	\$ 11,661,521
<b>CURRENT LIABILITY</b>		
Payables (Note 6)	\$ 1,156,213	\$ 1,054,091
<b>FUND BALANCES</b>	<b>10,621,229</b>	10,607,430
	<b>\$ 11,777,442</b>	\$ 11,661,521

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.**  
**Statement of Revenues and Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2024**

	General Fund	Endowment Fund	Designated Fund	2024	2023
<b>REVENUE</b>					
Donations	\$ 174,974	\$ 81,367	\$ 250,500	\$ 506,841	\$ 3,383,810
Investment	13,110	273,900	95,272	382,282	234,433
Exchange gain	8,206	171,443	-	179,649	136,096
Unrealized gain	13,854	289,441	15,812	319,107	471,566
Realized gain (loss) on sale of investments	5,679	118,639	-	124,318	(15,953)
	<b>215,823</b>	<b>934,790</b>	<b>361,584</b>	<b>1,512,197</b>	<b>4,209,952</b>
<b>GENERAL EXPENDITURES</b>					
Awards and scholarships	-	342,500	772,000	1,114,500	1,006,000
Investment management fees	2,329	48,657	-	50,986	48,235
	<b>2,329</b>	<b>391,157</b>	<b>772,000</b>	<b>1,165,486</b>	<b>1,054,235</b>
	<b>213,494</b>	<b>543,633</b>	<b>(410,416)</b>	<b>346,711</b>	<b>3,155,717</b>
General support expenses	201,974	110,938	20,000	332,912	291,996
<b>NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>11,520</b>	<b>432,695</b>	<b>(430,416)</b>	<b>13,799</b>	<b>2,863,721</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>394,753</b>	<b>8,194,566</b>	<b>2,018,111</b>	<b>10,607,430</b>	<b>7,743,709</b>
	<b>406,273</b>	<b>8,627,261</b>	<b>1,587,695</b>	<b>10,621,229</b>	<b>10,607,430</b>
Inter-fund transfer	(2,500)	-	2,500	-	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 403,773</b>	<b>\$ 8,627,261</b>	<b>\$ 1,590,195</b>	<b>\$ 10,621,229</b>	<b>\$ 10,607,430</b>

See notes to financial statements

**NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.****Statement of Cash Flows****Year Ended June 30, 2024**

	2024	2023
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 13,799	\$ 2,863,721
Items not affecting cash:		
(Gain) loss on disposal of investments	(124,318)	15,953
Unrealized gain on investments	(319,107)	(471,566)
Cost of share donation (Note 8)	(46,808)	(104,982)
Foreign exchange gains	(179,649)	(136,096)
	(656,083)	2,167,030
Changes in non-cash working capital:		
Receivables	(1,200)	16,700
Payables	102,122	593,687
	100,922	610,387
	(555,161)	2,777,417
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of investments	1,184,236	493,894
Purchase of investments	(782,829)	(2,523,188)
	401,407	(2,029,294)
<b>NET CHANGE IN CASH</b>	(153,754)	748,123
<b>CASH, BEGINNING OF YEAR</b>	1,229,488	481,365
<b>CASH, END OF YEAR</b>	\$ 1,075,734	\$ 1,229,488

See notes to financial statements

# NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.

## Notes to Financial Statements

Year Ended June 30, 2024

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### 1. NATURE OF OPERATIONS

New Brunswick Medical Education Foundation Inc. (the "Foundation") is a not-for-profit organization of New Brunswick. The Foundation was established in 2015 by an Act of the New Brunswick Legislature to serve as a trustee of the investments, which are held for educational purposes. The Foundation is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of presentation*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP) and include the following significant accounting policies:

#### *Fund accounting*

The Foundation follows the restricted fund method of accounting for contributions. For financial reporting purposes the accounts have been classified into the following funds:

- a) The General Fund reports amounts, including donations, fundraising and investment income, to be used to support charitable grants and administration. The donors have placed no restrictions on the use of the funds. The distribution of grants is determined by the Board of Directors.
- b) The Endowment Fund consists of contributions designated by donors to remain in perpetuity.
- c) The Designated Fund reports donation income to be used to support charitable grants only. The distribution of grants is determined by the Board of Directors.

