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**MIC MAC NATIVE FRIENDSHIP SOCIETY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

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## AUDITORS' REPORT

### To The Members Of Mic Mac Native Friendship Society

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We have audited the accompanying financial statements of Mic Mac Native Friendship Society, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of deficit, 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.

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**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, in 2011 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 previous year financial statements would have been 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, 2012, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

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CHARTERED ACCOUNTANTS


Bedford, NS  
September 21, 2012

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2012**

	2012	2011
	\$	\$
<b>ASSETS</b>		
CURRENT		
Cash	9,727	6,855
Accounts receivable (Schedule 1)	321,848	231,800
Prepaid expenses	5,314	19,909
	<u>336,889</u>	<u>258,564</u>
PROPERTY AND EQUIPMENT (Note 4)	<u>524,338</u>	<u>533,673</u>
	<u>861,227</u>	<u>792,237</u>
<b>LIABILITIES</b>		
CURRENT		
Bank indebtedness (Note 6)	166,626	223,684
Accounts payable (Schedule 2)	214,261	88,356
Deferred revenue (Note 7)	97,407	114,453
	<u>478,294</u>	<u>426,493</u>
<b>NET ASSETS</b>		
CAPITAL FUNDING	436,293	438,151
DEFICIT	<u>( 53,360)</u>	<u>( 72,407)</u>
	<u>382,933</u>	<u>365,744</u>
	<u>861,227</u>	<u>792,237</u>

APPROVED ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
President

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
STATEMENT OF DEFICIT  
FOR THE YEAR ENDED MARCH 31, 2012**

	2012	2011
	\$	\$
BALANCE - BEGINNING OF YEAR	( 72,407)	( 158,996)
SURPLUS OF REVENUES OVER EXPENDITURES	19,047	86,589
BALANCE - END OF YEAR	( 53,360)	( 72,407)

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, 2012**

	2012	2011
	\$	\$
<b>BALANCE - BEGINNING OF YEAR</b>	<u>438,151</u>	<u>467,119</u>
Add:		
Funds provided by		
- Active Partnership Program	1,150	-
- CAP C Program	817	-
- College	-	10,865
- Core	-	3,478
- Daycare	817	-
- General	5,278	-
- Headstart	33,176	-
- Methadone Program	2,273	658
- NAFC - Youth Program	-	817
	<u>43,511</u>	<u>15,818</u>
	<u>481,662</u>	<u>482,937</u>
Deduct:		
Amortization		
- Child Development Centre - Property # 3	11,192	10,555
- College	5,885	7,847
- Equipment & Vehicle	21,859	19,951
- Property #1	1,197	1,197
- Property # 2	5,236	5,236
	<u>45,369</u>	<u>44,786</u>
<b>BALANCE - END OF YEAR</b>	<u>436,293</u>	<u>438,151</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, 2012**

	2012	2011
	\$	\$
<b>REVENUES</b>		
Capital District Revenue - MET	400,000	400,000
National Association Friendship Centre - Core Funding (Schedule 3)	171,237	171,237
National Association Friendship Centre - Youth Program (Schedule 5)	103,500	135,000
National Association Friendship Centre - Regional Desk	-	350,575
Health Canada - CAPC	75,142	75,142
Health Canada - Head Start	320,662	271,781
Province of Nova Scotia - Daycare	103,676	124,711
Province of Nova Scotia - GAP Program	100,230	48,194
Province of Nova Scotia - NEP	281,479	282,780
Province of Nova Scotia - HAPN/UAS (Schedule 4)	207,081	-
Province of Nova Scotia - Infrastructure Grant	-	8,658
Province of Nova Scotia - College	98,141	65,000
Law Foundation	46,498	46,498
Health Board - NEP	40,000	40,000
Corrections Canada - MET	56,769	33,996
Mi'kmaq employment training	40,000	40,000
Active partnership	113,371	127,675
Daycare fees	40,787	41,695
Rent	49,970	22,837
Donations	96,496	70,181
Fundraising (Schedule 5)	9,485	17,323
Administration (Schedule 3,4)	21,061	17,881
Revenue others	421,362	429,120
Van lease	14,400	14,400
Women are Medicine	-	97,708
Miscellaneous contracts	74,782	146,211
<b>TOTAL REVENUES</b>	<b>2,886,129</b>	<b>3,078,603</b>

