

Anishnawbe Health Foundation
Financial Statements
For the 15 month period ended March 31, 2019

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Independent Auditor's Report

To the Members of Anishnawbe Health Foundation

Opinion

We have audited the financial statements of Anishnawbe Health Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2019 and the statements of revenues and expenses, changes in net assets and cash flows for the period from January 1, 2018 to March 31, 2019, 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 Foundation as at March 31, 2019, and its results of operations and its cash flows for the period from January 1, 2018 to March 31, 2019 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 Foundation 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 19, 2019

Anishnawbe Health Foundation Statement of Financial Position

March 31, December 31,
2019 2017

Assets

Current

Cash and cash equivalents (Note 3)	\$	1,389,268	\$	658,867
Accounts receivable		9,505		5,768
Investments (Note 4)		262,499		255,716
		262,499		255,716
	\$	1,661,272	\$	920,351

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	27,172	\$	19,468
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Deferred contributions (Note 6)


271,501		465,430
298,673		484,898

Net Assets

Capital project fund (Note 7)	1,049,082		444,894
Organizational capacity fund	157,500		-
Unrestricted fund	156,017		(9,441)
	1,362,599		435,453
	\$	1,661,272	\$ 920,351

On behalf of the Board:


 _____ Director


 _____ Director

Anishnawbe Health Foundation Statement of Revenues and Expenses

	Unrestricted Fund	Capital Project Fund	Organizational Capacity Fund	15 month period ended March 31, 2019	Year ended December 31, 2017
Revenue					
Contributions	\$ 528,643	\$ 604,188	\$ 157,500	\$ 1,290,331	\$ 519,402
Investment income	48,034	-	-	48,034	18,068
Change in fair value of investments	(10,799)	-	-	(10,799)	(5,624)
	565,878	604,188	157,500	1,327,566	531,846
Expenses					
Accounting fees	15,248	-	-	15,248	5,825
Communication and marketing	2,428	-	-	2,428	28,862
Consulting fees	4,617	-	-	4,617	7,271
Development	62,344	-	-	62,344	25,879
Insurance	2,646	-	-	2,646	1,792
Interest and bank charges	6,426	-	-	6,426	1,668
Office	22,863	-	-	22,863	11,430
Salaries and wages	274,288	-	-	274,288	172,993
	390,860	-	-	390,860	255,720
Excess of revenue over expenses before undernoted items	175,018	604,188	157,500	936,706	276,126
Grant to Anishnawbe Health Toronto (Note 5)	9,560	-	-	9,560	23,000
Excess of revenue over expenses for the period	\$ 165,458	\$ 604,188	\$ 157,500	\$ 927,146	\$ 253,126

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

Anishnawbe Health Foundation Statement of Changes in Net Assets

	Unrestricted Fund	Capital Project Fund	Organizational Capacity Fund	15 month period ended March 31, 2019	Year ended December 31, 2017
Net assets , beginning of period	\$ (9,441)	\$ 444,894	\$ -	\$ 435,453	\$ 182,327
Excess of revenues over expenses for the period	<u>165,458</u>	<u>604,188</u>	<u>157,500</u>	<u>927,146</u>	<u>253,126</u>
Net assets , end of period	<u>\$ 156,017</u>	<u>\$ 1,049,082</u>	<u>\$ 157,500</u>	<u>\$ 1,362,599</u>	<u>\$ 435,453</u>

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

Anishnawbe Health Foundation Statement of Cash Flows

	15 month period ended March 31, 2019	Year ended December 31, 2017
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the period	\$ 927,146	\$ 253,126
Adjustments to reconcile excess of revenue over expenses for the period to cash provided by operating activities:		
Change in fair value of investments	10,799	5,624
Changes in non-cash working capital balances		
Accounts receivable	(3,737)	(5,768)
Accounts payable and accrued liabilities	7,704	10,633
Deferred contributions	(193,929)	(155,143)
	747,983	108,472
Investing activities		
Purchase of investments	(17,582)	(261,340)
Financing activity		
Proceeds from related party	-	10,213
Increase (decrease) in cash during the period	730,401	(142,655)
Cash, beginning of period	658,867	801,522
Cash, end of period	\$ 1,389,268	\$ 658,867

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

Anishnawbe Health Foundation

Notes to Financial Statements

March 31, 2019

1. Purpose of the Foundation

Anishnawbe Health Foundation (the "Foundation") is a non-profit corporation without share capital with a charitable registration number of 849991914RR0001 and as such, is exempt from income taxes.

