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MI'KMAW NATIVE FRIENDSHIP SOCIETY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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Mi'kmaw Native Friendship Society  
Financial Statements  
For the year ended March 31, 2014

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## AUDITORS' REPORT

### To The Members Of Mi'kmaw Native Friendship Society

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We have audited the accompanying financial statements of Mi'kmaw Native Friendship Society, which comprise the statement of financial position as at March 31, 2014, and the statement of operations, statement of retained earnings, 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.

### Basis for Qualified Opinion

As is common with many not-for-profit organizations, the Society derives revenue from donations, sponsorships, registrations, and fundraising, 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 deferred donations received during the year into the future year. Generally Accepted Accounting Principles require that all funding received during the year without outside restrictions be included in that year. This departure has underestimated the revenues by \$83,039.

### 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 Mi'kmaw Native Friendship Society as at March 31, 2014, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.


  
CHARTERED ACCOUNTANTS

Bedford, NS  
September 8, 2014

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	136,493	191,461
Accounts receivable (Schedule 1)	311,826	340,230
HST recoverable	58,815	56,428
Prepaid expenses	18,014	18,787
	525,148	606,906
PROPERTY AND EQUIPMENT (Note 3)	596,630	642,318
	1,121,778	1,249,224
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable (Schedule 2)	156,773	255,059
Deferred revenue (Note 7)	348,014	386,675
	504,787	641,734
CMHC LOAN PAYABLE (Note 6)	10,000	-
	514,787	641,734
<b>NET ASSETS</b>		
CAPITAL FUNDING	507,011	551,285
RETAINED EARNINGS	99,980	56,205
	606,991	607,490
	1,121,778	1,249,224

APPROVED ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary-Treasurer

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
BALANCE - BEGINNING OF YEAR	56,205	( 53,360)
SURPLUS OF REVENUES OVER EXPENDITURES	43,775	109,565
BALANCE - END OF YEAR	99,980	56,205

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF CAPITAL FUNDING  
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
BALANCE - BEGINNING OF YEAR	551,285	436,293
Add:		
Funds provided by		
- Mainline	1,489	-
- Core	1,785	-
- College	-	3,635
- General	-	1,517
- Head Start	751	1,989
- Housing	-	115,672
- Methadone Program	4,846	49,398
- PHAC	-	4,408
- Youth	1,806	922
	<u>10,677</u>	<u>177,541</u>
	561,962	613,834
Deduct:		
Amortization		
- Child Development Centre - Property #3	11,192	11,192
- College	3,311	4,414
- Equipment & Vehicle	30,154	36,649
- Property #1	5,058	5,058
- Property #2	5,236	5,236
	<u>54,951</u>	<u>62,549</u>
BALANCE - END OF YEAR	<u>507,011</u>	<u>551,285</u>

**MI'KMAW NATIVE FRIENDSHIP SOCIETY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
	\$	\$
<b>REVENUES</b>		
Active partnership	144,471	120,726
Administration	6,818	12,572
Affordable Housing	57,143	229,144
Capital District Health - MET	400,000	400,000
Corrections Canada - MET	27,780	42,890
Daycare fees	26,390	33,062
Donations	90,010	105,079
Fundraising	25,773	6,344
Health Board - NEP	40,000	40,000
Public Health Agency - CAPC	75,142	75,142
Public Health Agency - Head Start	275,966	330,966
Law Foundation	39,874	39,874
Mi'kmaq employment training	40,000	40,000
Miscellaneous contracts	46,660	66,061
National Association Friendship Centre - Core Funding (Schedule 3)	171,237	171,237
National Association Friendship Centre - Youth Program (Schedule 4)	82,280	100,000
Province of Nova Scotia - College	34,384	84,385
Province of Nova Scotia - Daycare	123,803	132,891
Province of Nova Scotia - GAP Program	209,174	110,801
Province of Nova Scotia - HAPN/UAS	20,750	114,960
Province of Nova Scotia - Infrastructure Grant	-	4,750
Province of Nova Scotia - Mud Creek	170,155	-
Province of Nova Scotia - NEP	330,000	289,741
Rent	54,901	41,285
Revenue others	618,423	502,470
Van lease	14,400	14,400
<b>TOTAL REVENUES</b>	<b>3,125,534</b>	<b>3,108,780</b>



