

Animikii-Ozoseon Inc.
Financial Statements
March 31, 2019

Management's Responsibility

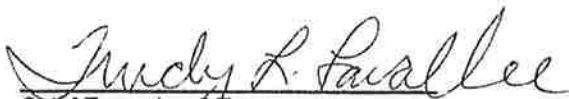
To the Members of Animikii-Ozoon Inc.:

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.


Chief Executive Officer


Chief Financial Officer

Independent Auditor's Report

To the Members of Animikii-Ozoson Inc.:

Opinion

We have audited the financial statements of Animikii-Ozoson Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

September 10, 2019

MNP LLP

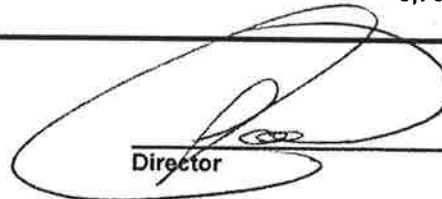
Chartered Professional Accountants

Animikii-Ozson Inc.
Statement of Financial Position
As at March 31, 2019

	2019	2018
Assets		
Current		
Cash (Note 3)	2,591,881	2,965,689
Accounts receivable (Note 4)	2,631,165	3,054,827
Short term investment (Note 5)	35,000	35,000
Prepaid expenses and deposits	40,275	40,618
	5,298,321	6,096,134
Capital assets (Note 6)	440,294	565,243
	5,738,615	6,661,377
Liabilities		
Current		
Accounts payable and accruals (Note 7)	1,098,819	1,385,190
Deferred contributions (Note 8)	1,452,439	1,338,646
Payable to the Province of Manitoba (Note 9)	-	526,989
Working capital advances (Note 10)	1,204,000	1,204,000
Current portion of long-term debt (Note 11)	201,833	201,833
	3,957,091	4,656,658
Long-term debt (Note 11)	336,393	538,226
	4,293,484	5,194,884
Net Assets		
Investment in capital assets	440,294	565,243
Unrestricted	1,004,837	901,250
	1,445,131	1,466,493
	5,738,615	6,661,377

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, 2019

	2019	2018
Revenue		
Southern First Nations Network of Care		
Operations Core	940,801	964,331
Operations Protection	3,131,793	3,120,468
Operations Prevention	245,729	251,820
Operations Other	58,561	61,096
Operations Stabilization fund	-	46,200
	4,376,884	4,443,915
Province of Manitoba		
Province of Manitoba - Maintenance	12,836,855	14,159,804
Province of Manitoba - Agency Allowance	218,561	212,018
Miscellaneous	66,392	63,643
	13,121,808	14,435,465
Childrens' Special Allowance		
CSA Provincial	2,089,777	2,181,165
Other		
Investment income	9,279	7,683
Employee Parking	25,081	4,169
External Agency Billings	260,185	331,602
Vision Catchers	985	-
	295,530	343,454
Total revenue	19,883,999	21,403,999

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Animikii-Ozozon Inc.
Statement of Operations
For the year ended March 31, 2019

	2019	2018
Total revenue <i>(Continued from previous page)</i>	19,883,999	21,403,999
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Core Operations		
Salaries	616,859	649,512
Benefits	89,799	100,290
Operating	872,946	787,832
Audit expense	13,500	15,053
Board of Directors expense	27,240	29,772
Insurance	60,066	59,008
Legal	51,361	12,000
Training	145	2,355
Travel	5,450	10,333
	1,737,366	1,666,155
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Protection		
Salaries	2,134,095	2,135,937
Benefits	293,581	300,288
Operating	17,647	18,217
Training	26	1,550
Travel	112,423	125,883
Purchased services	108,924	166,157
Contracted resources	28,905	38,084
	2,695,601	2,786,116
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Prevention		
Salaries	101,407	84,946
Benefits	11,039	12,300
Operating	630	540
Travel	2,274	2,071
Purchased services	68,563	75,614
Contracted resources	14,237	15,539
	198,150	191,010
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Province of Manitoba		
Agency Allowance	218,561	212,018
Child maintenance	12,742,848	14,137,253
	12,961,409	14,349,271
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Childrens' Special Allowance		
CSA Province	2,089,777	2,181,165
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External Agency Maintenance		
EA maintenance	223,058	300,514
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Total expenses	19,905,361	21,474,231
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Deficiency of revenue over expenses	(21,362)	(70,232)
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The accompanying notes are an integral part of these financial statements

