
MIC MAC NATIVE FRIENDSHIP SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

CONTENTS

	PAGE
Auditors' Report	1-2
Statement of Financial Position	3
Statement of Retained Earnings	4
Statement of Capital Funding	5
Statement of Operations	6-7
Statement of Cash Flows	8
Notes to the Financial Statements	9-12
Supplementary Information to the Financial Statements	13-18



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AUDITORS' REPORT

To The Members Of Mic Mac Native Friendship Society

We have audited the accompanying financial statements of Mic Mac Native Friendship Society, which comprise the statement of financial position as at March 31, 2013, and the statement of operations, statement of deficit, statement of capital funding, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

...2

Basis for Qualified Opinion

As is common with many not-for-profit organizations, the Society derives revenue from donations, sponsorships, registrations, and fund raising, 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 Society and we were not able to determine whether any adjustments might be necessary to the statements of revenue and expenditure, balance sheet and deficit.

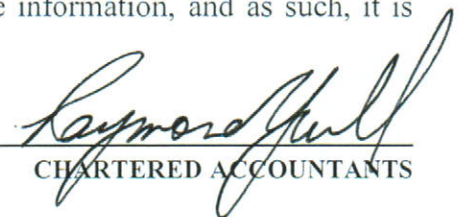
As described in Note 2, in 2011 the Society has committed to pay amounts related to past services over a two year period totaling \$123,553, the board's position is that this amount is to be expensed as it is paid. Generally Accepted Accounting Principles require a commitment to be recorded when it is measurable and when it is incurred, as such the 2011 financial statements would have been impacted negatively by \$123,553 if this liability was properly reflected.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Mic Mac Native Friendship Society as at March 31, 2013, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

We draw your attention to Note 3 of the financial statements which describes that the Society adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheet as at March 31, 2012 and the statements of financial position, operations and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited or reviewed.



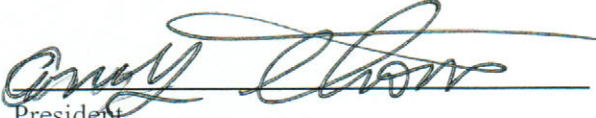
CHARTERED ACCOUNTANTS

Bedford, NS
September 23, 2013

MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	2013	2012 See Audit Engagement Report	April 1, 2011
	\$	\$	\$
ASSETS			
CURRENT			
Cash	191,461	9,727	6,855
Accounts receivable (Schedule 1)	396,658	321,848	231,800
Prepaid expenses	18,787	5,314	19,909
	<u>606,906</u>	<u>336,889</u>	<u>258,564</u>
PROPERTY AND EQUIPMENT (Note 5)	<u>642,318</u>	<u>524,338</u>	<u>533,673</u>
	<u>1,249,224</u>	<u>861,227</u>	<u>792,237</u>
LIABILITIES			
CURRENT			
Bank indebtedness (Note 7)	-	166,626	223,684
Accounts payable (Schedule 2)	255,060	214,261	88,356
Deferred revenue (Note 8)	386,675	97,407	114,453
	<u>641,735</u>	<u>478,294</u>	<u>426,493</u>
NET ASSETS			
CAPITAL FUNDING	551,285	436,293	438,151
RETAINED EARNINGS (DEFICIT)	<u>56,204</u>	<u>(53,360)</u>	<u>(72,407)</u>
	<u>607,489</u>	<u>382,933</u>	<u>365,744</u>
	<u>1,249,224</u>	<u>861,227</u>	<u>792,237</u>

APPROVED ON BEHALF OF THE BOARD:


 President

 Secretary-Treasurer

**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013	2012
	\$	\$
BALANCE - BEGINNING OF YEAR	(53,360)	(72,407)
SURPLUS OF REVENUES OVER EXPENDITURES	109,564	19,047
BALANCE - END OF YEAR	56,204	(53,360)

**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF CAPITAL FUNDING
FOR THE YEAR ENDED MARCH 31, 2013**

	2013	2012
	\$	\$
BALANCE - BEGINNING OF YEAR	<u>436,293</u>	<u>438,151</u>
Add:		
Funds provided by		
- Active Partnership Program	-	1,150
- CAP C Program	-	817
- College	3,635	-
- Daycare	-	817
- General	1,517	5,278
- Head Start	1,989	33,176
- Housing	115,672	-
- Methadone Program	49,398	2,273
- PHAC	4,408	-
- Youth	922	-
	<u>177,541</u>	<u>43,511</u>
	<u>613,834</u>	<u>481,662</u>
Deduct:		
Amortization		
- Child Development Centre - Property #3	11,192	11,192
- College	4,414	5,885
- Equipment & Vehicle	36,649	21,859
- Property #1	5,058	1,197
- Property #2	5,236	5,236
	<u>62,549</u>	<u>45,369</u>
BALANCE - END OF YEAR	<u>551,285</u>	<u>436,293</u>

MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 Restated
	\$	\$
REVENUES		
Active partnership	120,726	113,371
Administration	12,572	21,061
Affordable Housing	229,144	20,441
Capital District Health - MET	400,000	400,000
Corrections Canada - MET	42,890	56,769
Daycare fees	33,062	40,787
Donations	105,079	96,496
Fundraising	6,344	9,485
Health Board - NEP	40,000	40,000
Health Canada - CAPC	75,142	75,142
Health Canada - Head Start	330,966	320,662
Law Foundation	39,874	46,498
Mi'kmaq employment training	40,000	40,000
Miscellaneous contracts	66,061	54,341
National Association Friendship Centre - Core Funding (Schedule 3)	171,237	171,237
National Association Friendship Centre - Youth Program (Schedule 4)	100,000	103,500
Province of Nova Scotia - College	84,385	98,141
Province of Nova Scotia - Daycare	132,891	103,676
Province of Nova Scotia - GAP Program	110,801	100,230
Province of Nova Scotia - HAPN/UAS	114,960	207,081
Province of Nova Scotia - Infrastructure Grant	4,750	-
Province of Nova Scotia - NEP	289,741	281,479
Rent	41,285	49,970
Revenue others	502,470	421,362
Van lease	14,400	14,400
TOTAL REVENUES	3,108,780	2,886,129

The accompanying notes form an integral part of these financial statements.

MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF OPERATIONS (Continued)
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012 Restated
	\$	\$
EXPENDITURES		
ACPU	8,850	3,294
Accounting, auditing and legal	38,553	35,253
Advertising and printing	11,450	6,619
Amortization	26,418	26,472
Bank charges and interest	3,242	6,455
Building maintenance	207,157	103,208
Child Development Centre	45,921	54,409
Conference and travel	53,990	52,345
Contingency	1,633	3,613
CORE Program (Schedule 3)	206,247	206,150
Equipment - lease and maintenance	6,046	28,907
Expenses other	16,917	15,820
HAPN expenses	95,298	207,128
HST on expenses	55,466	38,186
Insurance	24,247	26,357
Literacy Program	49,151	22,557
Mainline	145,491	120,209
Medical	18,381	14,853
Methadone Program	235,943	177,213
Miscellaneous contracts	61,536	57,285
Office supplies and postage	41,094	45,342
Other unallocated expenses	25,828	29,419
PHAC	21,455	-
Special events	55,540	24,720
Staff training	7,418	5,546
Taxes	4,450	4,262
Telephone and fax	39,933	41,046
Utilities	59,776	59,852
Wages and benefits	1,324,680	1,346,059
Youth Program (Schedule 4)	107,105	104,503
TOTAL EXPENDITURES	2,999,216	2,867,082
SURPLUS OF REVENUES OVER EXPENDITURES	109,564	19,047

The accompanying notes form an integral part of these financial statements.

MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Cash from operations:		
Surplus of revenues over expenditures	109,564	19,047
Charges to operations not involving cash:		
Amortization of property and equipment	26,418	26,472
	<u>135,982</u>	45,519
Net change in non cash working capital balances related to operations		
Account receivable	(74,810)	(90,048)
Prepaid expenses	(13,473)	14,595
Accounts payable	40,799	125,905
Deferred revenue	289,268	(17,046)
	<u>377,766</u>	78,925
INVESTING ACTIVITIES		
Purchase of property and equipment	(208,747)	(62,506)
Capital funding provided	177,541	43,511
Proceeds from disposition of property and equipment	1,800	-
	<u>(29,406)</u>	(18,995)
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	348,360	59,930
CASH AND EQUIVALENTS - beginning of year (Note 6)	(156,899)	(216,829)
CASH AND EQUIVALENTS - end of year (Note 6)	<u>191,461</u>	(156,899)

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

1. NATURE OF ACTIVITIES

The Mic Mac Native Friendship Society is a non-profit Society registered under the Societies Act of Nova Scotia. The purpose of the Society is to operate a Native Friendship Centre, a Child Development Centre and the Kjipuktuk Aboriginal College in Halifax.

The Society is a non-profit organization under the Income Tax Act and is therefore exempt from income taxes.

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Society agreed to pay severance to a former employee over an extended period of time, two years. Generally accepted accounting principles require that this amount be recorded in the year it is incurred, as such it should have been reflected in the 2011 operating results. The Board feels that this would be a misrepresentation of the agreement and wants the expenditure recorded on the basis of payment, over the two year period. The outstanding amount of the obligation at March 31, 2011 was \$123,553. If this obligation was recorded, the previous year's Accounts payable would increase by \$123,553, previous year wage expense would increase by \$123,553 and the previous year surplus of revenue over expenditures would change to a deficit of revenues over expenditures in the amount of \$36,964.

