

**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Financial Statements**

**December 31, 2017**

**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Financial Statements**

**December 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of MIRAMICHI BIG BROTHERS-BIG SISTERS INC., which comprise the statement of financial position as at December 31, 2017 and 2016 and the statements of changes in net assets, operations and cash flow for the years 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 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 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 donations, 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, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Daye Kelly & Associates*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Fredericton, New Brunswick  
March 13, 2018

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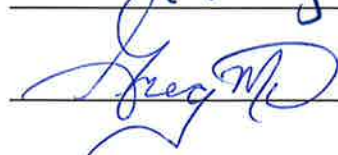
**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.****Statement of Financial Position**

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<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 358,897	\$ 149,664
Accounts receivable (Note 4)	13,577	27,725
Due from MBBBS/BGC Charitable Foundation Inc.	-	644
Prepaid expenses	<u>17,096</u>	<u>18,381</u>
	<b>389,570</b>	<b>196,414</b>
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	<b><u>953,801</u></b>	<b><u>1,024,594</u></b>
	<b><u>\$1,343,371</u></b>	<b><u>\$1,221,008</u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accruals (Note 6)	\$ 32,806	\$ 18,096
Deferred contributions related to capital assets (Note 7)	<u>71,786</u>	<u>75,412</u>
	<b>104,592</b>	<b>93,508</b>
<b>DUE TO MBBBS/BGC CHARITABLE FOUNDATION INC. (Note 8)</b>	<b><u>219,398</u></b>	<b><u>-</u></b>
	<b><u>323,990</u></b>	<b><u>93,508</u></b>
<b>NET ASSETS</b>		
Invested in capital assets	879,402	949,183
Internally restricted - Operation (Note 2)	113,429	113,429
Internally restricted - Future expansion (Note 3)	69,712	71,243
Unrestricted	<u>(43,162)</u>	<u>(6,355)</u>
	<b><u>1,019,381</u></b>	<b><u>1,127,500</u></b>
	<b><u>\$1,343,371</u></b>	<b><u>\$1,221,008</u></b>

COMMITMENT (Note 11)

APPROVED BY THE BOARD

  
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Director  
\_\_\_\_\_  
Director**DKA DAYE KELLY**  
**& Associates**  
Chartered Professional Accountants

MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

Statement of Changes in Net Assets

	Internally Restricted			Invested in Capital Assets	Unrestricted	Total
	Operation	Future Expansion	Foundation			
<b>NET ASSETS - JANUARY 1, 2016</b>	\$ 480,033	\$ 90,526	\$ 632,426	\$ 986,093	\$ (6,355)	\$2,182,723
EXCESS OF EXPENDITURES OVER REVENUE	(366,604)	-	-	(102,455)	-	(469,059)
BUILDING EXPANSION EXPENDITURES	-	(19,283)	(632,426)	19,283	-	(632,426)
INVESTMENT IN CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,262</u>	<u>-</u>	<u>46,262</u>
<b>NET ASSETS - DECEMBER 31, 2016</b>	113,429	71,243	-	949,183	(6,355)	1,127,500
EXCESS OF EXPENDITURES OVER REVENUE	-	-	-	(108,119)	(36,807)	(144,926)
BUILDING EXPANSION EXPENDITURES	-	(1,531)	-	1,531	-	-
INVESTMENT IN CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,807</u>	<u>-</u>	<u>36,807</u>
<b>NET ASSETS - DECEMBER 31, 2017</b>	<b>\$ 113,429</b>	<b>\$ 69,712</b>	<b>\$ -</b>	<b>\$ 879,402</b>	<b>\$ (43,162)</b>	<b>\$1,019,381</b>

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

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<b>For the Years Ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES</b> (Schedule A)	<b><u>\$1,015,517</u></b>	<b><u>\$1,739,073</u></b>
<b>EXPENSES</b> (Schedule B)		
Big Brothers - Big Sisters	252,243	243,366
Boys and Girls Club	508,754	442,985
Youth Village	163,885	170,285
Other expenses	198,818	1,313,930
	<b><u>1,123,700</u></b>	<b><u>2,170,566</u></b>
<b>LOSS FROM OPERATIONS</b>	<b>(108,183)</b>	<b>(431,493)</b>
<b>OTHER INCOME</b>		
Interest	64	8,698
<b>LOSS BEFORE ALLOCATIONS</b>	<b><u>(108,119)</u></b>	<b><u>(422,795)</u></b>
<b>ALLOCATIONS</b>		
Excess of expenses over revenue related to capital assets (Note 9)	108,119	102,455
Allocation to Reserve for Future Operations (Note 2)	-	366,604
Allocation to equity in capital assets	-	(46,264)
	<b><u>108,119</u></b>	<b><u>422,795</u></b>
<b>UNRESTRICTED SURPLUS FOR THE YEAR</b>	<b>\$ -</b>	<b>\$ -</b>

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**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Statement of Cash Flow**