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



**MIC MAC NATIVE FRIENDSHIP SOCIETY**  
**STATEMENT OF OPERATIONS (Continued)**  
**FOR THE YEAR ENDED MARCH 31, 2012**

	2012	2011
	\$	\$
<b>EXPENDITURES</b>		
ACPU	3,294	3,595
Accounting, auditing and legal	35,253	43,034
Advertising and printing	6,619	2,804
Amortization	26,472	23,365
Bank charges and interest	6,455	11,929
Building maintenance	103,208	51,689
Child Development Centre	54,409	52,151
Conference and travel	52,345	50,578
Contingency	3,613	3,144
CORE Program (Schedule 3)	206,150	176,098
Equipment - lease and maintenance	28,907	27,313
Expenses other	15,820	10,546
HAPN expenses (Schedule 4)	207,128	13,669
HST on expenses	38,186	35,366
Insurance	26,357	27,030
Literacy Program	22,557	-
Mainline	120,209	107,985
Medical	14,853	21,374
Methadone Program	177,213	162,904
Miscellaneous contracts	57,285	79,613
• Office supplies & postage	45,342	28,089
Other unallocated expenses	29,419	16,540
Regional Desk	-	345,777
• Special events	24,720	26,225
• Staff training	5,546	1,762
• Taxes	4,262	3,953
• Telephone and fax	41,046	37,221
• Utilities	59,852	59,687
• Wages and benefits	1,346,059	1,384,047
Women are medicine	-	59,415
Youth Program (Schedule 5)	104,503	125,111
<b>TOTAL EXPENDITURES</b>	<b>2,867,082</b>	<b>2,992,014</b>
<b>SURPLUS OF REVENUES OVER EXPENDITURES</b>	<b>19,047</b>	<b>86,589</b>

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, 2012**

	2012	2011
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Cash from operations:		
Surplus of revenues over expenditures	19,047	86,589
Charges to operations not involving cash:		
Amortization of property and equipment	26,472	23,365
	<u>45,519</u>	<u>109,954</u>
Net change in non cash working capital balances related to operations		
Account receivable	( 90,048)	( 28,794)
Prepaid expenses	14,595	( 5,691)
Accounts payable	125,905	( 152,062)
Deferred revenue	( 17,046)	( 84,916)
	<u>78,925</u>	<u>( 161,509)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	( 62,506)	( 16,728)
Capital funding provided	43,511	15,818
	<u>( 18,995)</u>	<u>( 910)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING YEAR</b>	<b>59,930</b>	<b>( 162,419)</b>
<b>CASH AND EQUIVALENTS - beginning of year (Note 5)</b>	<b>( 216,829)</b>	<b>( 54,410)</b>
<b>CASH AND EQUIVALENTS - end of year (Note 5)</b>	<b>( 156,899)</b>	<b>( 216,829)</b>

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

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

Because the Society is expensing the severance over a two year period, the Society has expensed \$86,374 in the 2012 fiscal year. If properly recorded under Generally accepted accounting principles in the previous year, the current year wage expense would decrease by \$86,374 and the surplus of revenue over expenditures would change to \$105,422.

**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.

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.

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

**3. 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.

**4. PROPERTY AND EQUIPMENT**

	Cost \$	Accumulated Amortization \$	2012 Net \$	2011 Net \$
Friendship Centre:				
Land	166,650	-	166,650	166,650
Buildings	860,515	615,089	245,426	263,920
Equipment	326,491	263,179	63,312	53,976
Vehicles	178,086	146,793	31,293	25,584
	<b>1,531,742</b>	<b>1,025,061</b>	<b>506,681</b>	<b>510,130</b>
	Cost \$	Accumulated Amortization \$	2012 Net \$	2011 Net \$
Kjipuktuk College:				
Audio and video	4,160	3,901	259	346
Computers	162,464	152,262	10,202	13,603
Furniture	35,473	33,263	2,210	2,946
Leasehold improvements	80,040	75,053	4,986	6,648
	<b>282,137</b>	<b>264,479</b>	<b>17,657</b>	<b>23,543</b>
	<b>1,813,879</b>	<b>1,289,540</b>	<b>524,338</b>	<b>533,673</b>

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**4. PROPERTY AND EQUIPMENT (Continued)**

	2012	2011
	\$	\$
Total property and equipment at cost	1,813,879	1,751,372
Capital funding received	1,187,125	1,143,614
Net cost to the Society	626,754	607,758

**5. CASH AND EQUIVALENTS**

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

	2012	2011
	\$	\$
Cash	9,727	6,855
Bank indebtedness	( 166,626)	( 223,684)
Cash and Equivalents	( 156,899)	( 216,829)

**6. BANK INDEBTEDNESS**

As of March 31, 2012, the company has available line of credit of \$50,000 at a rate of prime plus 5%.

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

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7. DEFERRED REVENUE	2012	2011
	\$	\$
Building	-	9,631
Donations	27,301	14,309
Drummers and dancers revenue	-	1,800
Family Literacy - KAC	-	2,166
Fundraising	14,107	14,729
Other Revenues - General	3,600	4,237
Other Revenues - Literacy	637	-
MAC Aids	15,000	25,000
Province of Nova Scotia - Housing Project	5,631	-
Province of Nova Scotia - KAC	17,236	-
Province of Nova Scotia - Literacy	4,154	-
Province of Nova Scotia - MYP	-	9,439
Province of Nova Scotia - NEP	9,741	11,220
Public Health Agency of Canada - MYP	-	6,922
Recreation Grant - MYP	-	15,000
	97,407	114,453
	97,407	114,453

