

Financial Statements of

**BUSINESS CAPE BRETON
ASSOCIATION**

(Formerly known as "Cape Breton Small Business
Development Centre Society")

Year ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Chairperson and Members of the Board of
Business Cape Breton Association

We have audited the accompanying financial statements of Business Cape Breton Association which comprise the statement of financial position as at March 31, 2015 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.

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 about whether the financial statements are free from 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 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Business Cape Breton Association as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

Sydney, Nova Scotia
June 16, 2015

BUSINESS CAPE BRETON ASSOCIATION



Statement of Financial Position

March 31, 2015, with comparative figures for 2014

	2015	2014
ASSETS		
Current assets		
Cash	\$ 136,177	\$ 158,184
Accounts receivable (note 2)	110,748	71,168
Prepaid expenses	795	795
	247,720	230,147
Capital assets (note 3)	5,348	6,685
	\$ 253,068	\$ 236,832
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 47,897	\$ 45,820
Deferred revenue	142,156	87,012
	190,053	132,832
NET ASSETS		
Investment in capital assets	5,348	6,685
Unrestricted	57,667	97,315
	63,015	104,000
Commitments (note 8)		
	\$ 253,068	\$ 236,832

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

BUSINESS CAPE BRETON ASSOCIATION

Statement of Operations

Year ended March 31, 2015, with comparative figures for the period from incorporation on August 1, 2013 to March 31, 2014

	2015	2014
REVENUES		
Municipal contributions (note 5)	\$ 262,602	\$ 309,093
Administrative services	55,457	48,486
	<u>318,059</u>	<u>357,579</u>
EXPENSES		
Wages and employee benefits	263,007	185,324
Partnership development	4,946	75,706
Rent	41,494	22,206
Travel	14,031	8,899
Professional fees	11,126	21,610
Office supplies	6,168	2,017
Postage and printing	4,880	1,206
Telecommunications	3,775	1,459
Board expenses	3,224	5,235
Insurance	2,981	851
Advertising	1,939	-
Amortization of capital assets	1,337	1,671
Interest and bank charges	100	-
Professional development	36	715
	<u>359,044</u>	<u>326,899</u>
OTHER REVENUES (EXPENSES) (note 6)		
Project revenues	683,421	695,600
Project expenses	(683,421)	(695,600)
	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (40,985)	\$ 30,680

See accompanying notes to financial statements.

BUSINESS CAPE BRETON ASSOCIATION

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative figures for the period from incorporation on August 1, 2013 to March 31, 2014

	2015		2014	
	Investment in capital assets	Unrestricted	Total	
BALANCE, BEGINNING OF YEAR	\$ 6,685	\$ 97,315	\$ 104,000	\$ -
Excess (deficiency) of revenues over expenses	-	(40,985)	(40,985)	30,680
Net change in investment in capital assets (note 4)	(1,337)	1,337	-	-
Transfer of net assets from Cape Breton County Economic Development Authority	-	-	-	73,320
BALANCE, END OF YEAR	\$ 5,348	\$ 57,667	\$ 63,015	\$ 104,000

See accompanying notes to financial statements.

BUSINESS CAPE BRETON ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2015, with comparative figures for the period from incorporation on August 1, 2013 to March 31, 2014

	2015	2014
CASH FLOWS FROM OPERATIONS		
Excess (deficiency) of revenues over expenses	\$ (40,985)	\$ 30,680
Items not involving cash		
Amortization of capital assets	1,337	1,671
Transfer of unrestricted net assets from Cape Breton County Economic Development Authority	-	64,964
Change in non-cash operation working capital		
Increase in accounts receivable	(39,580)	(71,168)
Increase in prepaid expenses	-	(795)
Increase in accounts payable and accrued liabilities	2,077	45,820
Increase in deferred revenue	55,144	87,012
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,007)	158,184
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	158,184	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 136,177	\$ 158,184

See accompanying notes to financial statements.

BUSINESS CAPE BRETON ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

COMPANY BIOGRAPHY

Business Cape Breton Association (the "Association") is a non-profit organization incorporated under the Societies Act. Its mission is to foster economic growth in the region through community, economic and business development. It provides support for the successful creation, operation and growth of small business on Cape Breton Island through business counselling, business plan development, business skills training and entrepreneurship awareness.

The Association began operations on August 1, 2013 as Cape Breton Small Business Development Centre Society. The net assets of its predecessor entity, the Cape Breton County Economic Development Authority, were transferred to the entity. Effective August 1, 2014 the Cape Breton Small Business Development Centre Society changed its name to Business Cape Breton Association.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash in bank accounts net of outstanding cheques.

(b) Revenue recognition

The Association follows the deferral 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 reasonable assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Revenue from administrative services are recognized when the services are provided.

(c) Capital assets

The purchase of capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful life. Assets acquired under capital leases are recorded at cost less accumulated amortization and are amortized over the estimated life of the assets or over the lease term, as appropriate.

BUSINESS CAPE BRETON ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are amortized using the following annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%

(d) Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value and 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 accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized costs are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss 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 reversal is recognized in income.

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items subject to estimates and assumptions include the valuation of accounts receivable and capital assets. Actual results could differ from those estimates.

BUSINESS CAPE BRETON ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

2. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable	\$ 86,041	\$ 36,431
HST receivable	24,707	34,737
	<u>\$ 110,748</u>	<u>\$ 71,168</u>

3. CAPITAL ASSETS

	2015	2014		
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 8,356	\$ 3,008	\$ 5,348	\$ 6,685

4. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2015	2014
Carrying value of capital assets	\$ 5,348	\$ 6,685

b) Change in net assets invested in capital assets is calculated as follows:

	2015	2014
Deficiency of revenues over expenses		
Amortization of capital assets	\$ (1,337)	\$ (1,671)
Net change in investment in capital assets	<u>\$ (1,337)</u>	<u>\$ (1,671)</u>

BUSINESS CAPE BRETON ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

5. MUNICIPAL CONTRIBUTIONS

	2015	2014
Cape Breton Regional Municipality	\$ 223,607	\$ 167,000
Municipality of Richmond County	38,995	65,000
Municipality of Victoria County	-	65,000
Municipality of the County of Inverness	-	12,093
	<u>\$ 262,602</u>	<u>\$ 309,093</u>

6. PROJECT REVENUES AND EXPENSES

Business Cape Breton Association acts as a facilitator for certain specified community initiatives and provides agency and other support services in arranging funding for and carrying out the specified projects.

Financing and assistance for the projects are reported as project revenues and the related expenses are reported as project expenses.

The following is a summary of the revenues and expenses of the specified projects for the year:

	Revenues	Expenses	Net
CBSBDC Project	\$ 384,737	\$ 384,737	\$ -
Port Project	200,794	200,794	-
Women in Business Conference	26,638	26,638	-
Cape Breton Day Event	71,252	71,252	-
	<u>\$ 683,421</u>	<u>\$ 683,421</u>	<u>\$ -</u>

7. FINANCIAL INSTRUMENTS

Credit risk

The Society submits claims to funding bodies to receive funding for various project expenses. There is a collection risk of these receivables in the event that the funding bodies do not approve a claim and refuses funding to the Society. This risk is mitigated by the project contracts in place, as well as monitoring by the Society.

BUSINESS CAPE BRETON ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

8. COMMITMENTS

The Society has entered into an agreement to lease its premises until November 2015, with the option to renew. Minimum lease payments to the end of the lease term are \$32,667.