<b>For the Years Ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Unrestricted surplus for the year	\$ -	\$ -
Items not affecting cash		
Amortization	91,627	99,267
(Gain) loss on disposal of capital assets	(3,945)	2,451
Amortization of deferred contributions	(3,626)	(3,813)
Allocation to restricted net assets	<u>(108,119)</u>	<u>163,367</u>
Cash provided from (applied to) operations	<u>(24,063)</u>	261,272
Changes in cash relating to operations		
Accounts receivable	14,148	25,723
Prepaid expenses	1,285	(7,314)
Accounts payable and accruals	14,709	(54,463)
Deferred contributions	-	(481,354)
	<u>6,079</u>	<u>(256,136)</u>
<b>FINANCING ACTIVITIES</b>		
Advances (to) from MBBBS/BGC Charitable Foundation Inc.	220,042	(644)
Revenue used for capital additions	-	46,264
	<u>220,042</u>	<u>45,620</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of capital assets	21,450	4,500
Disposal of investments	-	(1,264,408)
Purchase of capital assets	<u>(38,338)</u>	<u>(65,545)</u>
	<u>(16,888)</u>	<u>(1,325,453)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>209,233</b>	<b>(1,535,969)</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>149,664</b></u>	<u><b>1,685,633</b></u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 358,897</b></u>	<u><b>\$ 149,664</b></u>



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# MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

## Notes to Financial Statements

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December 31, 2017

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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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flow, cash and cash equivalents include cash and overdrafts (bank indebtedness).

#### Property, Equipment 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
Signs	-	20 %	declining balance
Furniture and fixtures	-	20 %	declining balance
Computer equipment	-	50 %	declining balance
Playground and FunZone 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 statement of financial position consist of cash, accounts receivable and accounts payable.

December 31, 2017

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

a) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

b) Risks

1) Credit Risk

Accounts receivable: Credit risk associated with amounts receivable is minimized by the nature of the customer base. The Organization follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Organization maintains allowances for potential credit losses, and any such losses to date have been within management's expectations.

2) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Organization not being able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

**Contributed Services**

The Organization may receive contributed services from time to time. Such contributions are recognized when a fair value can be reasonably estimated and when the services are used in the normal course of operations and would otherwise have been purchased.

**Use of Estimates**

Financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as reported amounts of revenue and expenses during the period. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

**2. RESERVE FOR FUTURE OPERATIONS**

Prior to the establishment of the Foundation, the Organization allocated annual surpluses to restricted surplus. The cumulative amount held as restricted cannot exceed one year's operating expenses.

**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Notes to Financial Statements**

**December 31, 2017**

**3. RESERVE FOR BUILDING EXPANSION**

The activity in this reserve fund for 2016 and 2017 is included in the Statement of Changes in Net Assets - Internally Restricted - Future Expansion column.

**4. ACCOUNTS RECEIVABLE**

	2017	2016
Trade receivables	\$ 2,000	\$ 17,435
HST receivable	11,577	10,290
	\$ 13,577	\$ 27,725

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Value 2017
Building improvements	\$ 1,039,616	\$ 245,244	\$ 794,372
FunZone equipment	41,489	31,970	9,519
Signs	2,903	290	2,613
Furniture and fixtures	116,940	58,861	58,079
Computer equipment	32,073	14,398	17,675
Playground equipment	50,752	42,426	8,326
Van and bus	129,777	66,560	63,217
	\$ 1,413,550	\$ 459,749	\$ 953,801

	Cost	Accumulated Amortization	Net Value 2016
Building improvements	\$ 1,038,084	\$ 203,475	\$ 834,609
FunZone equipment	77,265	46,582	30,683
Furniture and fixtures	95,595	47,009	48,586
Computer equipment	19,514	9,515	9,999
Playground equipment	50,752	40,345	10,407
Van and bus	129,777	39,467	90,310
	\$ 1,410,987	\$ 386,393	\$ 1,024,594

**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Notes to Financial Statements**

**December 31, 2017**

**6. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2017</b>	<b>2016</b>
Trade payables and accruals	<b>\$ 32,806</b>	\$ 17,717
Payroll remittances	<u>-</u>	<u>379</u>
	<b><u>\$ 32,806</u></b>	<b><u>\$ 18,096</u></b>

**7. 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 5.

	Contribution	Accumulated Amortization of Amounts Contributed	Unamortized Amounts <b>2017</b>
Building improvements	\$ 72,642	\$ 24,232	\$ <b>48,410</b>
Playground equipment	22,707	18,702	<b>4,005</b>
Van	6,142	5,073	<b>1,069</b>
Garage	<u>22,610</u>	<u>4,308</u>	<u><b>18,302</b></u>
	<b><u>\$ 124,101</u></b>	<b><u>\$ 52,315</u></b>	<b><u>\$ 71,786</u></b>

	Contribution	Accumulated Amortization of Amounts Contributed	Unamortized Amounts 2016
Building improvements	\$ 72,642	\$ 21,684	\$ 50,958
Playground equipment	22,707	18,620	4,087
Van	6,142	5,040	1,102
Garage	<u>22,610</u>	<u>3,345</u>	<u>19,265</u>
	<b><u>\$ 124,101</u></b>	<b><u>\$ 48,689</u></b>	<b><u>\$ 75,412</u></b>

**8. DUE TO MBBBS/BGC CHARITABLE FOUNDATION INC.**

Advances from MBBBS/BGC Charitable Foundation Inc. are unsecured and are classified as non-current as there are no fixed terms of repayment. No interest was paid during the current year.