**8. COMPARATIVE FIGURES**

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

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

	2012
	\$
<b>SCHEDULE 1</b>	
<b>ACCOUNTS RECEIVABLE</b>	
ACPU	50,840
Advances receivable - staff	2,647
Career Connections	2,371
Corrections Canada	1,180
HST recoverable	42,293
LINKS	10,485
Metro Non Profit Housing	12,795
MSI	7,086
NAFC	29,262
PHAC	150
Province of Nova Scotia	30,842
Scotia Pharmasave	5,357
UAS	126,540
	321,848
	321,848

*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, 2012**

2012

\$

**SCHEDULE 2**

**ACCOUNTS PAYABLE**

3054581 NS Ltd.	863
Aboriginal Multi Media	273
Armstrong's Communication Ltd.	76
Barb Hall	7,908
Bell Aliant	5,285
Big Eric's	1,501
Brittany Pennell	2,498
Burnside Liquidators	2,668
Can-Med	7,036
Canadian Linen & Uniform Service	277
Canadian Springs	298
Capital District Health Authority	1,051
Charles Duncan	1,500
Crystal Hope	150
Debra Perry	50
E Mantley Maintenance Services	1,035
Eaglecrest Books	1,108
Eastlink	711
Enterprise	579
Farmers	300
Feed Nova Scotia	75
Flagstone Business Interiors	247
GBS Communications	57
Halifax Regional Municipality	250
Halifax Regional Water Commission	1,543
Imperial Parking	117
IWK Health Centre	20,167
Jennifer Daurie	75
Jennifer Paul	24
Joanne Parker	719
Kathy Boudreau	3,481
Keary-Lee Gray	75
Kwick Copy	187
Maritime Digital	230
Med Express	52
Melanie Raymond	5,772
Mike Mosher Electrical	40
Mi'kmaq Maliseet Nations News	143
Miller Waste Systems	2,132
Miranda Pierro	161
	161
Accounts Payable Subtotal	70,714



**MIC MAC NATIVE FRIENDSHIP SOCIETY  
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

	2012
	\$
<b>SCHEDULE 2</b>	
<b>ACCOUNTS PAYABLE</b>	
Sub-total from previous page	70,714
NEBS	976
NEDTEK Computer Solutions	6,846
Nova Scotia Power	14,185
Pamela Glode-Desrochers	2,438
Pathways	500
PCO	276
Positive Promotions	3
Provide Services	842
Quality Classroom	4,988
Ramona Brooks	50
Raymond Yuill, CA's	1,000
Receiver General - Payroll taxes	( 6,598)
Retirement Plan	1,363
Roode & Rose	7,475
Roxanne Bidlock	50
Sacks Management Ltd	95,878
Samantha Googoo	50
Staples	6,931
Stericycle	2,146
Telus	2,006
Think Imaging	912
Ursula Johnson	1,000
Via Rail	230
	214,261

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2012**

	2012
	\$
<b>SCHEDULE 3</b>	
<b>CORE PROGRAM</b>	
<b>REVENUES</b>	
NAFC revenue	171,237
Administration fee	34,992
	<b>206,229</b>
<b>EXPENDITURES</b>	
Accounting, auditing and legal	( 730)
Conference and travel	3,065
HST on expenses	932
Miscellaneous	600
Office supplies & postage	174
Special events	180
Staff training	100
Telephone & fax	351
Wages and benefits	201,478
	<b>206,150</b>
<b>SURPLUS OF REVENUES OVER EXPENDITURES</b>	<b>79</b>

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2012**

	2012
	\$
<b>SCHEDULE 4</b>	
<b>HAPN/UAS PROGRAM</b>	
<b>REVENUES</b>	
HAPN - UAS revenues	187,081
HAPN Province of Nova Scotia	20,000
	<b>207,081</b>
<b>EXPENDITURES</b>	
Administration expenses	12,539
Communications	6,261
Community gatherings & meetings	11,802
Coordinator expenses	1,065
Equipment & supplies	3,446
HST on expenses	11,776
Honorarium	1,850
Hospitality	2,672
Office supplies	6,052
Professional fees	79,142
Read to me bags	19,613
Strategic meetings	16,419
UAS meeting	1,091
Wages & benefits	27,161
Websites, supplies & supports	6,239
	<b>207,128</b>
<b>DEFICIENCY OF EXPENDITURES OVER REVENUES</b>	<b>( 47)</b>

**MIC MAC NATIVE FRIENDSHIP SOCIETY  
 SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED MARCH 31, 2012**

	2012
	\$
<b>SCHEDULE 5</b>	
<b>YOUTH PROGRAM</b>	
<b>REVENUES</b>	
NAFC revenue	103,500
Fundraising revenue	1,448
	<b>104,948</b>
 <b>EXPENDITURES</b>	
Accounting	3,000
Advertising and printing	1,000
Bookkeeping expense	2,838
Conference & travel	6,512
HST on expenses	1,306
Honorarium	1,500
Insurance	1,200
Office supplies & postage	765
Program Supplies	8,158
Rent	12,000
Telephone & fax	439
Wages & benefits	64,835
Workshops	950
	<b>104,503</b>
 <b>DEFICIENCY OF EXPENDITURES OVER REVENUE</b>	 <b>445</b>