

MIRAMICHI SALMON ASSOCIATION INC.

**NON-CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

Draft for discussion purposes only

MIRAMICHI SALMON ASSOCIATION INC.

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For the year ended December 31, 2020

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
Miramichi Salmon Association Inc.

Report on the Financial Statements

We have reviewed the non-consolidated financial statements of Miramichi Salmon Association Inc., that comprise the non-consolidated statement of financial position as at December 31, 2020 and the non-consolidated statement 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying non-consolidated 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 practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates 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 non-consolidated financial statements do not present fairly, in all material respects, the financial position of Miramichi Salmon Association Inc. 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 SALMON ASSOCIATION INC.
Non-Consolidated Statement of Financial Position
(Unaudited)
As at December 31

	Miramichi Forever Funds				
	Operating Fund	Endowment Fund	Discretionary Fund	2020 Total	2019 Total
ASSETS					
Current Assets					
Cash	\$ -	\$ 86,237	\$ 11,562	\$ 97,799	\$ 116,403
Accounts receivable (Note 4)	58,177	-	-	58,177	74,268
Inventory	33,901	-	-	33,901	56,149
Prepaid expenses	1,856	-	-	1,856	1,856
Investments (Note 3)	-	1,319,517	639,834	1,959,351	1,902,780
	93,934	1,405,754	651,396	2,151,084	2,151,456
PROPERTY AND EQUIPMENT (Note 5)	8,015	-	-	8,015	8,968
INVESTMENT IN AND ADVANCES TO RELATED PARTY (Note 6)	786,319	-	-	786,319	703,065
	\$ 888,268	\$ 1,405,754	\$ 651,396	\$ 2,945,418	\$ 2,863,489
LIABILITIES					
Current Liabilities					
Bank indebtedness (Note 7)	\$ 83,304	\$ -	\$ -	\$ 83,304	\$ 78,732
Accounts payable and accrued liabilities	14,392	-	-	14,392	15,901
Government remittances payable	11,194	-	-	11,194	673
Unearned revenue	-	-	-	-	3,346
Interfund loans	4,143	(4,143)	-	-	-
	113,033	(4,143)	-	108,890	98,652
NET ASSETS					
Fund balances					
Miramichi Forever Funds	-	1,409,897	651,396	2,061,293	2,037,485
Operating Fund	775,235	-	-	775,235	727,352
	775,235	1,409,897	651,396	2,836,528	2,764,837
	\$ 888,268	\$ 1,405,754	\$ 651,396	\$ 2,945,418	\$ 2,863,489

On Behalf of the Board

Director

Director

MIRAMICHI SALMON ASSOCIATION INC.
Non-Consolidated Statement of Operations
(Unaudited)
For the year ended December 31

	Miramichi Forever Funds			2020 Total	2019 Total
	Operating Fund	Endowment Fund	Discretionary Fund		
REVENUES					
Membership and donations	\$ 45,152	\$ 5,452	\$ -	\$ 50,604	\$ 144,483
Expense recovery	114,112	-	-	114,112	142,927
Fundraising dinners	121,900	-	-	121,900	258,466
Fundraising	15,472	-	-	15,472	15,220
Transfer from MSA (US) Inc. (Note 8)	84,090	-	-	84,090	99,389
Miscellaneous income	3,929	-	-	3,929	1,841
Projects (government funding) (Note 4)	149,316	-	-	149,316	77,841
Contract income	4,527	-	-	4,527	7,429
Investment income	-	36,472	23,083	59,555	66,324
Realized gain (loss) on investments	-	146	-	146	15,687
Unrealized gain (loss) on investments	-	27,121	17,145	44,266	106,143
	\$ 538,498	\$ 69,191	\$ 40,228	\$ 647,917	\$ 935,750
EXPENDITURES					
Salaries and benefits	\$ 401,321	\$ -	\$ -	\$ 401,321	\$ 488,047
Bad debts	5,378	-	-	5,378	-
Amortization	953	-	-	953	1,226
Travel expenses	15,149	-	-	15,149	32,167
Office supplies	69,139	-	-	69,139	70,164
Fundraising dinners	56,652	-	-	56,652	82,111
Member service costs	7,056	-	-	7,056	10,764
Education	11,000	-	-	11,000	11,100
Rent	1,800	-	-	1,800	8,250
Project costs	7,778	-	-	7,778	52,407
	\$ 576,226	\$ -	\$ -	\$ 576,226	\$ 756,236
EXCESS (DEFICIENCY) OF REVENUE					
OVER EXPENDITURES FOR THE YEAR	\$ (37,728)	\$ 69,191	\$ 40,228	\$ 71,691	\$ 179,514

