

**Animikii-Ozozon Inc.**  
**Financial Statements**  
*March 31, 2017*

## Management's Responsibility

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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.

September 27, 2017

  
Chief Executive Officer

  
Chief Financial Officer

## Independent Auditors' Report

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To the Members of Animikii-Ozoson Inc.:

We have audited the accompanying financial statements of Animikii-Ozoson Inc., which comprise the statement of financial position as at March 31, 2017 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 audits. 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 audits 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-Ozoson Inc. as at March 31, 2017 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

September 27, 2017

*MNP LLP*

Chartered Professional Accountants

**Animikii-Ozoon Inc.**  
**Statement of Financial Position**  
*As at March 31, 2017*

	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	3,673,995	2,650,324
Accounts receivable (Note 4)	2,926,939	4,479,930
Short term investments (Note 5)	35,000	35,000
Prepaid expenses and deposits	43,587	110,653
	<b>6,679,521</b>	<b>7,275,907</b>
<b>Capital assets (Note 6)</b>	<b>699,696</b>	<b>812,284</b>
	<b>7,379,217</b>	<b>8,088,191</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 7)	1,325,362	2,541,093
Deferred contributions (Note 8)	1,220,858	1,049,001
Payable to the Province of Manitoba (Note 9)	1,150,379	1,773,769
Working capital advances (Note 10)	1,204,000	1,204,000
Current portion of long-term debt (Note 11)	201,833	-
	<b>5,102,432</b>	<b>6,567,863</b>
<b>Long-term debt (Note 11)</b>	<b>740,060</b>	<b>-</b>
	<b>5,842,492</b>	<b>6,567,863</b>
<b>Net Assets</b>		
Investment in capital assets	699,696	812,284
Unrestricted	837,029	708,044
	<b>1,536,725</b>	<b>1,520,328</b>
	<b>7,379,217</b>	<b>8,088,191</b>

Approved on behalf of the Board of Directors

  
 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, 2017*

	<i>2017</i>	<i>2016</i>
<b>Revenue</b>		
<b>Southern First Nations Network of Care</b>		
Operations Core	962,732	1,052,068
Operations Protection	3,129,656	3,171,160
Operations Prevention	250,758	250,226
Operations Other	60,017	-
	<b>4,403,163</b>	<b>4,473,454</b>
<b>Province of Manitoba</b>		
Province of Manitoba - Maintenance	14,003,106	13,313,545
Province of Manitoba - Agency Allowance	170,240	176,750
Miscellaneous	51,205	74,478
	<b>14,224,551</b>	<b>13,564,773</b>
<b>Childrens' Special Allowance</b>		
CSA Provincial	2,044,559	1,861,987
<b>Other</b>		
Investment income	5,977	438
Employee Parking	20,870	23,245
External Agency Billings	352,542	299,644
Vision Catchers	-	1,872
	<b>379,389</b>	<b>325,199</b>
<b>Total revenue</b>	<b>21,051,662</b>	<b>20,225,413</b>

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*The accompanying notes are an integral part of these financial statements*

**Animikii-Ozoson Inc.**  
**Statement of Operations**  
*For the year ended March 31, 2017*

	<i>2017</i>	<i>2016</i>
<b>Total revenue</b> <i>(Continued from previous page)</i>	<b>21,051,662</b>	20,225,413
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<b>Core Operations</b>		
Salaries	649,323	623,554
Benefits	100,380	96,815
Operating	769,398	794,913
Audit expense	14,205	11,500
Board of Directors expense	10,717	21,382
Insurance	64,719	67,544
Legal	12,485	6,597
Training	2,291	908
Travel	8,478	5,718
	<b>1,631,996</b>	1,628,931
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<b>Protection</b>		
Salaries	2,153,741	2,016,454
Benefits	287,240	286,967
Operating	17,311	13,560
Training	8,662	6,857
Travel	106,832	75,280
Purchased services	129,911	87,944
Contracted resources	33,075	38,510
	<b>2,736,772</b>	2,525,572
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<b>Prevention</b>		
Salaries	127,777	67,917
Benefits	17,989	6,159
Operating	488	535
Travel	2,254	1,136
Purchased services	7,608	20,483
Contracted resources	10,261	1,854
	<b>166,377</b>	98,084
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<b>Province of Manitoba</b>		
Agency Allowance	170,240	176,750
Child maintenance	13,976,114	13,279,061
	<b>14,146,354</b>	13,455,811
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<b>Childrens' Special Allowance</b>		
CSA Province	2,044,559	1,861,987
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<b>External Agency Maintenance</b>		
EA maintenance	309,207	260,896
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<b>Total expenses</b>	<b>21,035,265</b>	19,831,281
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<b>Excess of revenue over expenses</b>	<b>16,397</b>	394,132
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*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, 2017*

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<i>2017</i>	<i>2016</i>
<b>Net assets, beginning of year</b>	812,284	708,044	<b>1,520,328</b>	1,126,196
<b>Excess of revenue over expenses</b>	-	16,397	<b>16,397</b>	394,132
<b>Amortization of capital assets</b>	(147,417)	147,417	-	-
<b>Purchase of capital assets</b>	34,829	(34,829)	-	-
<b>Net assets, end of year</b>	<b>699,696</b>	<b>837,029</b>	<b>1,536,725</b>	1,520,328

