

MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

Financial Statements

December 31, 2010



DAYE KELLY & ASSOCIATES
CERTIFIED GENERAL ACCOUNTANTS

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CERTIFIED GENERAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

We were engaged to audit the accompanying financial statements of MIRAMICHI BIG BROTHERS-BIG SISTERS INC., which comprise the statement of financial position as at December 31, 2010 and the statements of changes in net assets, income and cash flow 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 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 error or fraud.

Auditors' 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 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 auditors' 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 auditors consider 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 circumstance, 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.

Basis for Qualified Opinion

In common with many charitable organizations, MIRAMICHI BIG BROTHERS-BIG SISTERS INC. receives part of its revenue from collections, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of revenue from these sources was limited to accounting for the amounts recorded in the accounts of the organization, and we were not able to determine whether any adjustments might be necessary to donation revenue, net income, assets or equity.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of MIRAMICHI BIG BROTHERS-BIG SISTERS INC. as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


EPR Daye Kelly & Associates
CERTIFIED GENERAL ACCOUNTANTS

Fredericton, New Brunswick
February 2, 2011


MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**Statement of Financial Position**

December 31	2010	2009
ASSETS		
CURRENT		
Cash	\$ 47,633	\$ 45,468
Accounts receivable	33,553	13,586
Inventory	14,916	11,302
Prepaid expenses	4,333	3,243
	<u>100,435</u>	<u>73,599</u>
CAPITAL (Note 3)	<u>152,981</u>	<u>129,222</u>
	\$ 253,416	\$ 202,821
LIABILITIES		
CURRENT		
Accounts payable and accruals	\$ 7,110	\$ 3,234
Deferred contribution related to capital assets (Note 5)	117,746	102,043
	<u>124,856</u>	<u>105,277</u>
NET ASSETS		
Invested in capital assets	35,235	27,179
Internally restricted	143,009	111,993
Unrestricted	(49,684)	(41,628)
	<u>128,560</u>	<u>97,544</u>
	\$ 253,416	\$ 202,821

APPROVED BY THE BOARD



Director



Director



DAYE KELLY & ASSOCIATES
CERTIFIED GENERAL ACCOUNTANTS

MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**Statement of Changes in Net Assets**

For the Year Ended December 31	2010	2009
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 27,179	\$ 25,949
Excess of expenses over revenue (Note 6)	(2,646)	(902)
Investment in capital assets	<u>10,702</u>	<u>2,132</u>
Balance - end of year	<u>35,235</u>	<u>27,179</u>
INTERNALLY RESTRICTED		
Balance - beginning of year	111,993	140,740
Allocation from (to) operations	<u>31,016</u>	<u>(28,747)</u>
Balance - end of year	<u>143,009</u>	<u>111,993</u>
UNRESTRICTED		
Balance - beginning of year	(41,628)	(40,394)
Excess of expenses over revenue attributable to capital assets	2,646	902
Investment in capital assets	<u>(10,702)</u>	<u>(2,136)</u>
Balance - end of year	<u>(49,684)</u>	<u>(41,628)</u>
	\$ 128,560	\$ 97,544



MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**Statement of Income**

For the Year Ended December 31	2010	2009
REVENUES (Schedule A)	\$ 511,664	\$ 410,278
EXPENSES (Schedule B)		
Big Brothers - Big Sisters	156,105	141,481
Boys and Girls Club	249,851	219,130
Youth Village	44,827	38,763
Other expenses	29,865	39,651
	480,648	439,025
INCOME (LOSS) FROM OPERATIONS	31,016	(28,747)
ALLOCATION FROM (TO) RESERVE FOR OPERATIONS (Note 2)	(31,016)	28,747
NET INCOME	\$ -	\$ -



MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**Statement of Cash Flow**

For the Year Ended December 31	2010	2009
OPERATING ACTIVITIES		
Net income	\$ -	\$ -
Items not affecting cash		
Amortization	13,941	10,982
Amortization of deferred contributions	(11,295)	(10,080)
Allocation (from) to reserve for operations	<u>31,016</u>	<u>(28,747)</u>
Cash provided from (applied to) operations	33,662	(27,845)
Changes in cash relating to operations		
Accounts receivable	(19,967)	5,559
Inventory	(3,614)	4,076
Prepaid expenses	(1,089)	1,924
Accounts payable and accruals	3,874	12,785
Deferred contributions	-	(5,467)
	<u>12,866</u>	<u>(8,968)</u>
INVESTING ACTIVITIES		
Government assistance on capital assets	26,998	-
Purchase of capital assets	<u>(37,699)</u>	<u>(14,086)</u>
	(10,701)	(14,086)
INCREASE (DECREASE) IN CASH	2,165	(23,054)
CASH - BEGINNING OF YEAR	<u>45,468</u>	<u>68,522</u>
CASH - END OF YEAR	\$ 47,633	\$ 45,468



December 31, 2010

Miramichi Big Brothers-Big Sisters Inc. is incorporated as a not-for-profit organization and is a registered charity under the Income Tax Act. The organization has also operated the Miramichi Boys and Girls Club since 1996. It operates from premises known as Youth Village, operating programs to encourage personal growth of boys and girls between the ages of 5 and 16, through development of personal strengths and interpersonal skills.

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the organization are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific item method.

Capital Assets and Amortization

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is recorded annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Building improvements	-	5 %	declining balance
Furniture and fixtures	-	20 %	declining balance
Computer	-	50 %	declining balance
Playground equipment	-	20 %	declining balance
Automotive	-	30 %	declining balance

Revenue Recognition

The organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Income Taxes

No provision is made for income taxes as the corporation is a not-for-profit organization.

Financial Instruments

The organization's financial instruments recognized on the balance sheet consist of cash, accounts receivable and accounts payable and accruals.

