

Animikii-Ozoseon Inc.
Financial Statements
March 31, 2021

Management's Responsibility


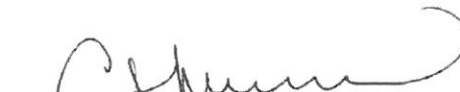
To the Members of Animikii-Ozoon Inc.:

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-Ozozon Inc.:

Opinion

We have audited the financial statements of Animikii-Ozozon Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021, 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, 2021, 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 and Those Charged with Governance 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.

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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 28, 2021

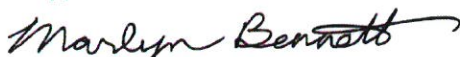
MNP LLP

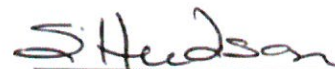
Chartered Professional Accountants

Animikii-Ozoseon Inc.
Statement of Financial Position
As at March 31, 2021

	2021	2020
Assets		
Current		
Cash (Note 3)	9,709,753	6,599,253
Accounts receivable (Note 4)	51,318	60,251
Short term investment (Note 5)	35,000	35,000
Prepaid expenses and deposits	37,906	64,725
	9,833,977	6,759,229
Capital assets (Note 6)	309,499	388,562
	10,143,476	7,147,791
Liabilities		
Current		
Accounts payable and accruals (Note 7)	904,009	1,091,394
Deferred contributions (Note 8)	5,457,822	2,967,744
Working capital advances (Note 9)	1,204,000	1,204,000
Current portion of long-term debt (Note 10)	134,559	201,833
	7,700,390	5,464,971
Long-term debt (Note 10)	-	134,560
	7,700,390	5,599,531
Net Assets		
Investment in capital assets	309,499	388,562
Unrestricted	2,133,587	1,159,698
	2,443,086	1,548,260
	10,143,476	7,147,791

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, 2021

	2021	2020
Revenue		
Southern First Nations Network of Care		
Operations Core	940,535	940,534
Operations Protection	3,132,679	3,132,679
Operations Prevention	245,104	245,104
Operations Other	58,590	58,590
	4,376,908	4,376,907
Province of Manitoba		
Province of Manitoba - Maintenance	11,617,195	11,580,445
Province of Manitoba - Agency Allowance	335,217	367,555
Miscellaneous	203,671	58,064
	12,156,083	12,006,064
Childrens' Special Allowance		
CSA Provincial	-	889,180
Other		
Investment income	17,997	30,000
Employee Parking	9,725	23,482
External Agency Billings	113,931	177,629
Vision Catchers	8,314	3,825
Education and training	32,297	-
	182,264	234,936
Total revenue	16,715,255	17,507,087

Continued on next page

Animikii-Ozoseon Inc.
Statement of Operations
For the year ended March 31, 2021

	2021	2020
Total revenue <i>(Continued from previous page)</i>	16,715,255	17,507,087
Core Operations		
Salaries	614,742	639,930
Benefits	82,608	80,431
Operating	901,576	791,874
Audit expense	14,000	16,669
Board of Directors expense	16,848	34,851
Insurance	99,318	63,043
Legal	50,649	50,980
Training	11,477	5,832
Travel	407	10,951
	1,791,625	1,694,561
Protection		
Salaries	2,157,464	2,147,145
Benefits	283,054	274,899
Operating	24,655	17,401
Training	19,393	2,233
Travel	37,692	90,256
Purchased services	114,733	58,477
Contracted resources	23,914	49,498
	2,660,905	2,639,909
Prevention		
Salaries	67,812	112,640
Benefits	6,537	20,679
Operating	60	480
Travel	778	1,740
Purchased services	20,321	35,548
Contracted resources	5,580	68
	101,088	171,155
Province of Manitoba		
Agency Allowance	167,608	216,613
Child maintenance	11,040,037	12,555,984
	11,207,645	12,772,597
Childrens' Special Allowance		
CSA Provincial	-	8,038
External Agency Maintenance		
EA maintenance	59,166	117,698
Total expenses	15,820,429	17,403,958
Excess of revenue over expenses	894,826	103,129

