

Animikii-Ozoon Inc.
Financial Statements
March 31, 2018

Management's Responsibility

To the Members of Animikii-Ozoon Inc.:

Management is responsible for the preparation and fair 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.

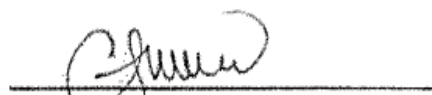
The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual 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 19, 2018



Chief Executive Officer



Chief Financial Officer

Independent Auditors' Report

To the Members Members of Animikii-Ozozon Inc.:

We have audited the accompanying financial statements of Animikii-Ozozon Inc., which comprise the statement of financial position as at March 31, 2018, 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 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-Ozozon Inc. as at March 31, 2018 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 19, 2018

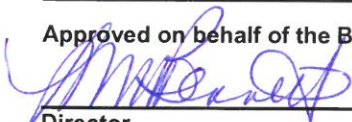
MNP LLP

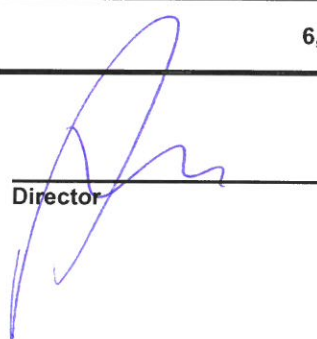
Chartered Professional Accountants

Animikii-Ozson Inc.
Statement of Financial Position
As at March 31, 2018

	2018	2017
Assets		
Current		
Cash (Note 3)	2,965,689	3,673,995
Accounts receivable (Note 4)	3,054,827	2,926,939
Short term investments (Note 5)	35,000	35,000
Prepaid expenses and deposits	40,618	43,587
	6,096,134	6,679,521
Capital assets (Note 6)	565,243	699,696
	6,661,377	7,379,217
Liabilities		
Current		
Accounts payable and accruals (Note 7)	1,385,190	1,325,362
Deferred contributions (Note 8)	1,338,646	1,220,858
Payable to the Province of Manitoba (Note 9)	526,989	1,150,379
Working capital advances (Note 10)	1,204,000	1,204,000
Current portion of long-term debt (Note 11)	201,833	201,833
	4,656,658	5,102,432
Long-term debt (Note 11)	538,226	740,060
	5,194,884	5,842,492
Net Assets		
Investment in capital assets	565,243	699,696
Unrestricted	901,250	837,029
	1,466,493	1,536,725
	6,661,377	7,379,217

Approved on behalf of the Board of Directors


 Director


 Director

The accompanying notes are an integral part of these financial statements

Animikii-Ozozon Inc.
Statement of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Southern First Nations Network of Care		
Operations Core	964,331	962,732
Operations Protection	3,120,468	3,129,656
Operations Prevention	251,820	250,758
Operations Other	61,096	60,017
Operations Stabilization fund	46,200	-
	4,443,915	4,403,163
Province of Manitoba		
Province of Manitoba - Maintenance	14,159,804	14,003,106
Province of Manitoba - Agency Allowance	212,018	170,240
Miscellaneous	63,643	51,205
	14,435,465	14,224,551
Childrens' Special Allowance		
CSA Provincial	2,181,165	2,044,559
Other		
Investment income	7,683	5,977
Employee Parking	4,169	20,870
External Agency Billings	331,602	352,542
	343,454	379,389
Total revenue	21,403,999	21,051,662

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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, 2018

	2018	2017
Total revenue <i>(Continued from previous page)</i>	21,403,999	21,051,662
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Core Operations		
Salaries	649,512	649,323
Benefits	100,290	100,380
Operating	787,832	769,398
Audit expense	15,053	14,205
Board of Directors expense	29,772	10,717
Insurance	59,008	64,719
Legal	12,000	12,485
Training	2,355	2,291
Travel	10,333	8,478
	1,666,155	1,631,996
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Protection		
Salaries	2,135,937	2,153,741
Benefits	300,288	287,240
Operating	18,217	17,311
Training	1,550	8,662
Travel	125,883	106,832
Purchased services	166,157	129,911
Contracted resources	38,084	33,075
	2,786,116	2,736,772
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Prevention		
Salaries	84,946	127,777
Benefits	12,300	17,989
Operating	540	488
Travel	2,071	2,254
Purchased services	75,614	7,608
Contracted resources	15,539	10,261
	191,010	166,377
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Province of Manitoba		
Agency Allowance	212,018	170,240
Child maintenance	14,137,253	13,976,114
	14,349,271	14,146,354
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Childrens' Special Allowance		
CSA Province	2,181,165	2,044,559
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External Agency Maintenance		
EA maintenance	300,514	309,207
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Total expenses	21,474,231	21,035,265
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Excess (deficiency) of revenue over expenses	(70,232)	16,397
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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, 2018

