

FINANCIAL STATEMENTS
For
ODAWA NATIVE FRIENDSHIP CENTRE
For year ended
MARCH 31, 2022

ODAWA NATIVE FRIENDSHIP CENTRE
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the directors of

ODAWA NATIVE FRIENDSHIP CENTRE

Qualified Opinion

We have audited the financial statements of Odawa Native Friendship Centre (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising and donation activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations or fundraising revenues, net revenue, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 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 qualified audit opinion.

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.

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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
August 15, 2022.

**ODAWA NATIVE FRIENDSHIP CENTRE
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 786,064	\$ 567,568
Accounts receivable	576,728	515,869
Government rebates receivable	59,258	63,784
Prepaid expenses	<u>33,163</u>	<u>17,535</u>
	1,455,213	1,164,756
CAPITAL ASSETS - note 3	2,167,128	2,088,961
SCHOLARSHIP FUND - note 4	<u>734</u>	<u>734</u>
	<u>\$ 3,623,075</u>	<u>\$ 3,254,451</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 791,797	\$ 877,951
Deferred revenue - note 6	<u>585,706</u>	<u>329,539</u>
	1,377,503	1,207,490
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS - note 7	1,981,061	1,841,514
SCHOLARSHIP FUND - DEFERRED CONTRIBUTIONS - note 4	<u>734</u>	<u>734</u>
	<u>3,359,298</u>	<u>3,049,738</u>
NET ASSETS		
Invested in capital assets - note 8	186,067	247,447
Unrestricted	<u>77,710</u>	<u>(42,734)</u>
	<u>263,777</u>	<u>204,713</u>
	<u>\$ 3,623,075</u>	<u>\$ 3,254,451</u>

Approved on behalf of the Board of Directors:

.....Director

.....Director

(See accompanying notes)

**ODAWA NATIVE FRIENDSHIP CENTRE
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022**

	Invested in capital assets	Unrestricted	Total <u>2022</u>	Total <u>2021</u>
Balance at beginning of year	\$ 247,447	\$ (42,734)	\$ 204,713	\$ (71,947)
Net revenue (expense)	<u>(61,380)</u>	<u>120,444</u>	<u>59,064</u>	<u>276,660</u>
Balance at end of year	<u>\$ 186,067</u>	<u>\$ 77,710</u>	<u>\$ 263,777</u>	<u>\$ 204,713</u>

(See accompanying notes)

ODAWA NATIVE FRIENDSHIP CENTRE

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
City of Ottawa	\$ 1,297,603	\$ 1,353,530
Ontario Federation of Indigenous Friendship Centres (OFIFC)	1,295,677	1,614,535
Donations	218,506	189,457
Public Safety Canada	121,858	103,547
Ministry of the Attorney General of Ontario	81,152	71,895
Public Health Agency of Canada	68,905	81,396
Ottawa Aboriginal Council	68,450	49,790
National Indian Brotherhood	52,567	-
Wage subsidies	33,993	29,188
Fees	33,115	21,927
Rental	32,385	33,472
Other	13,917	7,576
Interest	4,624	4,749
Fundraising	2,790	3,000
	<u>3,325,542</u>	<u>3,564,062</u>
 EXPENSES		
Salaries and benefits	1,953,989	2,112,710
Program supplies	485,887	602,757
Childcare providers	285,596	202,044
Rent	173,383	138,707
Insurance	35,543	37,966
Professional fees	48,874	35,622
Repairs and maintenance	20,826	33,585
Transportation	32,092	32,582
Telephone and internet	26,721	30,758
Office and administration	30,658	13,722
Contracted services	88,440	6,201
Utilities	4,642	4,360
Honorariums	18,447	2,809
	<u>3,205,098</u>	<u>3,253,823</u>
 NET REVENUE FROM OPERATIONS	 120,444	 310,239
Amortization of capital assets	(417,260)	(258,527)
Amortization of deferred contributions related to capital assets	<u>355,880</u>	<u>224,948</u>
 NET REVENUE	 <u>\$ 59,064</u>	 <u>\$ 276,660</u>

(See accompanying notes)

