
MIC MAC NATIVE FRIENDSHIP SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

CONTENTS

	PAGE
Auditors' Report	1-2
Statement of Financial Position	3
Statement of Deficit	4
Statement of Capital Funding	5
Statement of Operations	6-7
Statement of Cash Flows	8
Notes to the Financial Statements	9-11
Supplementary Information to the Financial Statements	12-14



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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, 2011, and the statement of operations, statement of deficit, statement of capital funding, cash flows and the accompanying schedules 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 audit opinion.

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Bedford ~ Bridgewater ~ Liverpool

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A partnership of David Yuill Incorporated Mark S. Winfield Incorporated Martin D. Raymond Incorporated Carol Semple Incorporated

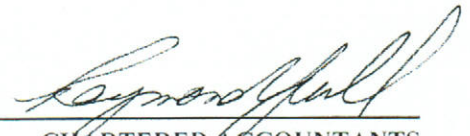
Basis for Qualified Opinion

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, 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 financial statements would be 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, 2011, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.



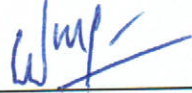
CHARTERED ACCOUNTANTS

Bedford, NS
September 8, 2011

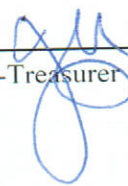
**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011**

	2011	2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	6,855	6,021
Accounts receivable (Schedule 1)	231,800	203,007
Prepaid expenses	19,909	14,218
	258,564	223,246
PROPERTY AND EQUIPMENT (Note 4)	533,673	585,096
	792,237	808,342
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 5)	223,684	60,431
Accounts payable (Schedule 2)	88,357	240,419
Deferred revenue (Note 6)	114,453	199,369
	426,494	500,219
NET ASSETS		
CAPITAL FUNDING	438,151	467,119
DEFICIT	(72,408)	(158,996)
	365,743	308,123
	792,237	808,342

APPROVED ON BEHALF OF THE BOARD



President



Secretary-Treasurer

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF DEFICIT
FOR THE YEAR ENDED MARCH 31, 2011**

	2011	2010
	\$	\$
BALANCE - BEGINNING OF YEAR	(158,996)	(174,434)
SURPLUS OF REVENUE OVER EXPENDITURE	<u>86,588</u>	<u>15,438</u>
BALANCE - END OF YEAR	<u>(72,408)</u>	<u>(158,996)</u>

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF CAPITAL FUNDING
FOR THE YEAR ENDED MARCH 31, 2011**

	2011	2010
	\$	\$
BALANCE - BEGINNING OF YEAR	<u>467,119</u>	<u>486,604</u>
Add:		
Funds provided by		
- Child Development Centre	-	4,099
- College	10,865	15,828
- Core	3,478	1,155
- Headstart	-	1,766
- Methadone Program	658	-
- NAFC - Youth Program	817	3,946
- Women are Medicine Program	-	2,500
	<u>15,818</u>	<u>29,294</u>
	<u>482,937</u>	<u>515,898</u>
Deduct:		
Amortization		
- Child Development Centre - Property # 3	10,555	10,555
- Property # 2	5,236	5,236
- Equipment & Vehicle	19,951	21,328
- Property #1	1,197	1,197
- College	7,847	10,463
	<u>44,786</u>	<u>48,779</u>
BALANCE - END OF YEAR	<u>438,151</u>	<u>467,119</u>

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

MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
	\$	\$
REVENUES		
Capital District Revenue - MET	400,000	400,000
National Association Friendship Centre - Core Funding	171,237	171,237
National Association Friendship Centre - Youth Program	135,000	127,000
National Association Friendship Centre - Regional Desk	350,575	362,175
Health Canada - MET	-	39,317
Health Canada - CAPC	75,142	75,142
Health Canada - Head Start	271,781	291,229
Province of Nova Scotia - Daycare	124,711	106,629
Province of Nova Scotia - GAP Program	48,194	-
Province of Nova Scotia - NEP	282,780	282,785
Province of Nova Scotia - Equipment Grant	-	5,000
Province of Nova Scotia - Infrastructure Grant	8,658	19,533
Province of Nova Scotia - College	65,000	65,000
Law Foundation	46,498	51,974
Health Board - NEP	40,000	40,000
Corrections Canada - MET	33,996	26,029
Mi'kmaq employment training	40,000	40,000
Active partnership	127,675	54,212
Daycare fees	41,695	36,450
Rent	22,837	26,474
Donations	70,181	88,931
Fundraising	17,323	13,909
Administration	17,881	21,397
Revenue others	429,120	311,374
Van lease	14,400	14,400
Heritage Canada	-	5,000
Women are Medicine	97,708	91,768
Miscellaneous contracts	146,211	112,447
TOTAL REVENUES	3,078,603	2,879,412