Animikii-Ozoseon Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2019

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<i>2019</i>	<i>2018</i>
Net assets, beginning of year	565,243	901,250	1,466,493	1,536,725
Deficiency of revenue over expenses	-	(21,362)	(21,362)	(70,232)
Amortization of capital assets	(135,002)	135,002	-	-
Purchase of capital assets	10,053	(10,053)	-	-
Net assets, end of year	440,294	1,004,837	1,445,131	1,466,493

The accompanying notes are an integral part of these financial statements

Animikii-Ozoon Inc.
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Cash received from funders	20,412,174	21,386,218
Cash paid to suppliers	(16,801,552)	(17,982,359)
Cash paid to employees	(3,246,781)	(3,283,273)
Cash paid for interest	(8,053)	(5,471)
Interest received	9,279	7,683
	365,067	122,798
Financing		
Repayment of long-term debt	(201,833)	(201,833)
Decrease in Province of Manitoba payable	(526,989)	(623,390)
	(728,822)	(825,223)
Investing		
Purchase of capital assets	(10,053)	(5,881)
Decrease in cash resources	(373,808)	(708,306)
Cash resources, beginning of year	2,965,689	3,673,995
Cash resources, end of year	2,591,881	2,965,689

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

	2019	2018
Petty cash	344	572
Operating bank account	72,128	83,937
Maintenance bank account	1,999,303	2,168,822
Investment bank account	520,106	712,358
	2,591,881	2,965,689

4. Accounts receivable

	2019	2018
Accounts receivable - operations	42,912	35,342
Accounts receivable - maintenance	2,587,732	3,036,669
Good and Services Tax receivable	9,917	9,378
Accounts receivable from employees	4,896	2,754
Accrued interest	708	684
Allowance for doubtful accounts	(15,000)	(30,000)
	2,631,165	3,054,827

Animikii-Ozoon Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

5. Short term investment

	2019	2018
Measured at fair value:		
Guaranteed Investment Certificate	35,000	35,000

The above redeemable GIC, bearing interest at 1.20% (2018 - 0.90%) per annum, maturing June 2019.

6. Capital assets

	Cost	Accumulated amortization	2019 Net book value
Computer equipment	83,236	77,200	6,036
Computer software	10,470	10,470	-
Equipment	385,736	286,465	99,271
Leasehold improvements	1,168,475	833,488	334,987
	1,647,917	1,207,623	440,294

	Cost	Accumulated amortization	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

7. Accounts payable and accruals

	2019	2018
Accounts payable - maintenance	787,656	761,545
Accounts payable - payroll and other accrued liabilities	304,090	615,818
Account payable - Manitoba Health and Post Secondary Education Tax Levy	7,073	7,827
	1,098,819	1,385,190

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 \$526,989 (2018 - \$623,390). Payments are made quarterly as a withholding on the Organization's funding payments from the Southern Authority.

As of March 31, 2019 the Organization has repaid the funding in full and is no longer subject to a withholding on 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

	2019	2018
Province of Manitoba term loan, non-interest bearing, payable in monthly instalments of \$16,819.	538,226	740,059
Less: current portion	201,833	201,833
	336,393	538,226

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

	Principal
2020	201,833
2021	201,833
2022	134,560
	538,226

12. Commitments

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

2020	359,490
2021	359,210
2022	359,210
2023	359,210
2024	359,210
	1,796,330

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 \$118,712 (2018 - \$133,107) included in the statement of operations.