MIRAMICHI SALMON ASSOCIATION INC.
Non-Consolidated Statement of Changes in Net Assets
(Unaudited)
For the year ended December 31

	Miramichi Forever Funds			2020 Total	2019 Total
	Operating Fund	Endowment Fund	Discretionary Fund		
Accumulated surplus opening balance	\$ 727,352	\$ 1,396,569	\$ 640,916	\$ 2,764,837	\$ 2,585,323
Excess of revenue over expenditures	(37,728)	69,191	40,228	71,691	179,514
Transfers from endowment fund	29,748	-	(29,748)	-	-
Transfers from discretionary fund	55,863	(55,863)	-	-	-
Closing fund balance	\$ 775,235	\$ 1,409,897	\$ 651,396	\$ 2,836,528	\$ 2,764,837

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MIRAMICHI SALMON ASSOCIATION INC.
Non-Consolidated Statement of Cash Flows
(Unaudited)

For the year ended December 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 71,691	\$ 179,514
Adjustment for		
Amortization	953	1,226
Donated investments	1,309	-
Realized gain on disposal of investments	(146)	(15,687)
Unrealized (gain) loss on fund investments	(44,266)	(106,143)
	29,541	58,910
Change in non-cash working capital items:		
Decrease (increase) in accounts receivable	16,091	83,005
Decrease (increase) in inventory	22,248	(7,595)
Increase (decrease) in accounts payable	9,012	(7,375)
Increase (decrease) in unearned revenue	(3,346)	(8,654)
	73,546	118,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to Miramichi Fisheries Management Ltd.	(83,254)	(122,993)
	(83,254)	(122,993)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment proceeds (purchases)	(13,468)	(8,911)
	(13,468)	(8,911)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,176)	(13,613)
CASH AND CASH EQUIVALENTS, beginning of year	37,671	51,284
CASH AND CASH EQUIVALENTS, end of year	\$ 14,495	\$ 37,671

Cash consists of:

	2020	2019
Cash - discretionary fund	\$ 11,562	\$ 48,393
Cash - endowment fund	86,237	68,010
Bank indebtedness - operating fund	(83,304)	(78,732)
	\$ 14,495	\$ 37,671

1. PURPOSE OF THE ORGANIZATION

Since 1953, the Miramichi Salmon Association Inc. and its members have dedicated their funds and capabilities to the protection of the Miramichi River system on behalf of anglers, outfitters, guides and all others with economic, environmental and recreational interests in the river. The association is a registered charitable organization and is exempt from federal and provincial corporate taxes under the provisions of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of accounting**

The associations's non-consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) **Revenue recognition**

The association follows the restricted fund method of accounting for contributions.

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. Restricted contributions are recognized as revenue in the year they are received. Endowment contributions are recognized as revenue in the year they are received. Investment income is recognized as revenue when earned.

(c) **Investments**

All investments were designated by the association as held-for-trading in accordance with the CPA Canada Handbook - Accounting Section 3856 and are recorded at fair value based on quoted market values. Interest and dividend income and realized gains and losses are included in investment income and recognized in the period earned. Unrealized gains and losses are included in investment income and recognized in the period in which they arise.