#### *Financial instruments*

##### *Measurement of financial instruments*

The Foundation initially measures its financial assets and liabilities at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument.

##### *Subsequent measurement*

Financial assets including cash and cash equivalents and receivables are measured at amortized cost which approximates fair value due to the short-term nature of the assets.

Investments are measured at fair value using quoted market values. The unrealized gain or loss on investments is included in revenue for the year.

Financial liabilities, comprised of payables, are measured at amortized cost which approximates fair value due to the short-term nature of the liability.

#### *Cash and cash equivalents*

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### *Revenue recognition*

Donations are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue of the appropriate fund when earned.

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# NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.

## Notes to Financial Statements

Year Ended June 30, 2024

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *General support expenses*

General support expenses are allocated between the General Fund and the Endowment Fund based on a percentage of the particular fund in comparison to the sum of both funds.

#### *Contributed marketable securities*

Donated marketable securities are recorded at fair value where the value can be reasonably determined.

#### *Foreign exchange*

Investments denominated in U.S. dollars are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Investment income and expenses are translated into Canadian dollars using average quarterly exchange rates prevailing during the year. All realized and unrealized gains or losses are included in income. During the year, the Foundation recorded a foreign exchange gain in the amount of \$179,649 (2023 - gain of \$136,096).

#### *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 amounts of assets, liabilities, revenues and expenses. Estimates are used for, but not limited to, determination of fair values, allowance for doubtful accounts and accruals. Actual results could differ from those estimates.

### 3. FINANCIAL INSTRUMENTS

The Foundation has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include liquidity risk, credit risk, market risk, currency risk and interest rate risk.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its payables.

#### *Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation's main credit risk relates to its receivables.

#### *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, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to market risk through its investments for which the value fluctuates with the quoted market price.

#### *Currency risk*

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. Certain of the Foundation's investments are in U.S. dollars or other foreign currency. Consequently, some assets are exposed to foreign currency fluctuations. The Foundation holds investments of \$2,163,771 (2023 - \$1,916,263) in foreign currency.

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# NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.

## Notes to Financial Statements

Year Ended June 30, 2024

### 3. FINANCIAL INSTRUMENTS *(continued)*

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to fluctuations in interest rates on its fixed rate financial instruments. Fixed-rate instruments subject the Foundation to fair value risk, since fair value fluctuates inversely to changes in market interest rates.

### 4. RECEIVABLES

	2024	2023
Trade	\$ 41,800	\$ 40,600
HST receivable	5,000	5,000
	<b>\$ 46,800</b>	<b>\$ 45,600</b>

### 5. INVESTMENTS

	2024	2023
Fixed income	\$ 1,984,281	\$ 1,553,543
Canadian equity	4,199,086	4,099,030
U.S. equity	2,961,338	2,719,469
Scholarship fund	1,510,203	2,014,391
	<b>\$ 10,654,908</b>	<b>\$ 10,386,433</b>

### 6. PAYABLES

	2024	2023
Trade	\$ 34,826	\$ 41,886
Scholarships	1,114,500	1,006,000
Government remittances	6,887	6,205
	<b>\$ 1,156,213</b>	<b>\$ 1,054,091</b>

### 7. INCOME TAXES

The Foundation is registered as a public foundation under the Income Tax Act of Canada and is exempt from income taxes. As part of maintaining its registration, the Foundation must meet a disbursement quota as set by Canada Revenue Agency regulations. The Foundation has met this requirement in 2024.

### 8. NON-CASH TRANSACTION

During the year, the Foundation received share donations for total proceeds of \$46,808 (2023 - \$104,982).

**NEW BRUNSWICK MEDICAL EDUCATION FOUNDATION INC.**

**Notes to Financial Statements**

**Year Ended June 30, 2024**

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**9. PRIOR YEAR FIGURES**

Certain prior year figures have been reclassified to conform to the presentation format adopted for the current year.