

Animikii-Ozoseon Inc.
Financial Statements
March 31, 2015

Management's Responsibility

To the Members of Animikii-Ozoon Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

June 30, 2015


Chief Executive Officer


Chief Financial Officer

Independent Auditors' Report

To the Members of Animikii-Ozoon Inc.:

We have audited the accompanying financial statements of Animikii-Ozoon Inc., which comprise the statements 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Animikii-Ozoon Inc. as at March 31, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

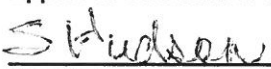
June 30, 2015

MNP LLP
Chartered Accountants

Animikii-Ozoseon Inc.
Statement of Financial Position
As at March 31, 2015

	2015	2014
Assets		
Current		
Cash (Note 3)	2,870,991	3,463,951
Accounts receivable (Note 4)	3,939,694	3,186,993
Short term investments (Note 5)	35,000	35,000
Prepaid expenses and deposits	102,156	37,660
	6,947,841	6,723,604
Capital assets (Note 6)	934,654	1,010,290
	7,882,495	7,733,894
Liabilities		
Current		
Accounts payable and accruals (Note 7)	2,199,517	2,065,454
Deferred contributions	955,621	759,406
Province of Manitoba payable (Note 8)	2,397,161	2,997,947
Working capital advances (Note 11)	1,204,000	1,204,000
Current portion of long-term debt (Note 9)	-	4,000
Current portion of capital lease obligations (Note 10)	-	11,365
	6,756,299	7,042,172
Long-term debt (Note 9)	-	1,003
Capital lease obligations (Note 10)	-	2,916
	6,756,299	7,046,091
Net Assets (Deficit)		
Investment in capital assets	934,654	996,553
Unrestricted	191,542	(308,750)
	1,126,196	687,803
	7,882,495	7,733,894

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Animikii-Ozoon Inc.
Statement of Operations
For the year ended March 31, 2015

	2015	2014
Revenue		
First Nations of Southern Manitoba Child and Family Services Authority	4,297,274	4,070,687
Other revenue	5,924	568
Insurance liability reimbursement	58,320	52,422
	4,361,518	4,123,677
Expenses		
Advertising	13,238	9,162
Bad debts	26,946	46,897
Amortization	154,158	155,548
Board	20,259	8,071
Family support	151,072	99,587
Foster parent training	4,794	10,812
Insurance	63,477	59,890
Interest and bank charges	5,852	7,266
Licences and fees	-	196
Office supplies	92,946	72,314
Professional fees	40,947	58,704
Rent	310,801	267,453
Repairs and maintenance	25,464	23,307
Salaries and benefits	2,942,723	2,808,838
Family enhancement	61,473	-
Telephone	30,906	35,099
Travel	5,691	24,402
Total expenses	3,954,979	3,690,705
Excess of revenue over expenses before maintenance	406,539	432,972
Other items		
Maintenance (net)	31,854	205,283
Excess of revenue over expenses	438,393	638,255

The accompanying notes are an integral part of these financial statements

Animikii-Ozoon Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2015

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	2015	2014
Net assets beginning of year	996,553	(308,750)	687,803	49,548
Excess of revenue over expenses	5,465	432,928	438,393	638,255
Amortization of capital assets	(154,158)	154,158	-	-
Purchase of capital assets	84,725	(84,725)	-	-
Retirement of debt	2,612	(2,612)	-	-
Interfund transfer	(543)	543	-	-
Net assets, end of year	934,654	191,542	1,126,196	687,803

The accompanying notes are an integral part of these financial statements

Animikii-Ozoon Inc.
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Cash received from funders	17,428,524	17,557,500
Cash paid to suppliers	(14,368,572)	(11,997,454)
Cash paid to employees	(2,942,723)	(2,808,837)
Interest paid	(5,852)	(7,265)
Interest received	459	568
	111,836	2,744,512
Financing		
Repayments of capital lease obligations	(14,282)	(10,825)
Repayment of current portion of long-term debt	(5,003)	(4,000)
Decrease in Province of Manitoba payable	(600,786)	(559,835)
	(620,071)	(574,660)
Investing		
Proceeds on disposal of short term investments	-	94,499
Purchase of capital assets	(84,725)	(80,448)
	(84,725)	14,051
Increase (decrease) in cash resources	(592,960)	2,183,903
Cash resources, beginning of year	3,463,951	1,280,048
Cash resources, end of year	2,870,991	3,463,951

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Animikii-Ozozon Inc. (the "Organization") was incorporated in the Province of Manitoba as a corporation without share capital on February 3, 2005, and began active operations in October 2005.