*The accompanying notes are an integral part of these financial statements*

**Animikii-Ozson Inc.**  
**Statement of Cash Flows**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from funders	22,730,587	19,778,121
Cash paid to suppliers	(17,643,660)	(16,173,487)
Cash paid to employees	(3,336,450)	(3,158,105)
Cash paid for interest	(7,288)	(6,863)
Interest received	5,977	438
	<b>1,749,166</b>	<b>440,104</b>
<b>Financing</b>		
Repayment of long-term debt	(67,276)	-
Decrease in Province of Manitoba payable	(623,390)	(623,392)
	<b>(690,666)</b>	<b>(623,392)</b>
<b>Investing</b>		
Purchase of capital assets	(34,829)	(37,379)
	<b>1,023,671</b>	<b>(220,667)</b>
<b>Increase (decrease) in cash resources</b>		
<b>Cash resources, beginning of year</b>	<b>2,650,324</b>	<b>2,870,991</b>
<b>Cash resources, end of year</b>	<b>3,673,995</b>	<b>2,650,324</b>

*The accompanying notes are an integral part of these financial statements*



**1. Incorporation and nature of the organization**

Animikii-Ozoson 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 the Southern First Nations Network of Care ( the "Southern 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 original 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.

	<b>Method</b>	<b>Rate</b>
Computer equipment	declining balance	45 %
Computer software	declining balance	100 %
Equipment	declining balance	20 %
Leasehold improvements	straight-line	term of lease

***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 in 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, including financial assets and liabilities originated and issued in a related party transaction with management.

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 and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and 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 cost or amortized cost.

**3. Cash**

	<b>2017</b>	<b>2016</b>
Petty cash	<b>523</b>	1,353
Operating bank account	<b>150,671</b>	775,649
Maintenance bank account	<b>2,517,705</b>	1,873,322
Investment bank account	<b>1,005,096</b>	-
	<b>3,673,995</b>	2,650,324

**4. Accounts receivable**

	<b>2017</b>	<b>2016</b>
Accounts receivable - operations	<b>74,969</b>	48,929
Accounts receivable - maintenance	<b>2,855,025</b>	4,429,300
Good and Services Tax receivable	<b>8,890</b>	18,148
Accounts receivable from employees	<b>2,478</b>	2,353
Accrued interest	<b>577</b>	-
Allowance for doubtful accounts	<b>(15,000)</b>	(18,800)
	<b>2,926,939</b>	4,479,930

**Animikii-Ozoon Inc.**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2017*

**5. Short term investment**

	<i>2017</i>	<i>2016</i>
Measured at fair value:		
Guaranteed Investment Certificate	<b>35,000</b>	35,000

The above redeemable GIC, bearing interest at 0.90% (2016 - 0.85%) per annum, maturing June 2017.

**6. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>
Computer equipment	79,281	66,408	12,873
Computer software	10,470	10,470	-
Equipment	382,795	231,132	151,663
Leasehold improvements	1,159,437	624,277	535,160
	<b>1,631,983</b>	<b>932,287</b>	<b>699,696</b>

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2016 Net book value</i>
Computer equipment	77,072	57,282	19,790
Computer software	10,470	10,470	-
Equipment	373,555	194,628	178,927
Leasehold improvements	1,136,056	522,489	613,567
	<b>1,597,153</b>	<b>784,869</b>	<b>812,284</b>

**7. Accounts payable and accruals**

	<i>2017</i>	<i>2016</i>
Accounts payable - maintenance	<b>844,519</b>	977,938
Accounts payable - payroll and other accrued liabilities	<b>473,394</b>	549,398
Province of Manitoba	-	1,009,168
Account payable - Manitoba Health and Post Secondary Education Tax Levy	<b>7,449</b>	4,589
	<b>1,325,362</b>	2,541,093

**8. Deferred revenue**

Deferred revenue consists of the excess of the Agency Allowance received and the Agency Allowance spent.

**Animikii-Ozoseon Inc.**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2017*

**9. 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. Total payments during the year amounted to \$623,390 (2016 - \$623,392). Payments are made quarterly as a withholding on the Organization's funding payments from the Southern Authority.

**10. Working capital advance**

The working capital advance is payable to Southern First Nations Network of Care. The working capital advance is non-interest bearing and has no specified terms of repayment.

**11. Long-term debt**

	<b>2017</b>	<b>2016</b>
Province of Manitoba term loan, non-interest bearing, payable in monthly instalments of \$16,819.	<b>941,893</b>	-
Less: current portion	<b>201,833</b>	-
	<b>740,060</b>	-

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment are estimated as follows:

	<b>Principal</b>
2018	201,833
2019	201,833
2020	201,833
2021	201,833
2022	134,561
	941,893

**12. Commitments**

The Organization has entered into various lease agreements with estimated minimum annual payments as follows:

2018	366,070
2019	363,450
2020	352,309
2021	346,342
2022	346,342
	1,774,513

**13. Economic dependence**

The Organization's primary source of funding is from the Province of Manitoba. The secondary source of funding is from the Southern First Nations Network of Care. The Organization's ability to continue viable operations is dependent on this funding.

**14. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**15. Pension plan**

The Organization is subject to a defined contribution pension plan. Employees contribute 3-5% of their annual salary, which is matched by the Organization. Contributions to the Plan made during the year by the Organization on behalf of its employees amounted to \$117,948 (2016 - \$116,181) included in the statement of operations.