



## Animikii-Ozoon Inc.

March 31, 2023

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**Animikii-Ozoon Inc.**  
**Financial Statements**  
*March 31, 2023*

## Management's Responsibility

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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

**MNP LLP**

True North Square

242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8

1.877.500.0795 T: 204.775.4531 F: 204.783.8329

## Independent Auditor's Report

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To the Members of Animikii-Ozoon Inc.:

### Opinion

We have audited the financial statements of Animikii-Ozoon Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2023, 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, 2023, 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.

### MNP LLP

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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 20, 2023

*MNP LLP*

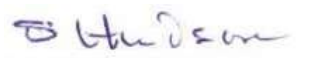
Chartered Professional Accountants

**Animikii-Ozoon Inc.**  
**Statement of Financial Position**  
*As at March 31, 2023*

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	6,367,920	8,038,730
Accounts receivable (Note 4)	67,233	38,266
Short term investment (Note 5)	35,000	35,000
Prepaid expenses and deposits	41,430	22,395
	6,511,583	8,134,391
<b>Capital assets (Note 6)</b>	209,800	251,929
	6,721,383	8,386,320
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals (Note 7)	1,271,508	1,120,865
Deferred contributions (Note 8)	3,249,616	3,772,561
Working capital advances (Note 9)	735,778	1,137,111
	5,256,902	6,030,537
<b>Net Assets</b>		
Investment in capital assets	209,800	251,929
Unrestricted	1,254,681	2,103,854
	1,464,481	2,355,783
	6,721,383	8,386,320

Approved on behalf of the Board of Directors

  
 Director

  
 Director

**Animikii-Ozoon Inc.**  
**Statement of Operations**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
<b>Southern First Nations Network of Care</b>		
Operations Core	<b>937,754</b>	893,686
Operations Protection	<b>3,270,565</b>	3,059,089
Operations Prevention	<b>425,955</b>	381,887
Operations Other	<b>68,938</b>	68,938
	<b>4,703,212</b>	4,403,600
<b>Province of Manitoba</b>		
Province of Manitoba - Maintenance	<b>12,199,507</b>	11,597,133
Province of Manitoba - Agency Allowance	<b>328,902</b>	203,974
Miscellaneous	<b>168,090</b>	119,124
	<b>12,696,499</b>	11,920,231
<b>Childrens' Special Allowance</b>		
CSA Provincial	<b>2,914,244</b>	4,174,498
<b>Other</b>		
Investment income	<b>236,474</b>	24,247
External Agency Billings	<b>134,021</b>	114,763
Vision Catchers	<b>-</b>	7,523
Education and training	<b>77,604</b>	42,487
	<b>448,099</b>	189,020
<b>Total revenue</b>	<b>20,762,054</b>	20,687,349

*Continued on next page*

**Animikii-Ozoon Inc.**  
**Statement of Operations**  
*For the year ended March 31, 2023*

	2023	2022
<b>Total revenue</b> <i>(Continued from previous page)</i>	<b>20,762,054</b>	20,687,349
<b>Core Operations</b>		
Salaries	764,612	737,462
Benefits	105,541	108,779
Operating	896,686	845,169
Audit expense	14,000	14,000
Board of Directors expense	21,414	29,771
Insurance	93,743	83,578
Legal	13,379	29,113
Training	7,875	19,578
Travel	13,173	2,466
	<b>1,930,423</b>	1,869,916
<b>Protection</b>		
Salaries	2,436,038	2,228,917
Benefits	315,460	306,128
Operating	42,783	44,979
Training	52,412	13,855
Travel	109,246	49,416
Purchased services	183,521	127,718
Contracted resources	25,444	30,285
	<b>3,164,904</b>	2,801,298
<b>Prevention</b>		
Salaries	71,995	106,043
Benefits	12,059	12,770
Operating	650	-
Training	256	70
Travel	1,564	953
Purchased services	78,212	62,204
Contracted resources	9,452	20,396
	<b>174,188</b>	202,436
<b>Province of Manitoba</b>		
Agency Allowance	328,902	203,974
Child maintenance	13,739,463	12,217,992
	<b>14,068,365</b>	12,421,966
<b>Childrens' Special Allowance</b>		
CSA Provincial	2,273,930	3,438,586
<b>External Agency Maintenance</b>		
EA maintenance	41,546	40,450
<b>Total expenses</b>	<b>21,653,356</b>	20,774,652
<b>Excess (deficiency) of revenue over expenses</b>	<b>(891,302)</b>	(87,303)