Because the Society is expensing the severance over a two year period, the Society has expensed \$86,374 and in the 2012 fiscal year and \$37,179 in the 2013 fiscal year. If properly recorded under Generally accepted accounting principles in the 2011 fiscal year, the 2012 wage expense would decrease by \$86,374 and the 2013 wage expense would decrease by \$37,179 and the surplus of revenue over expenditures would change to \$105,421 for 2012 and \$146,743 for 2013.

3. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT (NFP)

The financial statements for the year ended March 30, 2012 were issued using generally accepted accounting principles prescribed by CICA Handbook - Accounting Part V. The adoption of not-for-profit (NFP) could result in adjustments to previously reported land and building, long-term investments, future income taxes and retained earnings. The effect of adopting NFP standards on April 1, 2012 with a transition date of April 1, 2011 has resulted in no adjustments to the balance sheet, income statement or cash flow statement.

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

4. ACCOUNTING POLICIES

Revenue recognition

The Society follows the deferred method of accounting for contributions. Restricted contributions received are deferred and 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.

Financial instruments

Measurement of financial instruments - The company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The company subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the bank indebtedness and accounts payable.

Property and equipment

Property and equipment are stated at cost. Amortization is calculated over the useful life of the asset using the following annual rates and methods:

Friendship Centre property and equipment:

Buildings	4%	Straight line
Equipment	25%	Diminishing balance
Vehicle	25%	Diminishing balance

Kjipuktuk College property and equipment:

Audio and video	25%	Diminishing balance
Computer	25%	Diminishing balance
Furniture	25%	Diminishing balance

Property and equipment acquired with capital funding are amortized directly to the capital funding account.

5. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2013 Net \$	2012 Net \$
Friendship Centre:				
Land	166,650	-	166,650	166,650
Buildings	980,782	654,321	326,461	245,426
Equipment	365,655	288,798	76,857	63,312
Vehicles	202,423	143,316	59,107	31,293
	1,715,510	1,086,435	629,075	506,681

MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

5. PROPERTY AND EQUIPMENT (Continued)

	Cost \$	Accumulated Amortization \$	2013 Net \$	2012 Net \$
Kjipuktuk College:				
Audio and video	4,160	3,966	194	259
Computers	162,464	154,812	7,652	10,202
Furniture	35,473	33,816	1,657	2,210
Leasehold improvements	80,040	76,299	3,740	4,986
	<u>282,137</u>	<u>268,893</u>	<u>13,243</u>	<u>17,657</u>
	<u>1,997,647</u>	<u>1,355,328</u>	<u>642,318</u>	<u>524,338</u>

	2013 \$	2012 \$
Total property and equipment at cost	1,997,647	1,813,879
Capital funding received	<u>1,364,666</u>	<u>1,187,125</u>
Net cost to the Society	<u>632,981</u>	<u>626,754</u>

6. CASH AND EQUIVALENTS

Cash and Equivalents are made up of the following balance sheet items:

	2013 \$	2012 \$
Cash	191,461	9,727
Bank indebtedness	-	(166,626)
Cash and Equivalents	<u>191,461</u>	<u>(156,899)</u>

7. BANK INDEBTEDNESS

As of March 31, 2013, the company has available line of credit of \$50,000 at a rate of prime plus 5%.

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

8. DEFERRED REVENUE

	2013	2012
	\$	\$
Donations	102,804	27,301
Fundraising	13,146	14,107
HCHB	1,150	-
MAC Aids	-	15,000
Other Revenues - General	989	3,600
Other Revenues - Literacy	-	637
Province of Nova Scotia - AHS	5,919	-
Province of Nova Scotia - DAY	605	4,154
Province of Nova Scotia - Housing Project	3,786	5,631
Province of Nova Scotia - KAC	36,399	17,236
Province of Nova Scotia - MED	201,300	-
Province of Nova Scotia - NEP	-	9,741
Province of Nova Scotia - PHAC	6,113	-
Regional Desk	3,600	-
Seven Sparks	10,864	-
	<hr/>	<hr/>
	386,675	97,407
	<hr/>	<hr/>

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's financial statement presentation.

10. SURPLUS

The Society has attained surpluses in each of the last two fiscal years. Management is projecting continued surpluses annually for the foreseeable future in order to accumulate funds for the proposed project to acquire and build a new facility for the Friendship Centre and its various operating units.

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013
SCHEDULE 1	\$
ACCOUNTS RECEIVABLE	
ACPU	94,937
Affordable Housing	79,148
Canadian Heritage	2,803
Charles Duncan	204
Corrections Canada	4,090
Daycare fees	800
Government of Canada	5,505
HST recoverable	56,428
Indianbrook	2,517
Metro Non Profit Housing	6,158
Mikmaq Rights Initiative	500
MNFC - CCC	2,617
MSI	6,004
NAFC	28,912
PHAC	1,488
Province of Nova Scotia	44,464
UAS/HAPN	51,943
Unama'ki Economic Benefits Office	8,140
	396,658

Note: These accounts receivable are covered by a general security agreement in favour of the Bank of Nova Scotia as security for borrowing.

MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

2013

\$

SCHEDULE 2

ACCOUNTS PAYABLE

3054581 NS Ltd.	2,220
Aboriginal Multi Media	189
Advanced Screen Printing	477
Ainsworth	452
Allen J Paul	200
Armitage Hardware Co. Ltd.	73
Armstrong's Communication Ltd.	93
Artercraft Promotional Concepts	2,076
Barb Hall	498
Bell Aliant	5,415
Big Eric's	6,346
Canadian Linen & Uniform Service	410
Canadian Springs	656
Can-Med	10,341
Cansel Survey Equipment	1,466
Capital District Health Authority	3,475
Capital One Mastercard	6,297
Cardinal Health	1,006
Carpenter Millwright Trades	3,105
Charles Lafitte	200
Corey Pennell	200
Cummins	6,694
Crystal Hope	48
D & L Engineering	1,150
Debbie Eisan	266
Diane Bailey	482
E Mantley Maintenance Services	1,035
Eastlink	246
Enterprise	218
Farmers	514
Feed Nova Scotia	75
G & K Services Canada Inc.	450
Grass Roots Press	110
Halifax Regional Municipality	4,584
Halifax Regional Water Commission	2,234
Heather Douglas	3,795
Imperial Parking	115
Independent Security Services	9,764
Iron Clad Security	144
Ivan Marble	110
Accounts Payable Subtotal	77,229

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013
	\$
SCHEDULE 2	
ACCOUNTS PAYABLE	
Sub-total from previous page	77,229
Jiayu Sun	1,900
John Marr	200
Kayla Marr	123
Kathy Boudreau	4,881
Katlyn Copage	200
Kwick Copy Design & Print Centre	2,258
Labrador Friendship Centre	252
Lloyd Toney	200
London Rubber Stamp	36
Maritime Fence	2,924
Matthew Merrick	200
Med Express	62
Melanie Raymond	4,574
Membertou Geomatics	8,050
Mi'kmaq Maliseet Nations News	143
Miller Waste Systems	3,333
Miranda Pierro	75
MNFC CCC	731
Native Reflections	2,594
N.C.N.S Netukulimkewe'l Commission	1,495
NEDTEK Computer Solutions	4,872
Nova Scotia Power	19,084
Pamela Glode-Desrochers	1,014
Paul Ochalla	115
PCO	276
Pilcher's Nursery Ltd.	200
Power Security Systems Ltd.	69
Provide Services	2,804
Ramona Brooks	90
Receiver General - Payroll taxes	23,955
Retirement Plan	2,613
Robert J. Paul	200
Roode & Rose	3,059
Sacks Management Ltd.	36,535
Scotiabank Visa	6,757
Sharp Electronics of Canada Ltd.	816
Spectrum Medical	2,472
Accounts Payable Subtotal	216,391

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013
	\$
SCHEDULE 2	
ACCOUNTS PAYABLE	
Sub-total from previous page	216,391
St. John's Friendship Centre	1,224
Staples	5,132
Stericycle	3,961
SumIt Accounting	575
TD Visa	11,755
Telus	1,882
The Prophet Corporation	5,092
The Trading Post	4,664
Tourism Industry Association of N.S.	184
Winston Marshall	200
Yvonne Mosley	4,000
	<hr/>
Accounts Payable Total	<u>255,060</u>

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013
	\$
SCHEDULE 3	
CORE PROGRAM	
REVENUES	
NAFC revenue	171,237
Administration fee	34,992
	<u>206,229</u>
EXPENDITURES	
Accounting, auditing and legal	17,318
Conference and travel	525
HST on expenses	(323)
Miscellaneous	410
Special events	254
Staff training	498
Wages and benefits	187,565
	<u>206,247</u>
SURPLUS OF REVENUES OVER EXPENDITURES	<u>(18)</u>

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

	2013
	\$
SCHEDULE 4	
YOUTH PROGRAM	
REVENUES	
NAFC revenue	100,000
Donations	5,055
HCHB revenue	2,050
	<hr/> 107,105
EXPENDITURES	
Accounting	6,800
Conference and travel	3,662
HST on expenses	1,285
Honorarium	3,010
Insurance	1,200
Office supplies and postage	2,214
Program Supplies	12,324
Rent	6,000
Telephone and fax	750
Training	13,974
Wages and benefits	55,886
	<hr/> 107,105
EXCESS OF EXPENDITURES OVER REVENUE	<hr/> - <hr/>