The accompanying notes are an integral part of these financial statements

Animikii-Ozson Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2021

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	2021	2020
Net assets, beginning of year	388,562	1,159,698	1,548,260	1,445,131
Excess of revenue over expenses	-	894,826	894,826	103,129
Amortization of capital assets	(92,498)	92,498	-	-
Purchase of capital assets	13,435	(13,435)	-	-
Net assets, end of year	309,499	2,133,587	2,443,086	1,548,260

The accompanying notes are an integral part of these financial statements

Animikii-Ozoseon Inc.
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Cash received from funders	19,162,251	21,597,323
Cash paid to suppliers	(12,634,973)	(14,092,204)
Cash paid to employees	(3,212,216)	(3,275,724)
Cash paid for interest	(7,291)	(9,463)
Interest received	17,997	30,000
	3,325,768	4,249,932
Financing		
Repayment of long-term debt	(201,833)	(201,833)
Investing		
Purchase of capital assets	(13,435)	(40,727)
Increase in cash resources	3,110,500	4,007,372
Cash resources, beginning of year	6,599,253	2,591,881
Cash resources, end of year	9,709,753	6,599,253

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.

2. Significant accounting policies *(Continued from previous page)*

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.

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 estimated useful lives. 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.

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.

2. Significant accounting policies (Continued from previous page)

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

3. Cash

	2021	2020
Petty cash	312	569
Operating bank account	594,912	283,736
Maintenance bank account	961,629	1,771,561
Investment bank account	8,152,900	4,543,387
	9,709,753	6,599,253

4. Accounts receivable

	2021	2020
Accounts receivable - operations	39,096	9,392
Accounts receivable - maintenance	-	55,858
Good and Services Tax receivable	10,512	10,101
Accounts receivable from employees	1,080	2,412
Accrued interest	1,696	4,488
	52,384	82,251
Allowance for doubtful accounts	(1,066)	(22,000)
	51,318	60,251

5. Short term investment

	2021	2020
Measured at fair value:		
Guaranteed Investment Certificate	35,000	35,000

The above redeemable GIC, bearing interest at 0.85% (2020 - 1.45%) per annum, maturing June 2021.

Animikii-Ozoon Inc.
Notes to the Financial Statements
For the year ended March 31, 2021

6. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>
Computer equipment	115,297	96,950	18,347
Computer software	21,031	21,031	-
Equipment	388,539	322,556	65,983
Leasehold improvements	1,177,211	952,042	225,169
	1,702,078	1,392,579	309,499

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2020 Net book value</i>
Computer equipment	112,153	83,551	28,602
Computer software	21,031	11,790	9,241
Equipment	386,984	306,416	80,568
Leasehold improvements	1,168,475	898,324	270,151
	1,688,643	1,300,081	388,562

Amortization in the year is \$92,498 (2020 - \$92,459)

7. Accounts payable and accruals

	<i>2021</i>	<i>2020</i>
Accounts payable - maintenance	488,972	754,134
Accounts payable - payroll and other accrued liabilities	405,408	332,839
Account payables - Manitoba Health and Post Secondary Education Tax Levy	9,629	4,421
	904,009	1,091,394

8. Deferred contributions

Deferred contributions consists of the excess of the Agency Allowance received and spent, as well as deferred CSA.

9. 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.

Animikii-Ozoon Inc.
Notes to the Financial Statements
For the year ended March 31, 2021

10. Long-term debt

	2021	2020
Province of Manitoba term loan, non-interest bearing, payable in monthly instalments of \$16,819, due November 2021 and unsecured.	134,560	336,393
Less: current portion	134,560	201,833
	-	134,560

11. Commitments

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

2022	365,003
2023	365,003
2024	359,210
2025	346,423
2026	57,724
	1,493,363

12. 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.

13. 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.

14. 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 \$98,805 (2020 - \$96,437) included in the statement of operations.

15. Significant event

In March 2020, the World Health Organization declared a global pandemic known as COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The outbreak has resulted in incremental costs to the Organization, the total amounts of which are unknown at this time. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In March 2020, the Province introduced Bill 34. Part 8 of Bill 34, could significantly impact the Organization's financial standing. Bill 34 creates future debt of the Organization to the Province with respect to CSA and other benefits the agency could receive. 18 agencies, including the Organization, are challenging Bill 34.