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, 2023*

	<i>Investment in capital assets</i>	<i>Unrestricted</i>	<b>2023</b>	<b>2022</b>
<b>Net assets, beginning of year</b>	251,929	2,103,854	<b>2,355,783</b>	2,443,086
<b>Excess of revenue over expenses</b>	-	(891,302)	<b>(891,302)</b>	(87,303)
<b>Amortization of capital assets</b>	(67,357)	67,357	-	-
<b>Purchase of capital assets</b>	25,228	(25,228)	-	-
<b>Net assets, end of year</b>	<b>209,800</b>	<b>1,254,681</b>	<b>1,464,481</b>	2,355,783

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

**Animikii-Ozoon Inc.**  
**Statement of Cash Flows**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from funders	<b>19,572,334</b>	18,924,005
Cash paid to suppliers	<b>(17,739,346)</b>	(16,967,394)
Cash paid to employees	<b>(3,705,704)</b>	(3,500,099)
Cash paid for interest	<b>(9,340)</b>	(9,167)
Interest received	<b>236,474</b>	24,247
	<b>(1,645,582)</b>	(1,528,408)
<b>Financing</b>		
Repayment of long-term debt	-	(134,559)
<b>Investing</b>		
Purchase of capital assets	<b>(25,228)</b>	(8,056)
<b>Decrease in cash resources</b>	<b>(1,670,810)</b>	(1,671,023)
<b>Cash resources, beginning of year</b>	<b>8,038,730</b>	9,709,753
<b>Cash resources, end of year</b>	<b>6,367,920</b>	8,038,730

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

Animikii-Ozoon 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.

	<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.

**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.

**Trust funds**

The Organization administers trust funds. Trust funds and their related operations are not included in the financial statements as they are not owned or controlled by the Organization.

**Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

**Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length 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. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

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

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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment**

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when no asset is individually significant. 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.

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 at the statement of financial position date; 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 revenue 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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

**3. Cash**

	2023	2022
Petty cash	215	379
Operating bank account	796,735	477,627
Maintenance bank account	852,437	1,099,233
Investment bank account	4,718,533	6,461,491
	<b>6,367,920</b>	<b>8,038,730</b>

**4. Accounts receivable**

	2023	2022
Accounts receivable - operations	41,326	16,222
Good and Services Tax receivable	14,873	20,554
Accrued interest	12,545	1,490
	<b>68,744</b>	<b>38,266</b>
Allowance for doubtful accounts	(1,511)	-
	<b>67,233</b>	<b>38,266</b>

**Animikii-Ozoon Inc.**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

**5. Short term investment**

	<b>2023</b>	2022
Measured at fair value:		
Guaranteed Investment Certificate	<b>35,000</b>	35,000

The above redeemable GIC, bearing interest at 1.25% (2022 - 0.15%) per annum, maturing June 2023.

**6. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>
Computer equipment	125,478	111,015	14,463
Computer software	35,321	35,321	-
Equipment	397,352	348,457	48,895
Leasehold improvements	1,177,211	1,030,769	146,442
	<b>1,735,362</b>	<b>1,525,562</b>	<b>209,800</b>

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2022 Net book value</b>
Computer equipment	115,297	105,206	10,091
Computer software	21,031	21,031	-
Equipment	396,594	336,344	60,250
Leasehold improvements	1,177,211	995,623	181,588
	<b>1,710,133</b>	<b>1,458,204</b>	<b>251,929</b>

Amortization in the year is \$67,358 (2022 - \$65,626)

**7. Accounts payable and accruals**

	<b>2023</b>	2022
Accounts payable - maintenance	<b>824,932</b>	679,805
Accounts payable - payroll and other accrued liabilities	<b>423,952</b>	425,825
Account payables - Manitoba Health and Post Secondary Education Tax Levy	<b>22,624</b>	15,235
	<b>1,271,508</b>	1,120,865

**8. Deferred contributions**

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

**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.

**10. Commitments**

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

2024	419,210
2025	406,423
2026	117,724
2027	60,000
	<hr/>
	1,003,357
	<hr/>

**11. 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.

**12. 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.

**13. 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 \$118,651 (2022 - \$120,076) included in the statement of operations.