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	2018	<i>2017</i>
Net assets, beginning of year	699,696	837,029	1,536,725	1,520,328
Excess (deficiency) of revenue over expenses	-	(70,232)	(70,232)	16,397
Amortization of capital assets	(140,334)	140,334	-	-
Purchase of capital assets	5,881	(5,881)	-	-
Net assets, end of year	565,243	901,250	1,466,493	1,536,725

The accompanying notes are an integral part of these financial statements

Animikii-Ozson Inc.
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Cash received from funders	21,386,218	22,730,587
Cash paid to suppliers	(17,982,359)	(17,643,660)
Cash paid to employees	(3,283,273)	(3,336,450)
Cash paid for interest	(5,471)	(7,288)
Interest received	7,683	5,977
	122,798	1,749,166
Financing		
Repayment of long-term debt	(201,833)	(67,276)
Decrease in Province of Manitoba payable	(623,390)	(623,390)
	(825,223)	(690,666)
Investing		
Purchase of capital assets	(5,881)	(34,829)
Increase (decrease) in cash resources	(708,306)	1,023,671
Cash resources, beginning of year	3,673,995	2,650,324
Cash resources, end of year	2,965,689	3,673,995

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

Cash includes balances with bank.

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.

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.

	Method	Rate
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.

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.

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. Deferred contributions is based on management's analysis of the extent to which eligibility requirements have been met on government funding. 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

	2018	2017
Petty cash	572	523
Operating bank account	83,937	150,671
Maintenance bank account	2,168,822	2,517,705
Investment bank account	712,358	1,005,096
	2,965,689	3,673,995

4. Accounts receivable

	2018	2017
Accounts receivable - operations	35,342	74,969
Accounts receivable - maintenance	3,036,669	2,855,025
Good and Services Tax receivable	9,378	8,890
Accounts receivable from employees	2,754	2,478
Accrued interest	684	577
Allowance for doubtful accounts	(30,000)	(15,000)
	3,054,827	2,926,939

Animikii-Ozoseon Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

5. Short term investment

	2018	2017
Measured at fair value:		
Guaranteed Investment Certificate	35,000	35,000

The above redeemable GIC, bearing interest at 0.90% (2017 - 0.90%) per annum, maturing June 2018.

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	2018 Net book value
Computer equipment	82,585	72,572	10,013
Computer software	10,470	10,470	-
Equipment	385,371	261,722	123,649
Leasehold improvements	1,159,437	727,856	431,581
	1,637,863	1,072,620	565,243

	<i>Cost</i>	<i>Accumulated amortization</i>	2017 <i>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
	1,631,983	932,287	699,696

7. Accounts payable and accruals

	2018	2017
Accounts payable - maintenance	761,545	844,519
Accounts payable - payroll and other accrued liabilities	615,818	473,394
Account payable - Manitoba Health and Post Secondary Education Tax Levy	7,827	7,449
	1,385,190	1,325,362

8. Deferred contributions

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

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 (2017 - \$623,390). 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

	2018	2017
Province of Manitoba term loan, non-interest bearing, payable in monthly instalments of \$16,819.	740,059	941,893
Less: current portion	201,833	201,833
	538,226	740,060

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

	<i>Principal</i>
2018	201,833
2019	201,833
2020	201,833
2021	134,560
	740,059

12. Commitments

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

2019	363,449
2020	352,309
2021	346,342
2022	346,342
2023	346,342
	1,754,784

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 \$133,107 (2017 - \$117,948) included in the statement of operations.