**MI'KMAW NATIVE FRIENDSHIP SOCIETY**  
**STATEMENT OF OPERATIONS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	2014	2013
	\$	\$
<b>EXPENDITURES</b>		
Aboriginal Mental Health Program - AMHP	5,005	-
ACPU	5,493	8,850
Accounting, auditing and legal	10,924	38,553
Active Partnership Program	22,349	13,831
Adult learning - GAP	22,519	6,818
Advertising and printing	18,306	11,450
Amortization	30,921	26,418
Bank charges and interest	3,307	3,242
Building maintenance	58,657	207,157
CORE Program (Schedule 3)	206,763	206,247
Child Development Centre	54,352	47,519
Conference and travel	66,533	53,990
Contingency	2,568	1,633
Equipment - lease and maintenance	4,190	6,046
Expenses other	13,070	16,915
HAPN expenses	10,209	95,298
HST on expenses	54,263	55,466
Insurance	20,846	24,247
Literacy Program	-	49,151
Loss on disposal of assets	1,122	-
Mainline	141,069	145,491
Medical	16,291	18,381
Methadone Program	468,885	235,943
Miscellaneous contracts	9,770	41,155
New building	18,605	-
Office supplies and postage	49,499	41,094
Other unallocated expenses	2,073	23,963
PHAC	18,932	21,455
Special events	17,360	55,540
Staff training	6,026	7,418
Taxes	5,063	4,450
Telephone and fax	30,531	39,933
Utilities	52,654	59,776
Wages and benefits	1,550,981	1,324,680
Youth Program (Schedule 4)	82,623	107,105
<b>TOTAL EXPENDITURES</b>	<b>3,081,759</b>	<b>2,999,215</b>
<b>SURPLUS OF REVENUES OVER EXPENDITURES</b>	<b>43,775</b>	<b>109,565</b>

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

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Cash from operations:		
Surplus of revenues over expenditures	43,775	109,565
Charges to operations not involving cash:		
Amortization of property and equipment	30,921	26,418
	<u>74,696</u>	<u>135,983</u>
Net change in non cash working capital balances related to operations		
Account receivable	26,017 (	74,811)
Prepaid expenses	773 (	13,473)
Accounts payable	( 98,286)	40,799
Deferred revenue	( 38,661)	289,268
	<u>( 35,461)</u>	<u>377,766</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	( 42,184) (	208,747)
Capital funding provided	10,677	177,541
Proceeds from disposition of property and equipment	2,000	1,800
	<u>( 29,507) (</u>	<u>29,406)</u>
FINANCING ACTIVITIES		
Proceeds from loan	10,000	-
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	( 54,968)	348,360
CASH AND EQUIVALENTS - beginning of year (Note 4)	<u>191,461 (</u>	<u>156,899)</u>
CASH AND EQUIVALENTS - end of year (Note 4)	<u>136,493</u>	<u>191,461</u>

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

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Mi'kmaw 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.

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.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. Previously recognized impairment losses may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the the reversal is recognized in the statement of operations.

Income taxes

No provision for income taxes is made in these financial statements as the Society is a non-profit organization and therefore its operations are not taxable.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as revenue and expenses for the year then ended. Actual results may differ from those estimates.

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Society has deferred donations received during the year into a future period of time. Generally accepted accounting principles require that only restricted contributions be deferred into a future period. If the contributions were recorded properly, the deferred revenue would decrease by \$83,039 and revenue would increase by \$83,039.

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

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3. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2014 Net \$	2013 Net \$
Friendship Centre:				
Land	166,650	-	166,650	166,650
Buildings	984,148	693,687	290,461	326,461
Equipment	389,599	313,998	75,601	76,857
Vehicles	200,874	146,889	53,985	59,107
	1,741,271	1,154,574	586,697	629,075
Kjipuktuk College:				
Audio and video	4,160	4,014	146	194
Computers	162,464	156,725	5,739	7,652
Furniture	35,473	34,230	1,243	1,657
Leasehold improvements	80,040	77,234	2,805	3,740
	282,137	272,203	9,933	13,243
	2,023,408	1,426,777	596,630	642,318
			2014 \$	2013 \$
Total property and equipment at cost			2,023,408	1,997,647
Capital funding received			1,375,338	1,364,666
Net cost to the Society			648,070	632,981

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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4. CASH AND EQUIVALENTS

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

	2014 \$	2013 \$
Cash	136,493	191,461
Cash and Equivalents	<u>136,493</u>	<u>191,461</u>

5. BANK INDEBTEDNESS

As of March 31, 2014, the company has available line of credit of \$50,000 at a rate of prime plus 5%.

6. LOAN PAYABLE

	2014 \$	2013 \$
CMHC Seed Funding Loan, bearing no interest and no set terms of repayment.	10,000	-

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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7. DEFERRED REVENUE	2014	2013
	\$	\$
Aboriginal Peoples Network	21,600	-
Donations	83,039	102,804
Fundraising	-	13,146
HCHB	-	1,150
MAC Aids	30,000	-
Other Revenues - General	-	989
Province of Nova Scotia - AMHP	57,945	5,919
Province of Nova Scotia - APS	17,447	-
Province of Nova Scotia - DAY	-	605
Province of Nova Scotia - GAP	30,000	-
Province of Nova Scotia - Housing Project	3,797	3,786
Province of Nova Scotia - KAC	-	36,399
Province of Nova Scotia - MED	46,253	201,300
Province of Nova Scotia - PHAC	-	6,113
Province of Nova Scotia - Victim Services	55,000	-
Regional Desk	-	3,600
Seven Sparks	2,933	10,864
	<hr/>	<hr/>
	348,014	386,675
	<hr/>	<hr/>

8. COMPARATIVE FIGURES

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

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2014

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9. FINANCIAL INSTRUMENTS

Risks and concentrations

The Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

Liquidity risk

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its member accounts receivable. Due to the nature of their relationship, credit risk is considered low.