The Organization operates to provide child and family services under First Nations of Southern Manitoba Child and Family Services Authority.

The Organization is registered as a not-for-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and includes the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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 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.

Capital assets

Capital assets are recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Computer equipment	declining balance	45 %
Computer software	declining balance	100 %
Equipment	declining balance	20 %
Leasehold improvements	straight line	term of lease
Photocopier	straight line	5 years

Long-lived assets

Long-lived assets consists of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' value. Any impairment is included in operations for the year.

Short term investments

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment. Changes in fair value are recorded immediately operations in the year in which they become known.

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the year in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair market value. Fair value is determined by published prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

3. Cash

	2015	2014
Petty cash	412	562
Operating bank account	722,077	710,308
Maintenance bank account	2,148,502	2,753,081
	2,870,991	3,463,951

Animikii-Ozoseon Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

4. Accounts receivable

	2015	2014
Accounts receivable - maintenance	3,951,624	3,222,179
Goods and Services Tax receivable	14,656	14,903
Accounts receivable from employees	360	-
Allowance for doubtful accounts	(26,946)	(50,089)
	3,939,694	3,186,993

5. Short term investment

	2015	2014
Measured at fair value:		
Guaranteed Investment Certificates	35,000	35,000

The above noted investments all mature within one year and bear interest at 1.25% (2014 - 1.3%).

6. Capital assets

	Cost	Accumulated amortization	2015 Net book value
Computer equipment	67,451	45,783	21,668
Computer software	10,183	10,183	-
Equipment	346,084	153,995	192,089
Leasehold improvements	1,136,056	415,159	720,897
	1,559,774	625,120	934,654

	Cost	Accumulated amortization	2014 Net book value
Computer equipment	51,848	38,690	13,158
Computer software	9,590	9,590	-
Equipment	327,885	109,493	218,392
Leasehold improvements	1,085,725	313,187	772,538
	1,475,048	470,960	1,004,088
Assets under capital lease			
Photocopier	56,858	50,656	6,202
	1,531,906	521,616	1,010,290

Animikii-Ozoon Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

7. Accounts payable and accruals

	2015	2014
Accounts payable - maintenance	711,508	547,991
Accounts payable - payroll and other accrued liabilities	478,841	506,344
Government remittances	-	1,948
Province of Manitoba	1,009,168	1,009,171
	<u>2,199,517</u>	<u>2,065,454</u>

8. Payable to the Province of Manitoba

During the fiscal year ending March 31, 2007 the Organization began receiving Children's Support Allowance funding from the Province of Manitoba on an annual basis. This funding was deemed repayable by the Province of Manitoba. The Organization began making payments in 2013 and the payments increase with an increase in funding. The increase in payments is calculated as 20% of the difference between the old funding and the new funding agreement. Payments of \$150,197 (2014 - \$139,959) are made quarterly as a withholding on the Organization's funding payments from the Southern Authority.

9. Long-term debt

	2015	2014
Pitney Bowes, non-interest bearing unsecured loan repaid during the year.	-	5,003
Less: current portion	-	4,000
	<u>-</u>	<u>1,003</u>

10. Obligations under capital lease

	2015	2014
Pitney Bowes Finance lease repaid during the year.	-	14,281
Less: current portion	-	11,365
	<u>-</u>	<u>2,916</u>

11. Working capital advance

The working capital advance is payable to First Nations of Southern Manitoba Child and Family Services Authority. The working capital advance is non-interest bearing and has no specified terms of repayment.

12. Commitments

The Organization has entered into various lease agreements. Below is estimated minimum annual payments over the next five years:

2016	511,406
2017	555,045
2018	565,045
2019	566,712
2020	566,712
	<hr/>
	2,764,920

13. Economic dependence

The Organization's primary source of funding is from the Province of Manitoba. The Organization's ability to continue viable operations is dependent on this funding.

The secondary source of funding is from the First Nations of Southern Manitoba Child and Family Services Authority.