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011**

	2011	2010
	\$	\$
EXPENDITURES		
ACPU	3,595	4,282
Accounting, auditing and legal	53,646	54,621
Advertising and printing	2,804	2,996
Amortization	23,365	46,280
Bank charges and interest	11,929	(18,461)
Building maintenance	52,650	57,223
Child Development Centre	52,151	63,743
Conference and travel	65,796	63,602
Contingency	3,144	11,256
Equipment - lease and maintenance	32,268	43,592
Expenses other	14,985	24,249
HST on expenses	39,412	28,276
Insurance	29,196	30,954
Mainline	107,985	111,256
Medical	28,004	25,766
Methadone Program	162,904	180,747
Miscellaneous contracts	86,186	23,593
Office supplies & postage	39,495	36,836
Other unallocated expenses	16,540	146
Regional Desk	352,861	362,705
Special events	26,273	26,512
Staff training	2,033	11,886
Taxes	3,953	4,053
Telephone and fax	39,621	42,204
Utilities	59,687	56,910
Wages and benefits	1,600,718	1,508,289
Women are medicine	59,415	20,133
Youth Program	21,399	40,325
TOTAL EXPENDITURES	2,992,015	2,863,974
SURPLUS OF REVENUE OVER EXPENDITURE	86,588	15,438

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, 2011**

	2011	2010
	\$	\$
OPERATING ACTIVITIES		
Cash from operations:		
Surplus of revenues over expenditures	86,588	15,438
Charges to operations not involving cash:		
Amortization of property and equipment	23,365	46,280
	<u>109,953</u>	<u>61,718</u>
Net change in non cash working capital balances related to operations		
Account receivable	(28,793)	287,948
Prepaid expenses	(5,691)	(7,826)
Accounts payable	(152,062)	(201,820)
Deferred revenue	(84,916)	(83,482)
	<u>(161,509)</u>	<u>56,538</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(16,728)	(33,775)
Capital funding provided	15,818	29,294
	<u>(910)</u>	<u>(4,481)</u>
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	(162,419)	52,057
CASH AND EQUIVALENTS - beginning of year	(54,410)	(106,467)
CASH AND EQUIVALENTS - end of year	(216,829)	(54,410)

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

1. NATURE OF ACTIVITIES

The MicMac 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 be reflected in this year's operating results. The Board feels that this would be a misrepresentation of the agreement and wants it recorded on the basis of payment, over a two year period. The outstanding amount of the obligation at March 31, 2011 was \$123,553. If this obligation was recorded, Accounts payable would increase by \$123,553, wage expense would increase by \$123,553 and the surplus of revenue over expenditures would change to a deficit of revenues over expenditures in the amount of \$36,945.

3. 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.

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.

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

4. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2011 Net \$	2010 Net \$
Friendship Centre:				
Land	166,650	-	166,650	166,650
Buildings	844,588	580,668	263,920	297,703
Equipment	296,051	242,075	53,976	55,241
Vehicles	161,947	136,363	25,584	34,112
	1,469,236	959,106	510,130	553,706

	Cost \$	Accumulated Amortization \$	2011 Net \$	2010 Net \$
Kjipuktuk College:				
Audio and video	4,160	3,814	346	461
Computers	162,464	148,861	13,603	18,137
Furniture	35,473	32,527	2,946	3,928
Leasehold improvements	80,040	73,392	6,648	8,864
	282,137	258,594	23,543	31,390
	1,751,373	1,217,700	533,673	585,096

	2011 \$	2010 \$
Total property and equipment at cost	1,751,373	1,776,701
Capital funding received	1,143,614	1,127,796
Net cost to the Society	607,759	648,905

**MIC MAC NATIVE FRIENDSHIP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

5. BANK INDEBTEDNESS

As of March 31, 2011, the company has available line of credit of \$50,000 at a rate of prime plus 5%.