Fair Value

The fair value of cash, accounts receivable, and accounts payable and accruals approximated their carrying values due to the immediate or short-term maturity of those instruments.



December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Uncertainty

Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements as well as reported amounts of revenue and expenses during the period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. RESERVE FOR FUTURE OPERATIONS

The organization allocates annual surpluses to restricted surplus. The cumulative amount held as restricted cannot exceed the lesser of six month's operating expenses or \$200,000.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2010	2009
Building improvements	\$ 209,327	\$ 80,601	\$ 128,726	\$ 96,809
Furniture and fixtures	20,102	19,016	1,086	1,358
Computer equipment	2,133	1,333	800	1,600
Playground equipment	39,057	25,055	14,002	17,502
Automotive	11,953	3,586	8,367	11,953
	<u>\$ 282,572</u>	<u>\$ 129,591</u>	<u>\$ 152,981</u>	<u>\$ 129,222</u>

Contributions from third parties towards the acquisition of capital assets is detailed in Note 5 below.

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unamortized contributions that are externally restricted for research purposes, and current year funding related to expenditures in a subsequent period. Changes in deferred contributions are as follows:

	<u>2010</u>	<u>2009</u>
Balance - beginning of year - related to operating	\$ -	\$ 5,467
Amount amortized in the year	-	(5,467)
Contributions received in the year	<u>-</u>	<u>-</u>
Balance - end of year - related to operating	<u>\$ -</u>	<u>\$ -</u>
Consists of:	<u>\$ -</u>	<u>\$ -</u>

MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**Notes to Financial Statements**

December 31, 2010

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which building improvements, playground equipment and van were acquired. The cost of these assets is included in Note 3.

Contribution	Accumulated Amortization of Amounts Contributed	Unamortized Amounts		
		2010	2009	
Building improvements	\$ 87,907	\$ 18,384	\$ 69,523	\$ 73,183
Playground equipment	30,125	16,578	13,547	16,907
Van	11,953	3,600	8,353	11,953
Garage	26,998	675	26,323	-
	<u>\$ 156,983</u>	<u>\$ 39,237</u>	<u>\$ 117,746</u>	<u>\$ 102,043</u>

6. EXCESS OF EXPENSES OVER REVENUE RELATED TO INVESTMENT IN CAPITAL ASSETS

The investment in capital assets is increased (decreased) by the annual excess of revenue over expenses (expenses over revenue) relative to the capital assets. Changes result from the acquisition of new assets, disposition of existing assets, amortization of existing assets, and amortization of deferred contributions for capital assets.

	2010	2009
Amortization of deferred contributions	\$ 11,295	\$ 10,080
Amortization of capital assets	<u>(13,941)</u>	<u>(10,982)</u>
Excess of expenses over revenue	<u>\$ (2,646)</u>	<u>\$ (902)</u>



MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

Summary of Revenues

For the Year Ended December 31				2010	2009
	Big Brothers Big Sisters	Boys and Girls Club	Youth Village	Total	Total
Fundraising	\$ 121,855	\$ 29,822	\$ 55,190	\$ 206,867	\$ 237,382
Donations	31,580	37,172	-	68,752	31,248
UPM Kymene van sponsor	-	-	-	-	11,000
Memorial Fund	4,910	-	-	4,910	1,420
Department of Social Development	9,500	-	-	9,500	9,500
Foundations	-	10,000	-	10,000	14,878
Summer camps	-	9,328	8,207	17,535	24,685
Municipal grant	-	7,650	-	7,650	7,650
Employment programs	-	37,582	-	37,582	11,394
Club Connect After School Program	-	72,318	-	72,318	41,509
Van contract	-	28,000	-	28,000	-
JumpStart Canadian Tire Fund	-	29,972	-	29,972	8,500
Other revenue	5,478	1,805	-	7,283	1,032
Amortization of deferred contributions (Note 5)	-	-	11,295	11,295	10,080
	\$ 173,323	\$ 263,649	\$ 74,692	\$ 511,664	\$ 410,278



SCHEDULE B
MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

Summary of Expenses

For the Year Ended December 31	2010	2009
BIG BROTHERS - BIG SISTERS		
Mentoring - Community Program	\$ 62,407	\$ 69,264
Mentoring - School Program	75,422	56,797
Group activities	8,358	8,027
Recognition program	1,011	1,676
Recruitment of volunteers	-	1,308
Marketing	4,087	890
Scholarship and Bursary	1,000	-
Membership dues - National	3,820	3,519
	<u>156,105</u>	<u>141,481</u>
BOYS AND GIRLS CLUB		
Programs and activities	67,228	78,035
Summer camps	28,661	33,154
Program supplies	22,695	23,452
Club Connect after school program	97,477	-
Recruitment/Communications	283	2,520
Liability insurance	2,605	2,506
Jump Start activity fees	29,902	7,730
After School Care - licensed	-	55,672
Van expense	-	12,756
Membership dues - national	1,000	1,000
Marketing	-	2,305
	<u>249,851</u>	<u>219,130</u>
YOUTH VILLAGE		
Insurance	2,605	2,506
Utilities	14,999	14,967
Supplies	3,291	1,620
Snow removal and lawn care	2,430	3,280
Water and sewerage	523	550
Communications	6,945	6,489
Equipment	-	3,099
Custodial	3,299	3,060
Repairs and maintenance	10,735	3,192
	<u>44,827</u>	<u>38,763</u>
OTHER EXPENSES		
Summer students	-	14,643
Professional fees	5,658	4,865
Bad debts	-	150
Training and development	10,266	9,011
Amortization	13,941	10,982
	<u>29,865</u>	<u>39,651</u>
	\$ 480,648	\$ 439,025



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