

**MIRAMICHI FISHERIES MANAGEMENT LTD.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
DECEMBER 31, 2020

*Draft for discussion purposes only*

**MIRAMICHI FISHERIES MANAGEMENT LTD.**

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For the year ended December 31, 2020

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## INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Directors of  
Miramichi Fisheries Management Ltd.

### *Report on the Financial Statements*

We have reviewed the accompanying financial statements of Miramichi Fisheries Management Ltd. that comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and 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 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 fraud or error.

### *Practitioners' Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioners perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Miramichi Fisheries Management Ltd. as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Miramichi, NB

May 29, 2021

Chartered Professional Accountants

**MIRAMICHI FISHERIES MANAGEMENT LTD.****Statement of Financial Position****(Unaudited)****As at December 31****2020****2019****ASSETS****CURRENT ASSETS**

Cash	\$ 59,427	\$ 70,534
Accounts receivable	387,557	319,039
Prepaid expenses	6,411	5,494
Government remittances receivable	-	6,503

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**453,395**      **401,570****PROPERTY AND EQUIPMENT (Note 3)**

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**185,498**      **224,469**

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**\$ 638,893**      **\$ 626,039**

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**LIABILITIES****CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 4,614	\$ 37,626
Government remittances payable	23,692	-
Long-term debt due within one year	9,729	12,814
Due to Miramichi Salmon Association Inc. (Note 4)	756,319	673,065

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**794,354**      **723,505****LONG-TERM DEBT (Note 5)**

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**24,325**      **34,054**

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**818,679**      **757,559**

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**FUND BALANCES****COMMON SHARES (Note 6)**      **30,000**      **30,000****BALANCE - Page 4**      **(209,786)**      **(161,520)**

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**(179,786)**      **(131,520)**

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**\$ 638,893**      **\$ 626,039**

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Approved by the board

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Member

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Member

**MIRAMICHI FISHERIES MANAGEMENT LTD.****Statement of Operations****(Unaudited)****For the year ended December 31**

	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Maintenance contract (Note 9)	\$ 200,000	\$ 95,000
Miscellaneous income	8,727	20,953
Rental income	30,714	35,869
	<b>239,441</b>	<b>151,822</b>
<b>EXPENDITURES</b>		
Amortization	38,971	41,602
Insurance	17,837	11,500
Interest on long-term debt	803	1,022
Office	22,158	5,731
Project expenses	30,056	18,045
Property taxes	3,513	3,520
Repairs and maintenance	4,651	62,498
Telephone	6,920	5,729
Travel and automotive	4,206	20,626
Utilities	5,681	7,645
Wages and benefits	155,506	47,054
	<b>290,302</b>	<b>224,972</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES BEFORE OTHER INCOME</b>	<b>(50,861)</b>	<b>(73,150)</b>
<b>OTHER INCOME</b>		
Gain on disposal of property and equipment	-	92,311
<b>EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) BEFORE DISCONTINUED OPERATIONS</b>	<b>(50,861)</b>	<b>19,161</b>
<b>DISCONTINUED OPERATIONS (Note 7)</b>	<b>2,595</b>	<b>20,421</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR - to Page 4</b>	<b>\$ (48,266)</b>	<b>\$ 39,582</b>

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Statement of Changes in Net Assets****(Unaudited)****For the year ended December 31**

	<b>2020</b>	<b>2019</b>
<b>BALANCE, beginning of year</b>	<b>\$ (161,520)</b>	<b>\$ (201,102)</b>
Excess of revenues over expenditures (expenditures over revenues) for the year - Page 3	<b>(48,266)</b>	<b>39,582</b>
<b>BALANCE, end of year</b>	<b>\$ (209,786)</b>	<b>\$ (161,520)</b>

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Statement of Cash Flows****(Unaudited)****For the year ended December 31**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures (expenditures over revenues)	\$ (48,266)	\$ 39,582
Adjustments for		
Amortization	38,971	41,602
Gain on disposal of property and equipment	-	(92,311)
	(9,295)	(11,127)
Change in non-cash working capital items:		
Increase in accounts receivable	(68,518)	(57,565)
Increase in prepaid expenses	(917)	-
Decrease (increase) in government remittances receivable	6,503	(6,503)
Increase (decrease) in accounts payable and accrued liabilities	(33,012)	3,492
Increase (decrease) in government remittances payable	23,692	(61,697)
	(81,547)	(133,400)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances to related party	83,254	122,993
Repayment of long-term debt	(12,814)	(18,182)
Proceeds of long-term debt	-	49,068
	70,440	153,879
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(49,096)
Proceeds on disposal of property and equipment	-	96,752
	-	47,656
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(11,107)</b>	<b>68,135</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>70,534</b>	<b>2,399</b>
<b>CASH AND CASH EQUIVALENTS, end of year (Note 10)</b>	<b>\$ 59,427</b>	<b>\$ 70,534</b>

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Notes to the Financial Statements****(Unaudited)****December 31, 2020**

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**1. STATUS AND NATURE OF ACTIVITIES**

Miramichi Fisheries Management Ltd. was incorporated as a not-for-profit corporation and is exempt from federal and provincial corporate taxes under paragraph 149(1)(e) of the Income Tax Act of Canada. The organization's main objective is the operation of the Miramichi Conservation Centre, in support of Atlantic Salmon Conservation within the Miramichi River system.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The organization applies the Canadian accounting standards for not-for-profit organizations.

