

**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB  
CHARITABLE FOUNDATION INC.**

**Financial Statements**

**December 31, 2017**

**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB  
CHARITABLE FOUNDATION INC.**

**Financial Statements**

**December 31, 2017**

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## AUDITORS' REPORT

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**To the Board of Directors of MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB CHARITABLE FOUNDATION INC.**

We have audited the accompanying financial statements of MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB CHARITABLE FOUNDATION 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 audit opinion.

**Basis for Qualified Opinion**

In common with many charitable organizations, MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB CHARITABLE FOUNDATION 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 / BOYS & GIRLS CLUB CHARITABLE FOUNDATION 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

MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB

CHARITABLE FOUNDATION INC.

Statement of Financial Position

December 31	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 529,693	\$2,328,229
Portfolio investments	2,353,061	-
HST receivable	1,793	5
Prepaid expenses	888	-
	<u>2,885,435</u>	<u>2,328,234</u>
DUE FROM MIRAMICHI BIG BROTHERS-BIG SISTERS INC. (Note 2)	219,398	-
PROPERTY AND EQUIPMENT (Note 3)	<u>11,558</u>	<u>-</u>
	<u>\$3,116,391</u>	<u>\$2,328,234</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accruals	\$ 12,016	\$ 2,000
Unearned revenue (Note 4)	613,958	567,916
Due to Miramichi Big Brothers-Big Sisters Inc.	-	644
	<u>625,974</u>	<u>570,560</u>
<b>NET ASSETS</b>	<u>2,490,417</u>	<u>1,757,674</u>
	<u>\$3,116,391</u>	<u>\$2,328,234</u>

APPROVED BY THE BOARD

 Director

 Director

**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB**

**CHARITABLE FOUNDATION INC.**

**Statement of Changes in Net Assets**

<b>For the Years Ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$1,757,674</b>	<b>\$ -</b>
<b>NET INCOME</b>	<b><u>732,743</u></b>	<b><u>1,757,674</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$2,490,417</u></b>	<b><u>\$1,757,674</u></b>

**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB****CHARITABLE FOUNDATION INC.****Statement of Operations**

<b>For the Years Ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Dream Cottage Lottery (Note 6)	\$ 196,801	\$ -
Gold Rush 50/50 Lottery (Note 6)	1,452,691	1,760,394
Donations	9,320	-
	<u>1,658,812</u>	<u>1,760,394</u>
<b>EXPENSES</b>		
Transfer to Miramichi Big Brothers-Big Sisters Inc.	930,305	-
Materials and supplies	7,339	-
Insurance	231	-
Office and supplies	1,413	101
Professional fees	2,193	2,619
Credit card fees	30,385	-
Interest and bank charges	5,477	-
Amortization	2,040	-
	<u>979,383</u>	<u>2,720</u>
<b>INCOME FROM OPERATIONS</b>	<u>679,429</u>	<u>1,757,674</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest	21,333	-
Dividends	11,933	-
Investment management fees	(17,651)	-
Realized gain on investments	5,418	-
Unrealized gain on investments	37,627	-
Foreign exchange	(5,346)	-
	<u>53,314</u>	<u>-</u>
<b>NET INCOME</b>	<u>\$ 732,743</u>	<u>\$ 1,757,674</u>

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**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS & GIRLS CLUB****CHARITABLE FOUNDATION INC.****Statement of Cash Flow**

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<b>For the Years Ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from fundraising	\$ 1,704,854	\$ 2,328,310
Cash paid to suppliers and Miramichi Big Brothers-Big Sisters Inc.	(970,003)	(725)
Cash received from other sources	<u>15,687</u>	<u>-</u>
	<u>750,538</u>	<u>2,327,585</u>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) Miramichi Big Brothers-Big Sisters Inc.	<u>(220,042)</u>	<u>644</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(13,598)</u>	<u>-</u>
<b>INCREASE IN CASH</b>	<b>516,898</b>	<b>2,328,229</b>
<b>CASH - BEGINNING OF YEAR</b>	<b><u>2,328,229</u></b>	<b><u>-</u></b>
<b>CASH - END OF YEAR</b>	<b><u>\$2,845,127</u></b>	<b><u>\$2,328,229</u></b>
<b>REPRESENTED BY:</b>		
Cash	\$ 529,693	\$2,328,229
Portfolio investments (at cost)	<u>2,315,434</u>	<u>-</u>
	<b><u>\$2,845,127</u></b>	<b><u>\$2,328,229</u></b>