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 company is exposed only to interest rate risk as described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its bank and operating line of credit.

10. SURPLUS

The Society has attained surpluses in each of the last three 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.



MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

	2014
	\$
<b>SCHEDULE 1</b>	
<b>ACCOUNTS RECEIVABLE</b>	
ACPU	129,444
Capital District Health	650
Child Care Fees	594
Connections Career Centre	3,558
Corrections Canada	1,050
DOH Mud Creek	31,544
Government of Canada	51,943
Healthy Living	400
Inspire Aboriginal	1,247
Kwilmuk Maw-Klusuagn	781
MSI	734
NAFC	16,790
NCC	2,875
Province of Nova Scotia	54,437
Public Health Agency	8,797
Research Power Inc	2,000
Veteran Affairs	4,982
	311,826

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

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

	2014
	\$
<b>SCHEDULE 2</b>	
<b>ACCOUNTS PAYABLE</b>	
Advanced Screen Printing	253
All-Tech Environmental Services Ltd.	730
Armstrong's Communication Ltd.	93
Bell Aliant	4,641
Can Med	15,893
Canadian Linen & Uniform Service	342
Canadian Mental Health	35
Canadian Springs	461
Cansel	633
Capital District Health	2,703
Capital District Health Authority	560
Cardinal Health	633
Debbie Eisan	39
DriverCheck Medical Testing & Assessments	26,503
Eastlink	857
Elizabeth Meffigan-Thomas	500
Enterprise Rent-A-Car	61
EnviroBate Inc	688
Farmers	472
G & K Services Canada Inc.	804
Halifax Regional Municipality	4,746
Halifax Regional Water Commission	1,541
Healthy Wealthy & Wise	978
Heather Douglas	2,212
Independent Security Services Atlantic Inc.	10,799
Ingram Counselling	175
Jessica Rose	218
Joanne Parker	1,350
Kelly Adamson	580
Kwik Kopy	218
Life Safety Systems	632
London Rubber Stamp Co. Ltd.	45
MED- Express Ltd.	49
Melanie Raymond	762
Mi'kmaq Calendar of Events	350
Mi'kmaq Maliseet Nations News	143
Miller Waste Systems	2,668
Miranda Pierro	150
NEDTEK Computer Solutions Inc.	4,118
Accounts Payable Subtotal	88,635

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

	2014
	\$
<b>SCHEDULE 2</b>	
<b>ACCOUNTS PAYABLE</b>	
Sub-total from previous page	88,635
Nova Scotia Power	19,963
Pamela Glode-Desrochers	149
PCO Services Inc.	1,754
Pegasus Glass	4,179
Pro-Vide Services	1,577
Receiver General of Canada	492
Roode & Rose	2,922
Sack's Contracting	525
Sharp Electronics of Canada Ltd.	489
St John Ambulance	100
Staples Advantage	2,443
Staples Business Depot	3,431
Stericycle	4,450
TD Visa	7,068
Telus	2,000
TNT Express	310
Tom Christmas	89
Accrued Wages	6,953
Staff Savings	3,800
Staff Benefits Payable	2,696
Retirement Plan	2,748
Accounts Payable Total	156,773

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

	2014
	\$
<b>SCHEDULE 3</b>	
<b>CORE PROGRAM</b>	
<b>REVENUES</b>	
NAFC revenue	171,237
Administration fee	34,992
	206,229
<b>EXPENDITURES</b>	
Accounting, auditing and legal	38,000
Conference and travel	7,555
HST on expenses	3,803
Miscellaneous	1,654
Office supplies & postage	2,219
Special events	454
Staff training	995
Telephone & fax	8,440
Wages and benefits	130,056
Utilities	13,587
	206,763
<b>SURPLUS OF REVENUES OVER EXPENDITURES</b>	( 534)

MI'KMAW NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2014

	2014
	\$
<b>SCHEDULE 4</b>	
<b>YOUTH PROGRAM</b>	
<b>REVENUES</b>	
NAFC revenue	82,280
Donations	500
HCHB revenue	1,150
	83,930
<b>EXPENDITURES</b>	
Accounting	6,348
Conference and travel	1,679
HST on expenses	748
Honorarium	800
Insurance	600
Office supplies and postage	2,453
Program Supplies	5,351
Rent	6,000
Training	11,238
Wages and benefits	47,475
	82,692
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>1,238</b>