

WANAKI CENTER
FINANCIAL STATEMENTS
MARCH 31, 2020

SUMMARY

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INDEPENDENT AUDITOR'S REPORT

To the Members of the board
Wanaki Center

Opinion

We have audited the financial statements of Wanaki Center (the Center), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flow 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 Center as at March 31, 2020, 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 Center 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 Matter

The 2020 budget figures have not been audited.

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.

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

Those charged with governance are responsible for overseeing the Center'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 Center's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Center'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 Center 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.

*Lacroix & associés inc.*¹

Company of CPA

Maniwaki, Québec
June 17, 2020

» Lacroix & associés inc.
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¹ By CPA auditor, CA, public accountancy permit No. A104361

WANAKI CENTER**STATEMENT OF OPERATIONS****YEAR ENDED MARCH 31, 2020**

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	Budget	2020	2019
Revenues			
Indigenous Services Canada (ISC)	\$ 1,728,368	\$ 2,335,437	\$ 1,612,691
Canadore college	-	52,776	-
Other income (Schedule A)	-	13,160	10,506
Interest earned	-	23,752	11,361
Amortization of deferred contributions related to fixed assets	-	55,880	48,167
	1,728,368	2,481,005	1,682,725
Expenses			
Salaries	807,041	898,470	900,804
Fringe benefits	223,388	161,902	179,947
Staff training and development	35,000	117,800	21,995
Resource people	40,000	92,443	56,914
Honorarium	5,000	575	1,400
Material/Program/Aids	30,000	68,973	44,655
Food	55,290	61,126	72,250
Accreditation Process	37,500	24,197	8,643
Telephone	12,000	11,062	12,273
Office supplies and printing	26,649	30,399	19,115
Internet/Alarm/Television	3,000	3,734	2,707
Computer material and support	2,000	3,497	3,613
Advertising	2,000	340	480
Auditing and accounting	12,000	11,318	11,150
Legal and professional fees	50,000	13,922	-
Insurance	23,000	23,163	22,902
Heat and electricity	23,000	21,324	23,542
Maintenance and supplies	33,000	32,798	18,749
Ground maintenance	30,000	14,383	25,326
Vehicle maintenance and transportation	16,000	5,929	4,966
Travel - Board	20,000	9,503	12,726
Travel - Staff and other	30,000	20,998	14,820
Bank charges	2,500	3,062	3,089
Amortization of fixed assets (Schedule B)	-	55,880	48,167
Capital projects	210,000	-	-
	1,728,368	1,686,798	1,510,233
Excess of revenues over expenses	\$ -	\$ 794,207	\$ 172,492

WANAKI CENTER

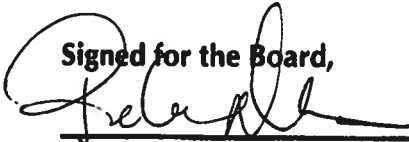
CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2020

	Appropriated for acquisition of fixed assets	Unappropriated Indigenous Services Canada	Unappropriated Other	2020 Total	2019 Total
Balance, beginning of year	\$ 289,734	\$ 218,986	\$ 314,656	\$ 823,376	\$ 689,445
Excess of revenues over expenses	-	870,278	(76,071)	794,207	172,492
Appropriation for acquisition of fixed assets	156,600	(156,600)	-	-	-
Acquisition of fixed assets	(221,639)	-	-	(221,639)	(38,561)
Balance, end of year	\$ 224,695	\$ 932,664	\$ 238,585	\$ 1,395,944	\$ 823,376

WANAKI CENTER
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
Assets		
Current assets		
Cash	\$ 1,493,542	\$ 1,212,191
Accounts receivable (Note 3)	19,560	126,075
Prepaid expenses	10,794	9,087
	1,523,896	1,347,353
Fixed assets (Note 4)	271,487	105,728
	\$ 1,795,383	\$ 1,453,081
Liabilities		
Current liabilities		
Accounts payable and accrued charges (Note 5)	\$ 127,952	\$ 104,782
Deferred contributions (Note 6)	-	419,195
	127,952	523,977
Deferred contributions related to fixed assets	271,487	105,728
	399,439	629,705
Net assets		
Appropriated for acquisition of fixed assets	224,695	289,734
Unappropriated - Indigenous Services Canada	932,664	218,986
Unappropriated - Other	238,585	314,656
	1,395,944	823,376
	\$ 1,795,383	\$ 1,453,081

