

**Private and Confidential**

Mr. David Martin, Chairman  
Nova Scotia Agriculture College Foundation  
P. O. Box 550  
Truro, Nova Scotia  
B2N 5E3

September 10, 1999

Dear Sir:

In connection with our examination of the accounts of the Nova Scotia Agricultural College Foundation for the year ended March 31, 1999, we wish to make the following observations and recommendations. We point out that these observations have been made in the ordinary course of our audit and are not the result of a detailed examination of the Foundation's internal control systems.

- 1 During the year, the Foundation had a large balance (over \$60,000) in the chequing account earning very little income. As a result, some scholarship funds have little income attributed to them for the year. Funds in excess of expected needs should be invested to earn investment income.
- 2 A good audit trail should be created for all transactions. The best way to achieve this is for all receipts to be deposited directly into the bank account prior to investment. It is easier to follow a transaction if a donation is not added directly to a maturing GIC, or disbursements not taken directly out of a maturing account.
- 3 Charitable donation receipts should be issued when the funds are received or soon afterwards. At year-end, three donations had not been issued receipts. It was also noted that a receipt had been signed and dated prior to the receipt of the funds.
4. The books and journals donated to the Foundation during the year ended March 31, 1996 continue to be recorded in the Foundation's records at \$29,900. We again recommend a depreciation policy be developed, or that the books and journals be revalued periodically. Our suggestion is to write these assets off over a 20 year period, commencing with the March 31, 2000 year.

- 5 We feel it is important the Foundation track each donation separately (i.e. principal, income and disbursements). If funds from various donations are pooled, the income should be accounted for on a pro-rata basis.
- 6 The financial statements for the current year indicate a contribution to the General Fund in the amount of \$1,438. This amount represents payment of the previous year's audit fee by the College. We again suggest a policy be developed to clarify what is to be considered an expense of the Foundation, as opposed to an expense of the College. We suggest confirmation be obtained from the College that fees such as the audit will continue to be paid on behalf of the Foundation.
- 7 The Nova Scotia Department of Agriculture advises that the International Students account (approximately \$24,000) should not be included with the Foundation funds administered by the Department. This account has been confirmed as Foundation funds in the past. We recommend clarification be obtained as to the ownership of these funds.

Should you have any comments or questions regarding the foregoing, please contact us.

Yours very truly,



David G. Bauld, CA

✓ DGB/glc  
c.c. Dr. Bernie MacDonald

**Nova Scotia Agricultural College  
Foundation**

Financial Statements  
March 31, 1999

July 19, 1999

## Auditors' Report

To the Board of Directors of  
Nova Scotia Agricultural College Foundation

We have audited the balance sheet of **Nova Scotia Agricultural College Foundation** as at March 31, 1999 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Foundation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants

# Nova Scotia Agricultural College Foundation

Balance Sheet

As at March 31, 1999

	Turfgrass \$	Golf Fund \$	Scholarship Fund \$	General Fund \$	1999 Total \$	1998 Total \$
<b>Assets</b>						
<b>Current assets</b>						
Cash and term deposits	24,019	6,000	525,818	-	555,837	154,422
Accounts receivable	115	250	8,867	-	9,232	17
	24,134	6,250	534,685	-	565,069	154,439
<b>Other assets (note 3)</b>	-	-	-	30,220	30,220	29,900
<b>Investments (market value \$143,897)</b>	-	-	147,251	-	147,251	40,500
	24,134	6,250	681,936	30,220	742,540	224,839
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	-	2,000	500	1,267	3,767	1,017
<b>Fund Balances</b>						
Externally restricted	24,134	4,250	681,436	-	709,820	194,939
Internally restricted	-	-	-	28,953	28,953	28,883
	24,134	4,250	681,436	28,953	738,773	223,822
	24,134	6,250	681,936	30,220	742,540	224,839

Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Nova Scotia Agricultural College Foundation