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**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS &  
GIRLS CLUB CHARITABLE FOUNDATION INC.**

**Notes to Financial Statements**

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**December 31, 2017**

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The Foundation was incorporated under the laws of the Province of New Brunswick. Its main business activity is the administration and management of funds raised for the benefit of the Miramichi Big Brothers Big Sisters/Boys & Girls Club and to any other purpose allowed by legislation.

No provision is made for taxes, as the Foundation is a not-for-profit organization under paragraph 149(1)(l) of the Income Tax Act.

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Foundation are in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flow, cash and cash equivalents include cash and portfolio investments at cost.

**Portfolio Investments**

Investments are carried at market value.

The Foundation has established policies for the management of its investments. All of the Foundation's investment are managed by independent, external investment managers. The compliance of these managers with the Foundation's investment policies is monitored on a regular basis. The Foundation's investment Policy is available upon request.

**Property, Equipment and Amortization**

Capital assets are recorded at cost. Amortization is recorded annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer equipment	-	30 %	declining balance
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**Revenue Recognition**

The Foundation 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.

Investment income is recorded when it is earned.

**Income Taxes**

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

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**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS &  
GIRLS CLUB CHARITABLE FOUNDATION INC.**

**Notes to Financial Statements**

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**December 31, 2017**

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

**Financial Instruments**

The Foundation's financial instruments recognized on the statement of financial position consist of cash, portfolio investments, and accounts payable and accruals.

a) Measurement of Financial Instruments

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

The Foundation 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 and concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations of the Statement of Financial Position.

1) Interest Rate Risk

The Foundation is exposed to interest rate risk on its portfolio investments. Management does not believe that the impact of interest rate fluctuations will be significant.

2) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable.

3) Credit Risk

The Foundation is not subject to credit risk.

4) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to market risk through its portfolio investments.

5) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS &  
GIRLS CLUB CHARITABLE FOUNDATION INC.**

**Notes to Financial Statements**

**December 31, 2017**

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

6) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its portfolio investments.

**Contributed Services**

The Foundation 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. DUE FROM MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

The advances to Miramichi Big Brothers-Big Sisters Inc. are unsecured and are classified as non-current as there are no fixed repayment terms. No interest was received during the current year.

**3. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Value 2017
Computer equipment	\$ 13,598	\$ 2,040	\$ 11,558

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**MIRAMICHI BIG BROTHERS BIG SISTERS / BOYS &  
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**Notes to Financial Statements**

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**December 31, 2017**

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**4. UNEARNED REVENUE**

As at December 31, 2017, the Foundation had received \$613,958 (2016 - \$567,916) from the sale of Gold Rush 50/50 tickets for draws which will be (were) held in the ensuing year.

**5. TRANSACTIONS WITH MIRAMICHI BIG BROTHERS-BIG SISTERS INC.**

During the year, the Foundation transferred funds to the Miramichi Big Brothers-Big Sisters 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.

**6. GOLD RUSH 50/50 LOTTERY**

The details of the overall Gold Rush Lottery and Dream Cottage are as follows:

	Gold Rush Lottery	Dream Cottage	2017	2016
Revenue	\$ 3,346,916	\$ 345,930	<b>\$ 3,692,846</b>	\$ 1,760,394
Expenses (including prize payouts)	<u>(1,894,225)</u>	<u>(149,129)</u>	<b><u>(2,043,354)</u></b>	<u>-</u>
	<b>\$ 1,452,691</b>	<b>\$ 196,801</b>	<b>\$ 1,649,492</b>	<b>\$ 1,760,394</b>

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