ODAWA NATIVE FRIENDSHIP CENTRE

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 59,064	\$ 276,660
Adjustments for:		
Amortization of capital assets	417,260	258,527
Amortization of deferred contributions related to capital assets	<u>(355,880)</u>	<u>(224,948)</u>
	120,444	310,239
Changes in non-cash operating working capital balances:		
Accounts receivable	(60,859)	(223,837)
Government rebates receivable	4,526	50,933
Prepaid expenses	(15,628)	9,261
Accounts payable and accrued liabilities	(86,154)	531,683
Deferred revenue	<u>256,167</u>	<u>(570,360)</u>
	<u>218,496</u>	<u>107,919</u>
INVESTING ACTIVITIES		
Additions to capital assets	(495,427)	(689,126)
Contributions related to capital assets	<u>495,427</u>	<u>689,126</u>
	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Loan repayment	<u>-</u>	<u>(7,500)</u>
INCREASE IN CASH	218,496	100,419
CASH AT BEGINNING OF YEAR	<u>567,568</u>	<u>467,149</u>
CASH AT END OF YEAR	<u>\$ 786,064</u>	<u>\$ 567,568</u>

(See accompanying notes)

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. NATURE OF ORGANIZATION

Odawa Native Friendship Centre is incorporated, without share capital by Letters Patent, under the *Corporations Act of Ontario* as a not-for-profit organization. The Organization is a registered charity under the *Income Tax Act (Canada)* and is exempt from income taxes.

The purpose of the Organization is to act as a cultural and resource centre, serving the Aboriginal community in the Ottawa-Carleton Region of Eastern Ontario and surrounding communities.

The Organization is a member of the Ontario Federation of Indigenous Friendship Centres (OFIFC), a provincial Aboriginal organization representing the collective interests of member Friendship Centres located in towns and cities across the province. A significant portion of the Organization's funding is received from OFIFC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

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. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Management makes accounting estimates in determining collectability of accounts receivable, in establishing the useful lives and related amortization of capital assets as well as the related amortization of deferred contributions related to capital assets, in estimating provisions for accrued liabilities, and in estimating the portion of government grants and subsidies earned. By their nature, these estimates are subject to uncertainty and the impact on the financial statements in the current and future periods could be material.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. Subsequently the Organization measures its cash at fair value and all other financial assets and financial liabilities at amortized cost at the date of the Statement of Financial Position.

Capital assets

Capital asset purchases are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided over the assets' estimated useful lives at the following methods and annual rates:

	<u>Method</u>	<u>Rates</u>
Building	Declining balance	4%
Vehicle	Declining balance	30%
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	5 years

Additions in the year are amortized at one-half of the annual rates.

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Contributed goods and services

Volunteers contribute a significant amount of time each year to assist the Organization in carrying out its service delivery activities. Contributed goods and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

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 they are received or receivable if the amount receivable can be reasonably estimated and its collection is reasonably assured.

Certain program contributions are subject to agreed terms and conditions regarding their expenditure, and are also subject to funding agency, or department, audit examination. Accordingly, adjustments may be made to amounts originally received, with consequent effect on net revenues, or expenses, in a year in which such examination is completed.

Fees for services are recognized in operations as revenue when the related service is provided to the extent that collection is reasonably assured.

Rental revenues are recognized in accordance with the dates and terms of the respective agreements.

Sponsorship and fundraising for specific events are recognized as revenue when the event takes place. Other sponsorships and fundraising which are unrestricted are recognized as revenue on the same basis as previously described for unrestricted contributions.

Deferred contributions related to capital assets

Contributed capital assets and restricted contributions for the purchase of capital assets that are amortized, are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Contributed capital assets and restricted contributions for the purchase of capital assets that are not amortized, such as land, are recognized as direct increases in net assets.

Net assets invested in capital assets

Net assets invested in capital assets represents amounts internally restricted by the Organization and comprises the net book value of the Organization's capital assets less the unamortized balance, if any, of capital grants used to acquire capital assets, being the balance of deferred contributions related to capital assets that are subject to amortization.

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

3. CAPITAL ASSETS

Capital assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land	\$ 70,392	\$ -	\$ 70,392	\$ -
Building	804,161	243,977	637,441	226,046
Vehicle	349,369	219,064	349,369	163,219
Furniture and equipment	380,824	202,676	296,187	168,719
Computer equipment	157,282	90,331	96,736	74,612
Leasehold improvements	<u>1,596,226</u>	<u>435,078</u>	<u>1,412,702</u>	<u>141,270</u>
	3,358,254	<u>\$ 1,191,126</u>	2,862,827	<u>\$ 773,866</u>
Less: accumulated amortization		<u>(1,191,126)</u>		<u>(773,866)</u>
		<u>\$ 2,167,128</u>		<u>\$ 2,088,961</u>

Included in building and leasehold improvements are \$92,974 and \$70,853 respectively of additions for construction projects that commenced but were not completed during the fiscal year. These additions will be amortized in accordance with the amortization policy of the underlying assets once construction is completed and the assets are put into use.

