

First Peoples Wellness Circle

Financial Statements

Year ended March 31, 2021

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
First Peoples Wellness Circle

Opinion

We have audited the financial statements of **First Peoples Wellness Circle**, which comprise the statement of financial position as at **March 31, 2021**, and the statements of operations and 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 its results of 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 Matter

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements as a whole and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 22, 2021

First Peoples Wellness Circle
Statement of Financial Position
March 31, 2021 with comparative figures for 2020

	2021	2020
Assets		
Current		
Cash	\$ 1,457,633	\$ 442,664
Accounts receivable (note 3)	141,346	187,373
Inventory	6,778	14,321
Prepaid expenses (note 4)	218,274	10,000
	\$ 1,824,031	\$ 654,358
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities (note 5)	\$ 234,051	\$ 262,903
	234,051	262,903
Deferred contributions (note 6)	1,562,962	375,537
	1,797,013	638,440
Net assets		
Unrestricted net assets	27,018	15,918
	\$ 1,824,031	\$ 654,358

Contingencies (note 7)

Approved on behalf of the Board of Directors:

Director _____

Director _____

First Peoples Wellness Circle
Statement of Operations and Changes in Net Assets
Year ended March 31, 2021 with comparative figures for 2020

	2021	2020
Revenues		
Indigenous Services Canada	\$ 1,039,939	\$ 1,078,922
Consulting fees	11,100	17,710
National Native Addictions Partnership Foundation	-	25,000
Public Health Agency Canada	-	20,000
Administration fees	-	11,000
	1,051,039	1,152,632
Sub-contracted services	194,947	279,000
	856,092	873,632
Expenses		
Wages and benefits	412,301	295,094
Conferences	180,945	303,348
Advertising and promotion	78,297	4,281
Board expenses and Elder's honoraria	70,788	82,960
Dues and memberships	40,912	4,075
Professional fees	19,541	29,409
Telecommunications	16,203	12,745
Rent	15,075	12,750
Office and general	8,210	7,961
Interest and bank charges	1,173	375
Staff travel	711	46,841
Professional development	426	10,566
Administration fees	410	24,723
Knowledge exchange and research	-	22,586
	844,992	857,714
Excess of revenues over expenses	11,100	15,918
Net assets, beginning of year	15,918	-
Net assets, end of year	\$ 27,018	\$ 15,918

First Peoples Wellness Circle**Cash Flows Statement****Year ended March 31, 2021 with comparative figures for 2020**

	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 11,100	\$ 15,918
Change in non-cash working capital items		
Accounts receivable	46,027	(187,373)
Inventory	7,543	(14,321)
Prepaid expenses	(208,274)	(10,000)
Accounts payable and accrued liabilities	(28,852)	262,903
Deferred contributions	1,187,425	375,537
Increase in cash	1,014,969	442,664
Cash, beginning of year	442,664	-
Cash, end of year	\$ 1,457,633	\$ 442,664

First Peoples Wellness Circle

Notes to the Financial Statements

Year ended March 31, 2021

1. Nature of operations

First Peoples Wellness Circle is a not-for-profit organization incorporated under the Canada Not-for-profit Corporations Act. The organization was formed to improve Canada's First Peoples by addressing healing, wellness and other mental health challenges. It is incorporated without share capital and is not subject to income taxes under the Income Tax Act (Canada).

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the organization are prepared using Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

(b) Fund accounting

The organization follows the deferral method of accounting for contributions. It presents the following funds to aid in the understanding of where funds are utilized;

Health Promotion and Disease Prevention - this program is funded by Indigenous Services Canada to assist with addressing healing, wellness and other mental health challenges within Canada's First Peoples.

Youth Hope Project - this program is funded by Indigenous Services Canada to assist with the development of materials and programs, as well as to lead youth life promotion and suicide prevention initiatives, within Canada's First People's communities.

IRS Project - this program is funded by Indigenous Services Canada under the Indian Residential School Settlement Agreement to assist with the development of materials and programs as well as to provide support services to those impacted by Indian Residential Schools.

Feather Carriers - this program is funded by Indigenous Services Canada. First Peoples Wellness Circle supports Feather Carriers Leadership for Life Promotion, which provides teachings founded on the Indigenous concepts of life promotions.

General - this program reports the activities and initiatives carried on by the organization that are not otherwise funded or relate to the programs detailed above.

First Peoples Wellness Circle
Notes to the Financial Statements
Year ended March 31, 2021

2. Significant accounting policies, continued

(c) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations in the period they occur.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations in the period it is identified and measurable, up to the amount of the previously recognized impairment.