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**MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

**Notes to Financial Statements**

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**December 31, 2017**

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**9. 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.

	<u>2017</u>	<u>2016</u>
Amortization of deferred contributions	\$ 3,626	\$ 3,813
Amortization of capital assets	(91,627)	(99,267)
Net changes to capital assets	<u>(20,118)</u>	<u>(7,001)</u>
Excess of expenses over revenue	<u>\$ (108,119)</u>	<u>\$ (102,455)</u>

**10. TRANSACTIONS WITH MBBBS/BGC CHARITABLE FOUNDATION INC.**

During the year, the Organization received funds from the Miramichi Big Brothers Big Sisters / Boys & Girls Club Charitable Foundation Inc. to provide funding for its on going operations, in the amount of \$930,305. At December 31, 2017 the amount owing is included in due to/from related party on the Statement of Financial Position.

These transactions were measured at the exchange amount which is the amount established by and agreed to by the related parties.

**11. COMMITMENT**

Equipment Lease

The Organization has entered into a new lease for office equipment, which expires May 2019. Lease payments began November 2017 at \$269 per month.

Future minimum lease payments are as follows:

2018	\$ 3,228
2019	3,228
2020	3,228
2021	3,228
2022	3,228
2023	1,076

Breakfast Program

In 2018 the Organization has committed to contribute \$200,000 to local schools as part of the Breakfast Program.

## MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

## Summary of Revenues

For the Years Ended December 31	2017			2016	
	Big Brothers Big Sisters	Boys and Girls Club	Youth Village	Total	Total
Fundraising	\$ -	\$ -	\$ 275	\$ 275	\$ 150,173
Donations	6,340	17,496	-	23,836	16,271
Gold Rush 50/50 Lottery	-	-	-	-	1,394,160
Memorial/Tribute Fund	-	-	-	-	3,325
Foundations	-	458	-	458	8,658
Summer camps	-	8,895	-	8,895	16,610
Employment programs	-	32,662	-	32,662	19,830
Club Connect After School Program	-	15,460	-	15,460	77,004
JumpStart Canadian Tire Fund	-	-	-	-	49,229
Transfers from Foundation	194,693	343,229	392,383	930,305	-
Amortization of deferred contributions	-	-	3,626	3,626	3,813
	\$ 201,033	\$ 418,200	\$ 396,284	\$ 1,015,517	\$ 1,739,073

## MIRAMICHI BIG BROTHERS-BIG SISTERS INC.

## Summary of Expenses

For the Years Ended December 31	2017	2016
<b>BIG BROTHERS - BIG SISTERS</b>		
Mentoring - Community Program	\$ 7,834	\$ 42,157
Mentoring - School Program	124,627	119,508
Mentoring - Group Program	61,816	37,428
Group activities	19,465	16,093
Recognition program	6,757	6,434
Marketing	13,600	7,024
Membership dues - National	6,644	6,550
Training and development	11,500	8,172
	<u>252,243</u>	<u>243,366</u>
<b>BOYS AND GIRLS CLUB</b>		
Programs and activities	178,357	135,803
Summer camps	111,698	58,062
Program supplies	36,879	30,327
After The Bell Program	127,380	139,094
Liability insurance	1,417	2,554
Jump Start activity fees	8,565	47,197
Membership dues - national	2,572	2,186
Marketing	18,704	8,995
Training and development	13,182	8,767
Scholarship - Youth Volunteerism	10,000	10,000
	<u>508,754</u>	<u>442,985</u>
<b>YOUTH VILLAGE</b>		
Insurance	4,255	3,152
Utilities	31,794	27,602
Supplies	6,880	4,074
Snow removal and lawn care	7,699	6,349
Water and sewerage	669	628
Communications	7,854	5,544
Custodial	9,124	10,292
Repairs and maintenance	7,928	10,926
Amortization	91,627	99,267
Gain (loss) on disposal of assets	(3,945)	2,451
	<u>163,885</u>	<u>170,285</u>
<b>OTHER EXPENSES</b>		
Donation to MBBBS/BGC Charitable Foundation Inc.	-	1,127,968
Professional fees	8,296	9,320
Music Program - NBYO	20,000	25,000
Breakfast program	140,899	100,718
Special events	18,556	31,237
FunZone programs	3,317	19,687
Bad debt expense	7,750	-
	<u>198,818</u>	<u>1,313,930</u>
	<b>\$1,123,700</b>	<b>\$2,170,566</b>