(d) **Inventory**

Inventory is recorded at the lower of cost and net realizable value and is comprised of donated items used for fundraising activities and auctions.

(e) **Contributed services**

The association is dependent on the work of many volunteers to fulfil its mission. Due to the difficulty in determining their value, donated services are not recorded in these financial statements.

(f) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and cash balances in investment trading accounts.

(g) **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization of fixed assets, based on management's estimate of the useful life of the assets, is provided on the declining balance method at a rate of 20% per annum for office furniture and fixtures, and at a rate of 30% per annum on computer equipment and software.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) **Use of estimates**

In preparing the association's non-consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) **Miramichi Forever Endowment Fund**

The Miramichi Forever Endowment Fund provides long term financial support for Miramichi salmon conservation. The annual spending allocation from this group of funds is based on a predetermined rate applied to the opening balance of the endowment fund. The spending rate is determined by the Board of Directors in consideration of maximizing both the spending and endowment growth and is currently 4% of year end endowment fund asset value, unless a project is specifically approved by the Board of Directors. As of December 31, 2020 the total value of the Miramichi Forever Endowment Fund was \$1,409,897.

(j) **Miramichi Forever Discretionary Fund**

The Miramichi Forever Discretionary Fund provides much needed support for Miramichi salmon conservation. These funds are available for Board approved spending on possible shortfalls in budgeted operations and for unforeseen contingency requirements. As of December 31, 2020 the total value of the Miramichi Forever Discretionary Fund was \$651,396.

3. INVESTMENTS

	Market 2020	Cost 2020	Market 2019	Cost 2019
Miramichi Forever Funds - cash	\$ 97,799	\$ 97,799	\$ 116,403	\$ 116,403
Miramichi Forever Funds - securities	1,959,351	1,675,926	1,902,780	1,663,621
	\$ 2,057,150	\$ 1,773,725	\$ 2,019,183	\$ 1,780,024

Endowment funds of \$200,000 are hypothecated to the Bank of Montreal. Market value of this account at December 31, 2020 is \$212,122 (2019 - 210,657).

4. CANADA EMERGENCY WAGE SUBSIDY

Included in revenue from projects is \$97,981 received from the Canada Emergency Wage Subsidy (CEWS) program of which \$51,018 is recorded in accounts receivable at year end.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 5,200	\$ -	\$ 5,200	\$ 5,200
Office	21,727	20,356	1,371	1,714
Computer equipment and software	30,273	28,874	1,399	1,998
Display system	3,322	3,277	45	56
	\$ 60,522	\$ 52,507	\$ 8,015	\$ 8,968

6. INVESTMENT IN AND TRANSACTIONS WITH RELATED PARTY

During the year, the association entered into transactions with Miramichi Fisheries Management Ltd., a wholly owned subsidiary of the Miramichi Salmon Association Inc. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party. Details of these transactions are listed below:

	2020	2019
Transfers	\$ (83,254)	\$ (122,993)
Expense recovery	114,112	142,927

Financial summary of Miramichi Fisheries Management Ltd. at December 31, 2020 is as follows:

	2020	2019
Financial position		
Total assets	\$ 638,893	\$ 626,039
Total liabilities	818,679	757,559
Total net assets (deficiency)	\$ (179,786)	\$ (131,520)
Results of operations		
Total revenues	\$ 239,441	\$ 244,133
Total expenditures	290,302	224,972
Excess (deficiency) of revenues over expenditures before discontinued operations	\$ (50,861)	\$ 19,161
Discontinued operations	\$ 2,595	\$ 20,421
Excess (deficiency) of revenues over expenditures for the year	\$ (48,266)	\$ 39,582

The investment in Miramichi Fisheries Management Ltd. is recorded using the cost method and a write down of the investment is made only when there is estimated to be a permanent impairment of value.