## Statement of Operations and Changes in Fund Balances

For the year ended March 31, 1999

	Turfgrass Fund \$	Golf Fund \$	Scholarship Fund \$	General Fund \$	1999 Total \$	1998 Total \$
<b>Revenue</b>						
Contributions	23,985	—	485,934	1,587	511,506	106,920
Contributed materials	—	—	—	321	321	—
Investment income	149	250	17,326	—	17,725	4,987
	24,134	250	503,260	1,908	529,552	111,907
<b>Expenses</b>						
Audit	—	—	—	1,688	1,688	1,400
Bank charges	—	—	—	—	—	175
Library	—	—	—	150	150	—
Life insurance	—	—	2,863	—	2,863	—
Scholarships	—	—	7,900	—	7,900	4,500
Tournament expense	—	2,000	—	—	2,000	—
	—	2,000	10,763	1,838	14,601	6,075
<b>Excess of revenues over expenses (expenses over revenues)</b>	24,134	(1,750)	492,497	70	514,951	105,832
<b>Fund balances – Beginning of year</b>	—	6,000	188,939	28,883	223,822	117,990
<b>Fund balances – End of year</b>	24,134	4,250	681,436	28,953	738,773	223,822

# Nova Scotia Agricultural College Foundation

## Statement of Cash Flows

For the year ended March 31, 1999

	Turfgrass Fund \$	Golf Fund \$	Scholarship Fund \$	General Fund \$	1999 Total \$	1998 Total \$
<b>Sources of cash</b>						
Contributions	23,985	-	485,934	1,587	511,506	106,920
Investment income	149	250	17,326	321	18,046	4,987
	24,134	250	503,260	1,908	529,552	111,907
<b>Uses of cash</b>						
Audit	-	-	-	(1,688)	(1,688)	(1,400)
Bank charges	-	-	-	-	-	(175)
Library	-	-	-	(150)	(150)	-
Life insurance	-	-	(2,863)	-	(2,863)	-
Scholarships	-	-	(7,900)	-	(7,900)	(4,500)
Tournament expense	-	(2,000)	-	-	(2,000)	-
	-	(2,000)	(10,763)	(1,838)	(14,601)	(6,075)
<b>Net change in non-cash items affecting operations (note 5)</b>	(115)	1,750	(115,101)	(70)	(113,536)	250
<b>Net increase in cash and term deposit</b>	24,019	-	377,396	-	401,415	106,082
<b>Cash and term deposits - Beginning of year</b>	-	6,000	148,422	-	154,422	48,340
<b>Cash and term deposits - End of year</b>	24,019	6,000	525,818	-	555,837	154,422

# Nova Scotia Agricultural College Foundation

Notes to Financial Statements

March 31, 1999

---

## 1 Statutes and nature of activities

The Foundation administers funds and materials donated to the Nova Scotia Agricultural College for educational purposes. The Foundation is incorporated under the University Foundations Act of the Province of Nova Scotia.

## 2 Significant accounting policies

### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's lectureship and administrative activities. The fund reports unrestricted resources.

The Scholarship Fund reports restricted resources that are to be used for scholarship and awards purposes.

The Golf Fund reports restricted resources contributed for the annual alumni golf tournament.

The Turfgrass Fund administers funds to be used towards turfgrass research.

### Investments

Investments are recorded at the lower of cost and market value. Provision for impairment in value is recorded when such impairment is considered as permanent.

### Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income is recognized as revenue of the appropriate fund as it accrues.

### Contributed materials and services

The Foundation recognizes contributions of materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations at the Nova Scotia Agricultural College and would otherwise have been purchased by the College.

## 3 Other assets

Other assets are recorded at cost and consists of books contributed to the Foundation which are currently on loan to the MacRae Library.

# Nova Scotia Agricultural College Foundation

Notes to Financial Statements

March 31, 1999

## 4 Funds administrated by the Nova Scotia Department of Agriculture

The Nova Scotia Department of Agriculture currently administers funds of approximately \$393,000 contributed from various donors prior to the incorporation of the Foundation. These funds may be transferred to the Foundation at a later date.

## 5 Net change in non-cash items affecting operations

	<b>Turfgrass Fund \$</b>	<b>Golf Fund \$</b>	<b>Scholarship Fund \$</b>	<b>General Fund \$</b>	<b>1999 Total \$</b>	<b>1998 Total \$</b>
Accounts payable	-	2,000	500	250	2,750	250
Accounts receivable	(115)	(250)	(8,850)	-	(9,215)	-
Other assets	-	-	-	(320)	(320)	-
Investments	-	-	(106,751)	-	(106,751)	-
	<u>(115)</u>	<u>1,750</u>	<u>(115,101)</u>	<u>(70)</u>	<u>(113,536)</u>	<u>250</u>

## 6 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use the digits "99" in date fields to represent something other than the year 1999. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.