**(a) Property and equipment**

Property and equipment are recorded at cost. Contributions received for capital improvements are recorded against the cost of the asset. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Vehicles	4 years Straight-line
Contribution - Hatchery renovations	20 years Straight-line
Contribution - Centre of Excellence	20 years Straight-line

Leasehold improvements are being amortized on a straight line basis over 20 years.

**(b) Revenue recognition**

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

Fish sales are recognized upon delivery of fish to customer.

Grants are recorded in the period the related expenditures are incurred when reasonable assurance exists that the organization has complied with the terms and conditions of the contract.

Rental income is recognized on a straight line basis over the agreed rental term.

**(c) Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements include the future collectability of receivables.



**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Financial instrument classification**

The organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The organization accounts for the following as financial instruments, all of which are measured according to the amortized cost method:

- Cash and cash equivalents
- Accounts receivable
- Payables and accruals
- Long-term debt
- Due to related company

A financial asset or liability is measured when the organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origin, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the organization is in the capacity of management in which case they are accounted for in accordance with financial instruments.

The following financial assets and financial liabilities are subsequently measured according to the amortized cost method:

- Cash and cash equivalents
- Accounts receivable
- Payables and accruals
- Long term debt
- Due to related company

The organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount what would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

**MIRAMICHI FISHERIES MANAGEMENT LTD.****Notes to the Financial Statements****(Unaudited)****December 31, 2020****3. PROPERTY AND EQUIPMENT**

	<b>2020</b>		<b>2019</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
Vehicles	\$ 151,995	\$ 116,715	\$ 35,280	\$ 56,742
Leasehold improvements	2,241,268	1,314,520	926,748	1,038,812
	<b>2,393,263</b>	<b>1,431,235</b>	<b>962,028</b>	<b>1,095,554</b>
Contribution - Hatchery renovations	(456,874)	(81,365)	(375,509)	(398,353)
Contribution - Centre of Excellence	(1,434,228)	(1,033,207)	(401,021)	(472,732)
	<b>(1,891,102)</b>	<b>(1,114,572)</b>	<b>(776,530)</b>	<b>(871,085)</b>
	<b>\$ 502,161</b>	<b>\$ 316,663</b>	<b>\$ 185,498</b>	<b>\$ 224,469</b>

**4. RELATED PARTY TRANSACTIONS**

- (a) During the year, the organization entered into transactions with the following related parties:

Miramichi Salmon Association Inc., parent company  
Member of board of directors

- (b) These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<b>2020</b>	<b>2019</b>
Miramichi Salmon Association Inc.		
Transfers	\$ 83,254	\$ 122,993
Reimbursement of expenses	(114,112)	(142,927)
Transactions with director - Rent revenue	\$ 6,000	\$ 6,000

- (c) Advances from related party

	<b>2020</b>	<b>2019</b>
Miramichi Salmon Association Inc.	<b>\$ 756,319</b>	<b>\$ 673,065</b>

Balances due to related parties are unsecured, non-interest bearing with no specific terms of repayment.

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Notes to the Financial Statements****(Unaudited)****December 31, 2020**

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**5. LONG-TERM DEBT**

	<b>2020</b>	<b>2019</b>
1.99% term loan from the Bank of Nova Scotia repayable in blended interest and principal payments of \$860 per month until May 2024, secured by a vehicle with a carrying value of \$30,685.	\$ 34,054	\$ 43,591
Repaid during the year	-	3,277
	<b>34,054</b>	46,868
Less: Amount due within one year	<b>9,729</b>	12,814
	<b>\$ 24,325</b>	\$ 34,054

Principal repayments of long term debt are due as follows:

2021	\$ 9,729
2022	9,924
2023	10,123
2024	4,278
	<b>\$ 34,054</b>

**6. COMMON SHARES**

	<b>2020</b>	<b>2019</b>
<b>Authorized</b>		
Unlimited number of common shares with no par value		
30,000 common shares	\$ 30,000	\$ 30,000

All outstanding common shares are owned by Miramichi Salmon Association Inc., a registered charity.

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Notes to the Financial Statements****(Unaudited)****December 31, 2020**

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**7. DISCONTINUED OPERATIONS**

On December 31, 2020, the organization's partnership with the Collaboration for Atlantic Salmon Tomorrow (CAST) to fund the smolt-to-adult salmon rearing program ended. There is an outstanding receivable from CAST for \$384,927 at year end of which management is confident of collection. Accordingly, the operations have been treated as discontinued operations in the 2020 financial statements and the comparative balances for 2019 have been restated.