6. DEFERRED REVENUE

	2011	2010
	\$	\$
Aboriginal Human Resource Development Council - KAC	-	3,826
Building	9,631	27,316
Donations	14,309	1,180
Drummers and dancers revenue	1,800	-
Family Literacy - KAC	2,166	6,715
Fundraising	14,729	6,176
Other Revenues - General	4,237	820
MAC Aids	25,000	-
Province of Nova Scotia - Equipment Grant	-	293
Province of Nova Scotia - MYP	9,439	20,000
Province of Nova Scotia - NEP	11,220	-
Province of Nova Scotia - Two-eyed Seeing Project	-	5,000
Public Health Agency of Canada - MYP	6,922	13,555
Recreation Grant - MYP	15,000	16,780
Women are Medicine	-	97,708
	114,453	199,369

7. FINANCIAL INSTRUMENTS

Financial instruments, consisting of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the society is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

2011

\$

SCHEDULE 1

ACCOUNTS RECEIVABLE	
ACPU	42,407
Aboriginal Affairs	19,950
Advances receivable - staff	1,344
Corrections Canada	1,450
Day care fees	889
HST recoverable	29,519
LINKS	2,842
Metro Non Profit Housing	4,119
METS	10,000
MK Language	5,000
MSI	9,584
NAFC	57,479
Native Council	250
Province of Nova Scotia	8,252
Scotia Pharmasave	13,283
Status of Women	10,000
UAS	10,432
Veteran Affairs	5,000
	231,800

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, 2011**

2011

\$

SCHEDULE 2

ACCOUNTS PAYABLE

20/20	358
Adam's Photography	287
Advanced Screen Printing	1,552
Ainsworth	534
Aliant	709
Aliant	711
Apex Office Equipment	350
April Maloney	152
Armstrong's Communication Ltd.	991
Basins	693
Beeler Security	529
Bell Aliant	57
Bluenose Lighting & Alarm	551
Bremner's Plumbing and Heating	346
Canada Customs	343
Canadian Linen & Uniform Service	506
Canadian Springs	633
Capital District Health Authority	139
Eastlink	181
Emmett Peters	268
Farmers	3,748
Gordon King	100
Halifax Regional Alarm	550
Halifax Regional Municipality	491
Halifax Regional Water Commission	3,400
Heather Douglas	212
Kwik Kopy	6,100
Labrador Friendship Centre	76
Lee Thomas	368
Maritime Digital	213
Maritime Remediation	2,650
Melanie Raymond	2,389
Merrick Jamieson Sterns	350
Mi'kmaq Calendar of Event	293
Mi'kmaq Maliseet Nations News	2,391
Miller Waste Systems	224
Minister of Finance	6,011
NEDTEK Computer Solutions	1,093
Nick Slaunwhite	1,274
Nova Scotia Power	75
O'Malley Electric	75
	41,898
Accounts Payable Subtotal	

**MIC MAC NATIVE FRIENDSHIP SOCIETY
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

2011

\$

SCHEDULE 2

ACCOUNTS PAYABLE

Sub-total from previous page	41,898
Pamela Glode-Desrochers	1,284
PCO Services	190
Pegasus	4,341
PEI Friendship Centre	9,500
Peter Henry	575
Pinnacle Office Systems	345
Positive Promotions	3
Power Security Systems	253
Provide Services	472
Receiver General - Payroll taxes	(350)
Retirement Plan	1,850
Scott Lekas	72
St. John's Native Friendship Centre	13,500
Stericycle	2,241
Studio Singers	2,000
Telus	454
The Chronicle Herald	418
Valley Stationers Ltd.	9,040
Virtual Communications Inc.	270
	88,356