The mission of the Foundation is to inspire philanthropy to:

- (a) Support an environment where the urban Aboriginal community can heal spiritually, physically, emotionally and mentally by enhancing capital and program funding for Anishnawbe Health Toronto, and;
- (b) Foster the reclamation, preservation, research and application of traditional healing methods, including the sharing of these with all people.

During the period, the Foundation changed its year end from December 31 to March 31. As a result, these results of operations and cash flows are for the 15 month period from January 1, 2018 to March 31, 2019.

During the period, the Foundation was granted permission by the Canada Revenue Agency to accumulate property up to \$8,000,000 for the period from January 1, 2018 to December 31, 2021 for the purpose of building an Indigenous Health Centre. The property accumulated is excluded from the disbursement quota calculation.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Foundation.

(a) Basis of Accounting

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

(b) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The unrestricted fund accounts for the general contributions, investment income and administrative activities, including activities related to the campaign.

The capital project fund and the organizational capacity fund account for the contributions received which are donor restricted and are to be granted to Anishnawbe Health Toronto ("AHT") towards its capital project for a new facility and increasing organizational capacity, respectively.

(c) Cash and Cash Equivalents

Cash includes cash and cash equivalents. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Anishnawbe Health Foundation

Notes to Financial Statements

March 31, 2019

2. Summary of Significant Accounting Policies - (Continued)

(d) Investments

Investments are measured at their fair value. Realized and unrealized gains (losses) are recorded in the statement of revenue and expenses. The Foundation accounts for its investments on a settlement basis and transactions costs associated with investment activities are included in the statement of revenue and expenses.

(e) Financial Instruments

Unless otherwise noted, the Foundation initially measures its other financial assets and liabilities at fair value and subsequently measures its other financial assets and liabilities at amortized costs.

(f) Revenue Recognition

Restricted contributions related to general operations for which no corresponding restricted fund is established, are recognized as revenue of the unrestricted fund in the period in which the related expense are incurred (deferral method). All other restricted contributions are recognized as revenue of the appropriate restricted fund as received or receivable.

Unrestricted contributions are recognized as revenue in the unrestricted fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates are reviewed periodically and as adjustments become necessary they are reported in the period in which they become known. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Included in cash equivalents are funds of \$1,371,888 (December 31, 2017 - \$615,980) held in a high interest savings account with an effective yield of approximately 2.17% (December 31, 2017 - 1.50%).

4. Investments

Included in investments are funds of \$262,499 (December 31, 2017 - \$255,716) invested in pooled funds with a book value of \$278,795 and fair value of \$262,499 (December 31, 2017 - book value of \$261,217 and fair value of \$255,716).

Anishnawbe Health Foundation Notes to Financial Statements

March 31, 2019

5. Related Party Transactions

In October 2016, the Board of Directors of the Foundation and AHT signed a Memorandum of Understanding where it was agreed that all charitable donations be received, receipted and stewarded by the Foundation.

The Foundation and AHT are each governed by a separate Board of Directors, but are related as AHT's Executive Director is also a director on Foundation's Board of Directors.

During the period, the Board of Directors approved a grant of \$9,560 (December 31, 2017 - \$23,000) from the Foundation to AHT. For further details on the disbursement quota, please refer to Note 1.

In November 2018, the Board of Directors approved a contract for services provided by AHT to the Foundation for rent and shared salary costs. During the period, the Foundation paid \$8,610 to AHT for these services.

All transactions are in the normal course of operations and are measured at the exchange amount.

6. Deferred Contributions

The changes to deferred contributions consist of the following:

	March 31, 2019	December 31, 2017
Balance, beginning of period	\$ 465,430	\$ 620,573
Revenue recognized during the period	(193,929)	(155,143)
Balance, end of period	\$ 271,501	\$ 465,430

7. Capital Project Fund

Capital project fund includes \$816,283 (2017 - \$212,095) relating to contributions received which are donor restricted and \$232,799 (2017 - \$232,799) relating to funds approved by the Board of Directors in the prior period and transferred from the Pedhabun Lodge Fund. These funds are to be granted to AHT towards its capital project for a new facility.

Anishnawbe Health Foundation Notes to Financial Statements

March 31, 2019

8. Financial Instrument Risk

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure as at March 31, 2019. The risks have not changed from prior period, unless noted.

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 Foundation's financial instruments that are exposed to credit risk are cash and cash equivalents, accounts receivable and investments.

Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations as they fall due. Liquidity risks arises from accounts payable and accrued liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to this risk through its high interest savings account.

Market Risk

Market risk is the risk the value of investments will fluctuate as a result of changes in market prices or other factors affecting the values of the investments. The Foundation is exposed to this risk through its investment in pooled funds.