Signed for the Board,

 _____, Director
 Madeleine Paul
 Madeleine Paul (Jun 30, 2020 10:20 EDT)
 _____, Director

WANAKI CENTER**STATEMENT OF CASH FLOW****YEAR ENDED MARCH 31, 2020**

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	2020	2019
Operating activities		
Excess of revenues over expenses	\$ 794,207	\$ 172,492
Non-cash items:		
Amortization of fixed assets	55,880	48,167
Amortization of deferred contributions related to fixed assets	(55,880)	(48,167)
	<u>794,207</u>	<u>172,492</u>
Net change in non-cash items related to operating activities:		
Accounts receivable	106,515	(120,746)
Prepaid expenses	(1,707)	(488)
Accounts payable and accrued charges	23,170	(4,089)
Deferred contributions	(419,195)	419,195
	<u>502,990</u>	<u>466,364</u>
Investing activity		
Acquisition of fixed assets	(221,639)	(38,561)
Increase in cash and cash equivalents	281,351	427,803
Cash and cash equivalents, beginning of year	1,212,191	784,388
Cash and cash equivalents, end of year	\$ 1,493,542	\$ 1,212,191

Cash and cash equivalents consist of cash.

1. Statutes of incorporation and nature of activities

The Center is a non-profit organization incorporated under Part III of the Companies Act (Quebec). It is also incorporated as a non-profit organization under the Canada Not-for-Profit Corporations Act. Its mission is to provide treatments to all First Nations and Inuit adults suffering from alcohol and substance abuse issues.

2. Significant accounting policies

The Center has elected to apply Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the net realizable value of the useful life of fixed assets subject to amortization.

Contributions and other revenue recognition

The Center applies the deferral method of accounting for the contributions. Revenues from the appropriated contributions are recognized during the period for which the related costs are incurred. The other contributions and other revenues are recognized when the amount is determinable and collection is reasonably assured.

Financial instruments

Initial and subsequent measurement

The Center initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Center subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, contribution receivable and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued charges along with payroll and benefits payable.

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the Center determines whether there are indications of possible impairment. When there is an indication of impairment, and the Center determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Fixed assets

Fixed assets are accounted for at cost. Amortization is calculated using the straight-line method over the following periods:

	Periods
Furniture and equipment	10 years
Automotive equipment	5 years
Computer equipment	5 years
Telephone system	5 years
Parking and cultural space	15 years

Impairment of long-lived assets

Fixed assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Deferred contributions related to fixed assets

Contributions received for acquisition of fixed assets are deferred and amortized at the same rates as their related fixed assets.

Cash and cash equivalents

The Center's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn.

WANAKI CENTER

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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3. Accounts receivable

	2020	2019
Contribution receivable	\$ -	\$ 120,000
Accounts receivable	12,636	-
GST and QST receivable	6,924	6,075
	\$ 19,560	\$ 126,075

4. Fixed assets

	2020			2019	
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and equipment	\$ 357,021	\$ 214,656	\$ 142,365	\$ 57,049	
Automotive equipment	76,780	54,208	22,572	37,928	
Computer equipment	56,083	54,197	1,886	10,751	
Telephone system	25,728	2,573	23,155	-	
Parking and cultural space	87,331	5,822	81,509	-	
	\$ 602,943	\$ 331,456	\$ 271,487	\$ 105,728	

5. Accounts payable and accrued charges

	2020	2019
Accrued expenses	\$ 36,421	\$ 18,259
Payroll and benefits payable	91,531	86,523
	\$ 127,952	\$ 104,782

6. Deferred contributions

Deferred contributions represent unexpended resources received during the year that will be expensed in the subsequent period. The variations affecting the deferred contributions are the following :

	2020	2019
Balance at beginning of year	\$ 419,195	\$ -
Plus : amounts cashed during the period	-	419,195
Less : amounts recognized as revenue during the period	<u>(419,195)</u>	<u>-</u>
Balance at end	<u>\$ -</u>	<u>\$ 419,195</u>

7. Economic dependance

The Center receives income under a funding agreement with Indigenous Services Canada. The contribution represents 96% of the total revenue of the center.