The operating results of discontinued operations are summarized below:

	<b>2020</b>	<b>2019</b>
<b>REVENUE</b>	<b>\$ 478,780</b>	<b>\$ 595,372</b>
<b>EXPENSES</b>		
Administrative and project expenses - (Note 8)	<b>476,185</b>	574,951
<b>NET INCOME</b>	<b>\$ 2,595</b>	<b>\$ 20,421</b>

**8. COLLABORATION FOR ATLANTIC SALMON TOMORROW (CAST)**

The Collaboration for Atlantic Salmon Tomorrow (CAST) is a collaborative not-for-profit entity made up of several corporate members including the Miramichi Salmon Association Inc. CAST is funding the expenses related to the smolt-to-adult salmon rearing program in this organization and provides funding for salaries, program supplies and general operating expenses. CAST has also made direct contributions by funding upgrades to the hatchery and facilities in excess of \$1,000,000.

	<b>2020</b>	<b>2019</b>
Insurance	\$ 48,867	\$ 36,991
Office supplies	817	4,219
Project: Fish maintenance	117,784	111,857
Property tax	3,513	3,516
Repairs and maintenance	41,262	67,996
Shipping costs	5,825	5,639
Telephone	2,597	2,535
Travel and automotive	7,519	8,392
Utilities	70,785	81,897
Wages and benefits	63,104	108,982
Wages and benefits (MSA)	114,112	142,927
	<b>\$ 476,185</b>	<b>\$ 574,951</b>

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**MIRAMICHI FISHERIES MANAGEMENT LTD.****Notes to the Financial Statements****(Unaudited)****December 31, 2020**

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**9. MAINTENANCE CONTRACT**

During the year, the organization was subcontracted by the Province of New Brunswick to administrate the salmon protection barriers operation on the Dungarvon and Northwest Miramichi Rivers. The agreement provides \$200,000 annually to cover employee salaries, travel and necessary supplies. In prior years, the organization had been subcontracted by Miramichi Watershed Management Committee Inc. (MWMCI) to carry out the maintenance of infrastructure for Crown reserve angling stretches for the Department of Natural Resources. MWMCI received \$100,000 as per the terms of the agreement and submitted \$95,000 to Miramichi Fisheries Management Ltd. for work performed.

The operating costs associated with these contracts are summarized below:

	<b>2020</b>	<b>2019</b>
Materials and supplies	\$ 13,553	\$ 4,348
Trail and camp maintenance	-	13,697
Travel and automotive	15,175	16,164
Wages and benefits	135,516	50,792
	<b>\$ 164,244</b>	<b>\$ 85,001</b>

**10. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand and balances with banks.

	<b>2020</b>	<b>2019</b>
Balances with banks	<b>\$ 59,427</b>	<b>\$ 70,534</b>

**11. ECONOMIC DEPENDENCE**

The organization receives the majority of its revenue through funding agreements with the Province of New Brunswick and other contractual arrangements (2020 - 84%, 2019 - 63%). The organization's continued operations are dependent on these funding agreements and satisfying the terms of these agreements.

**12. COMMITMENTS**

The organization leases land, buildings and equipment from Miramichi Watershed Management Committee Inc. The lease term is for a period of 33 years at an annual cost of \$1 which terminates on December 31, 2045.

**13. CENTRE OF EXCELLENCE**

During the year ended December 31, 2008, work was performed on the Centre of Excellence. The total cost of the project was approximately \$1,670,000 which was financed through non-repayable contributions from the Atlantic Canada Opportunities Agency, the Province of New Brunswick and investment by Miramichi Salmon Association Inc.

During the year ended December 31, 2014, further improvements to the hatchery were completed for a total cost of \$306,960 and a contribution from the Miramichi Regional Economic Development and Innovation Fund was received in the amount of \$83,000.

During the year ended December 31, 2017, additional leasehold improvements were completed to a green house and the hatchery which were funded by a contribution from the Collaboration for Atlantic Salmon Tomorrow (CAST) for a total cost of \$194,593.

During the year ended December 31, 2018, additional leasehold improvements were completed to a green house which were funded by a contribution from the Collaboration for Atlantic Salmon Tomorrow (CAST) for a total cost of \$179,281.

The leasehold improvements and related deferred contributions related to these projects are being amortized on a straight line basis over 20 years, the expected useful life of the improvements.

During the year, amortization of \$112,064 (2019 - \$112,064) was recorded on the leasehold improvements and offset by amortization of \$94,555 (2019 - \$94,555) on the deferred contributions.

**14. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

**(a) Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization's main credit risks relate to its accounts receivable. There has been no significant change in exposure from the prior year.

**(b) Liquidity risk**

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization is exposed to liquidity risk in respect of its bank indebtedness and accounts payable and accrued liabilities. There has been no significant change in exposure from the prior year.

**(c) Interest rate risk**

Interest rate risk is the risk that the organization has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The organization reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There has been no significant change in exposure from the prior year.