4. SCHOLARSHIP FUND

The Scholarship Fund is an externally restricted fund to be used for scholarships. During the year there were scholarships awarded of \$nil (2021 - \$2,000). There were no additional restricted funds received for the purpose of scholarships.

5. BANK CREDIT FACILITIES

The Organization has a line of credit with a Canadian chartered bank in the amount of \$125,000. This line of credit bears an interest rate of bank prime + 1.9%. It is due on demand and is secured by a general security agreement. At March 31, 2022, no amount was drawn on this credit facility (2021 - \$nil).

Included within accounts payable, the Organization has two corporate credit cards with a total combined credit limit of \$30,000 and an interest rate of 19.99%. At year-end, there was a balance refundable of \$16,362 (2021 - balance payable of \$8,228) which is included on the Statement of Financial Position within accounts payable and accrued liabilities. The Organization pays off its credit card balances prior to the due date each month.

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts related to the funding received for designated programs:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 329,539	\$ 899,899
Contributions received in the year	3,718,914	3,332,247
Less amounts recognized as revenue, transferred to deferred contributions or repayable to funders	<u>(3,462,747)</u>	<u>(3,902,607)</u>
Balance at end of year	<u>\$ 585,706</u>	<u>\$ 329,539</u>

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represents contributed capital assets and contributions that were used to acquire capital assets which are or have been amortized. The changes in the deferred contributions related to capital assets are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 1,841,514	\$ 1,377,336
Plus: contributions received during the year	495,427	689,126
Less: amounts amortized to operations for the year	<u>(355,880)</u>	<u>(224,948)</u>
Balance at end of year	<u>\$ 1,981,061</u>	<u>\$ 1,841,514</u>

The balance of these contributions are related to the following capital assets:

Leasehold improvements	\$ 1,189,402	\$ 1,271,430
Building	513,017	362,262
Furniture and equipment	120,417	55,305
Vehicle	106,762	152,517
Computer equipment	<u>51,463</u>	<u>-</u>
	<u>\$ 1,981,061</u>	<u>\$ 1,841,514</u>

8. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets represent amounts internally restricted by the Organization and comprises the net book value of the Organization's capital assets less the unamortized balance of contributions used to acquire capital assets that are subject to amortization.

	<u>2022</u>	<u>2021</u>
Capital assets - net book value - note 3	\$ 2,167,128	\$ 2,088,961
Less: Deferred contributions related to capital assets - subject to amortization - note 7	<u>(1,981,061)</u>	<u>(1,841,514)</u>
	<u>\$ 186,067</u>	<u>\$ 247,447</u>

9. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at March 31, 2022.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's maximum exposure to credit risk is represented by the sum of the carrying value of its cash and accounts receivable.

The Organization's cash is on deposit with a Canadian chartered bank and therefore management believes the risk of loss is remote.

The Organization's exposure to credit risk on its accounts receivable is reduced by the fact that most of its accounts receivable are supported by signed agreements. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

9. FINANCIAL INSTRUMENTS - Cont'd.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization is exposed to this risk mainly in respect of the timing of receipt of the accounts receivable and the required timing of payment of accounts payable and accrued liabilities. The Organization is exposed to liquidity risk and it manages this risk by preparing and monitoring forecasts of cash flow from operations.

Market risk

Market risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Substantially all of the Organization's transactions are in Canadian dollars and as a result the Organization is not subject to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization has an operating line of credit, as set out in Note 5 to these financial statements. Consequently, the Organization is exposed to interest rate fluctuations on this financial instrument.

iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Organization is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Organization's risk exposures from the prior year.

10. COMMITMENTS

The Organization has a single year lease agreement for its office and program facilities, with an initial term that ends in September 2022. The agreement also includes two single year renewal options, granting the Organization the ability to extend the term up until September 2024. Upon completion of this agreement, the Organization intends to enter into negotiations with the Ottawa-Carleton District School Board to sign a long-term extension of the lease agreement at its current premises.

In addition to the construction costs already incurred and capitalized as disclosed in note 3, the Organization has committed a further \$215,832 towards leasehold improvements at 815 St. Laurent Boulevard. The Organization has also committed an additional \$274,420 towards building improvements for its property at 510 Rideau Street to expand service offerings and building accessibility.

ODAWA NATIVE FRIENDSHIP CENTRE
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

11. ECONOMIC DEPENDENCE

The Organization receives 39% (2021 - 45%) of its revenues from the Ontario Federation of Indigenous Friendship Centres and 39% (2021 - 38%) of its revenues from the City of Ottawa. The Organization is dependent upon these funding arrangements remaining in effect.