First Peoples Wellness Circle
Notes to the Financial Statements
Year ended March 31, 2021

2. **Significant accounting policies, continued**

(d) **Inventory**

Inventory is measured at the lower of cost and net replacement cost. Inventory consists of items held for distribution at nominal or no consideration.

(e) **Revenue recognition and deferred contributions**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

The unexpended portion of grant contributions received for specific purposes is recorded in the accounts as deferred contributions.

Administration fees and consulting fees are recognized when services are performed.

(f) **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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Estimates used in the preparation of the accompanying financial statements include allowances for uncollectible accounts receivable, deferred contributions and amounts repayable to funders.

First Peoples Wellness Circle
Notes to the Financial Statements
Year ended March 31, 2021

3. **Accounts receivable**

	2021	2020
Funding receivable	\$ 63,377	\$ -
GST/HST rebates receivable	55,369	14,484
Trade receivables and vendor repayment receivables	22,600	147,889
National Native Addictions Partnership Foundation	-	25,000
	\$ 141,346	\$ 187,373

Accounts receivable are presented at their estimated recoverable amounts net of estimated allowances for uncollectible amounts. The estimated allowance for uncollectible accounts receivable is \$Nil (2020 - \$Nil).

4. **Prepaid expenses**

The organization has incurred costs to develop an anti-stigma campaign that can change the language and perceptions through sharing facts, building trust and showing empathy. This campaign is planned for the following fiscal year and will be expensed in that period.

5. **Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are government remittances payable of \$3,249 (2020 - \$2,433).

6. **Deferred contributions**

Deferred contributions are comprised of unspent funds which will be held for future expenditures. Details of the deferred contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 375,537	\$ -
Contributions received	2,227,364	1,510,459
Contributions recognized	(1,039,939)	(1,134,922)
Balance, end of year	\$ 1,562,962	\$ 375,537

First Peoples Wellness Circle
Notes to the Financial Statements
Year ended March 31, 2021

6. **Deferred contributions, continued**

	2021	2020
Indigenous Services Canada:		
Health Promotion and Disease Prevention	\$ 979,760	\$ 375,537
COVID-19	278,112	-
IRS Project	277,246	-
Youth Hope Project	27,844	-
	\$ 1,562,962	\$ 375,537

(i) deferred contributions received in the 2020 fiscal year were required to be spent by the end of the 2021 fiscal year.

(ii) funding received under Indigenous Services Canada contributions for the 2021 fiscal year are part of an agreement that allows funding to be carried forward and utilized by the 2024 fiscal year.

First Peoples Wellness Circle
Notes to the Financial Statements
Year ended March 31, 2021

7. Contingencies

The organization has entered into accountable contribution arrangements with its funding agencies. All such programs are subject to audit by the funder, with audit adjustments, if any, repayable to the funding agency. The repayable audit adjustments are recorded in the period in which the liability is determined.

8. Economic dependence

The organization has contribution arrangements with Indigenous Services Canada to provide funds to administer operations and provide services. These contributions constitute 99% (2020 - 97%) of the organization's total revenue, and as such, its ability to continue viable operations is dependent on maintaining these funding arrangements.

9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The organization is exposed to the following financial risks associated with financial instruments and transactions it is a party to:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization's main credit risks are associated with its cash and accounts receivable.

The organization minimizes risk associated with cash by ensuring that this financial asset is held with a large, reputable financial institution with a high credit rating.

The organization incurs receivable transactions in the normal course of operations and has credit risk associated with its accounts receivable balances of \$141,346 (2020 - \$187,373). The organization reduces its exposure to credit risk through managements on-going monitoring of accounts receivable balances and collections. Credit valuations are performed on a regular basis and an allowance for uncollectible accounts or receivable adjustment is recorded when applicable.

(b) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization is exposed to liquidity risk associated with its accounts payable and accrued liabilities balances of \$234,051 (2020 - \$262,903). The organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate cash reserves through its on going budgeting and financial monitoring processes to repay creditors as liabilities become due.

First Peoples Wellness Circle

Notes to the Financial Statements

Year ended March 31, 2021

10. COVID-19 Pandemic

In March 2020 the COVID-19 global outbreak was declared a pandemic by the World Health Organization. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at March 31, 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date. Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact still cannot be reasonably estimated. Management will continue to monitor provincial and federal health mandates and adjust operations accordingly. At this time, the full potential impact of COVID-19 on the organization is not known.