7. BANK INDEBTEDNESS

The association has a \$100,000 line of credit available, of which \$72,310 was in use as of year end. Security has been pledged by way of investments with a fair market value of \$212,122.

8. TRANSFERS FROM MIRAMICHI SALMON ASSOCIATION (U.S.) INC.

Early in 1994, with prior authorization and approval from Miramichi Salmon Association Inc. (MSA), this affiliated organization was created by American members of MSA for the purpose of allowing membership contributions and other donations in support of MSA programs and projects to be eligible for USA donation receipts within the provisions of regulation 501 (c)(3) of the United States Internal Revenue Service.

The accounts of the Miramichi Salmon Association (U.S.) Inc. have not been combined in these financial statements.

During the year, the following contributions were made from Miramichi Salmon Association (U.S.) Inc. to the Miramichi Salmon Association Inc. (Canada):

	2020	2019
Operating fund	\$ 84,090	\$ 99,389
Endowment fund	-	-
Discretionary fund	-	-
Total received	\$ 84,090	\$ 99,389

9. FINANCIAL INSTRUMENTS

The association's financial instruments consist of cash and cash equivalents, investments, accounts receivable and accounts payable and accrued liabilities.

The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The association subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value based on quoted market values as outlined in Note 2. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and unearned revenue. The fair value of the association's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their market value due to the relatively short period to maturity of the instruments.

The association's exposure to interest rate risk is limited to the portion of its investments that are subject to market price fluctuations based on changes in interest rates. The association's interest earning investments are subject to fixed rates.

It is management's opinion that there have been no significant changes to the above risks during the period.

10. SUBSEQUENT EVENTS

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the company in future periods.

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MIRAMICHI SALMON ASSOCIATION INC.
Schedule 1 - Capital Contributions
(Unaudited) - see notice to reader
As at December 31, 2020

	Pledged
Bruno Bobak	\$ 400,000
Bud and Peggy Bird	200,000
David and Elizabeth Wilson	25,000
Denis and Cecile Losier	25,000
Doug and Gloria MacDonald	100,000
Ernie and Susanne McFadzen	25,000
Frank and Julie McKenna	25,000
Hon. Michael E. Meighen	25,000
J.D. Irving	150,000
Jacqueline Girouard	25,000
John E. Irving Family	35,000
Kaley Family	25,000
Kevin Harris	25,000
Laurie Savage Family	25,000
McQuaid Family	40,000
Punchy Walker	26,132
Rex Freeze	60,000
Samuel E. Burgess	25,000
Scotia Bank	26,000
TD Bank Community Relations	25,000
The Nortons of Upper Oxbow	25,000
Other pledges and donations	792,016
Total pledged	\$ 2,129,148

Notice to Reader

On the basis of information provided by management, we have compiled the schedule of capital contributions as at December 31, 2020.

We have not performed an audit or review engagement in respect of this schedule and, accordingly, we express no assurance thereon.

Readers are cautioned that this schedule may not be appropriate for their purposes.

MIRAMICHI SALMON ASSOCIATION INC.
Schedule 2 - Miramichi Salmon Association (U.S.) Inc. Capital Contributions
(Unaudited) - see notice to reader
As at December 31, 2020

	Pledged
Barrow Family	\$ 25,000
Black Brook Salmon Club	25,000
John Dillon	25,000
International Paper Foundation	200,000
J. Louis Newell, Jr.	25,000
Amy and Joe Perella	100,000
Porter Brook Lodge	40,000
Salmon Brook Camp	25,000
Other pledges and donations	359,820
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Total pledged	\$ 824,820

Notice to Reader

On the basis of information provided by management, we have compiled the schedule of Miramichi Salmon Association (U.S.) Inc. capital contributions as at December 31, 2020.

We have not performed an audit or review engagement in respect of this schedule and, accordingly, we express no assurance thereon.

Readers are cautioned that this schedule may not be appropriate for their purposes.