8. Indigenous Services Canada funding reconciliation

	2020	2019
Funding confirmed per agreement	\$ 1,916,242	\$ 2,031,886
Deferred revenue recognition	419,195	-
Funding deferred to the following year	<u>-</u>	<u>(419,195)</u>
Revenue per financial statements	<u>\$ 2,335,437</u>	<u>\$ 1,612,691</u>

9. Events after the balance sheet date

In March of 2020, the World Health Organization declared the outbreak of a new coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

As of June 17th 2020, changes have affected the center's operations following the COVID-19 crisis.

Management is unsure of the impact of these changes on its financial statements and believes that any disruption may be temporary; however, there is uncertainty as to the duration and potential impact of this disruption.

As a result, they are unable to estimate the potential impact on the center's activities as of the date of these financial statements.

10. Comparative figures

Certain figures for 2019 have been reclassified to conform to the presentation adopted in 2020.

WANAKI CENTER**ADDITIONAL INFORMATION****YEAR ENDED MARCH 31, 2020**

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	2020	2019
Schedule A - Other income		
Summer student contribution	\$ 8,610	\$ 10,206
Donations	4,550	300
	<hr/> \$ 13,160	<hr/> \$ 10,506

Schedule B - Amortization of fixed assets

Furniture and equipment	\$ 21,126	\$ 20,342
Automotive equipment	15,356	15,356
Computer equipment	11,003	9,591
Telephone system	2,573	2,878
Parking and cultural space	5,822	-
	<hr/> \$ 55,880	<hr/> \$ 48,167

Schedule C - Mental Wellness team Q214

Revenues		
ISC 2019-2020 funding	\$ 269,500	\$ 276,934
Canadore College	52,776	-
	<hr/> 322,276	<hr/> 276,934
Expenses		
Salaries and fringe benefits	45,892	63,581
Travel	9,116	3,866
Staff training and development	113,574	14,883
Food	4,278	7,051
Material / Program / Aids	30,100	19,638
Resource people	46,732	29,368
Office supplies and printing	1,689	6,104
Vehicule maintenance and transportation	96	53
Insurance	-	349
Expenses transferred to fixed assets	-	26,246
Maintenance and supplies	917	-
Ground maintenance	850	-
Internet/Alarm/Television	933	-
Computer material and support	104	-
	<hr/> 254,281	<hr/> 171,139
Excess of revenues over expenses	<hr/> \$ 67,995	<hr/> \$ 105,795

WANAKI CENTER
 ADDITIONAL INFORMATION
 YEAR ENDED MARCH 31, 2020

	2020	2019
Schedule D - Accreditation Q30Q		
Revenues	\$ 37,521	\$ 37,521
Expenses		
Salaries and fringe benefits	31,666	23,388
Food	-	73
Accreditation	12,674	7,268
	44,340	30,729
Excess (deficiency) of revenues over expenses	\$ (6,819)	\$ 6,792

Schedule E - AHHRI training Q233		
Revenues	\$ 14,614	\$ 7,232
Expenses		
Salaries and fringe benefits	14,614	7,232
Excess of revenues over expenses	\$ -	\$ -

Schedule F - Capital investments Q300		
Revenues		
ISC 2019-2020 funding	\$ 156,600	\$ -
Plus: Deferred revenue recognition	193,400	-
	350,000	-
Expenses		
Ground maintenance	5,859	-
Legal and professional fees	6,950	-
Expenses transferred to fixed assets :		
Generator	85,776	-
	87,331	-
	185,916	-
Excess of revenues over expenses	\$ 164,084	\$ -