

**First Peoples Wellness Circle**

**Financial Statements**

**Year ended March 31, 2022**

## 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, 2022**, 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, 2022**, 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.

## INDEPENDENT AUDITOR'S REPORT, continued

### *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.

## INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
July 19, 2022

**First Peoples Wellness Circle**  
**Statement of Financial Position**  
**March 31, 2022 with comparative figures for 2021**

	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,848,660	\$ 1,457,633
Accounts receivable (note 3)	66,398	141,346
Inventory	3,492	6,778
Prepaid expenses (note 4)	78,946	218,274
	<b>\$ 1,997,496</b>	<b>\$ 1,824,031</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 5)	\$ 168,589	\$ 234,051
	168,589	234,051
<b>Deferred contributions (note 6)</b>	<b>1,797,179</b>	<b>1,562,962</b>
	1,965,768	1,797,013
<b>Net assets</b>		
<b>Unrestricted net assets</b>	<b>31,728</b>	<b>27,018</b>
	<b>\$ 1,997,496</b>	<b>\$ 1,824,031</b>

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, 2022 with comparative figures for 2021

	2022	2021
<b>Revenues</b>		
Deferred contributions, beginning of the year	\$ 1,562,962	\$ 375,537
Indigenous Services Canada	1,198,450	2,227,364
Ministry of Education	300,000	-
School of Mental Health Ontario	40,000	-
National Native Addictions Partnership Foundation	20,000	-
Consulting fees	19,710	11,100
University of Toronto	7,400	-
Deferred contributions, end of the year	(1,797,179)	(1,562,962)
	1,351,343	1,051,039
<b>Sub-contracted services</b>	370,381	194,947
	980,962	856,092
<b>Expenses</b>		
Wages and benefits	454,507	412,301
Conferences	284,783	180,945
Board expenses and Elder's honoraria	74,944	70,788
Advertising and promotion	37,399	78,297
Professional fees	29,420	19,541
Dues and memberships	29,377	40,912
Telecommunications	19,589	16,203
Rent	16,950	15,075
Office and general	15,933	8,210
Management fees	5,881	-
Staff travel	2,845	711
Insurance	2,262	-
Professional development	1,302	426
Interest and bank charges	1,060	1,173
Administration fees	-	410
	976,252	844,992
<b>Excess of revenues over expenses</b>	4,710	11,100
<b>Net assets, beginning of year</b>	27,018	15,918
<b>Net assets, end of year</b>	\$ 31,728	\$ 27,018

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**First Peoples Wellness Circle****Cash Flows Statement****Year ended March 31, 2022 with comparative figures for 2021**

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	2022	2021
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 4,710	\$ 11,100
Change in non-cash working capital items		
Accounts receivable	74,948	46,027
Inventory	3,286	7,543
Prepaid expenses	139,328	(208,274)
Accounts payable and accrued liabilities	(65,462)	(28,852)
Deferred contributions	234,217	1,187,425
<b>Increase in cash</b>	391,027	1,014,969
<b>Cash, beginning of year</b>	1,457,633	442,664
<b>Cash, end of year</b>	\$ 1,848,660	\$ 1,457,633

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# First Peoples Wellness Circle

## Notes to the Financial Statements

Year ended March 31, 2022

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### 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 help 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

The financial statements of the organization are prepared using Canadian Accounting Standards for not-for-profit organization. The significant accounting policies are as follows:

#### (a) 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 Peoples' 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.

**Ministry of Education** - this program is funded by the Ministry of Education of Ontario to aid in the development of Indigenous mental health and addictions support materials which include toolkit development targeting education and resources for parents, caregivers and families.

**Network Environments for Indigenous Health Research** - this program is funded by the University of Toronto to support the strengthening of holistic Indigenous Mental Health and Wellness.

**Indigenous School Mental Health** - this program is funded by the School Mental Health Ontario to support the promotion of student mental health.

**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.

To meet the objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are made when it is considered appropriate and when appropriately authorized. These inter-fund transfers are recorded in the statement of operations and changes in fund balances.

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**First Peoples Wellness Circle**  
**Notes to the Financial Statements**  
**Year ended March 31, 2022**

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**2. Significant accounting policies, continued**

**(b) 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.

**(c) 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.

**(d) 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.

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## First Peoples Wellness Circle

### Notes to the Financial Statements

Year ended March 31, 2022

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#### 2. Significant accounting policies, continued

##### (e) 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.

#### 3. Accounts receivable

	2022	2021
GST/HST rebates receivable	\$ 38,298	\$ 55,369
General receivables including vendor repayment receivables	28,100	22,600
Funding receivable	-	63,377
	<u>\$ 66,398</u>	<u>\$ 141,346</u>

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 (2021 - \$Nil).

#### 4. Prepaid expenses

The organization has incurred costs to develop materials and campaigns related to mental health. The campaigns and material publications are 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 \$Nil (2021 - \$3,249).

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## First Peoples Wellness Circle

### Notes to the Financial Statements

Year ended March 31, 2022

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#### 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:

	2022	2021
Balance, beginning of year	\$ 1,562,962	\$ 375,537
Contributions received	1,565,850	2,227,364
Contributions recognized	(1,331,633)	(1,039,939)
Balance, end of year	\$ 1,797,179	\$ 1,562,962

  

	2022	2021
Indigenous Services Canada:		
Health Promotion and Disease Prevention	\$ 1,292,650	\$ 979,760
COVID-19	-	278,112
IRS Project	224,529	277,246
Youth Hope Project	-	27,844
Ministry of Education	280,000	-
	\$ 1,797,179	\$ 1,562,962

Funding received under the Indigenous Services Canada agreement may be carried forward, but must be utilized by the end of the 2024 fiscal year.

#### 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 76% (2021 - 99%) of the organization's total revenue, and as such, it's ability to continue viable operations is dependent on maintaining these funding arrangements.

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**First Peoples Wellness Circle**  
**Notes to the Financial Statements**  
**Year ended March 31, 2022**

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**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 \$66,398 (2021 - \$141,346). 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 \$168,589 (2021 - \$234,051). 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.

**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, 2022 and consider 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.

First Peoples Wellness Circle  
Schedule 1  
Year ended March 31, 2022

	Health Promotion and Disease Prevention	Youth Hope Project	IRS Project	COVID-19	Ministry of Education	Network Environments for Indigenous Health Research	Indigenous School Mental Health	General	2022	2021
<b>Revenue</b>										
Deferred contributions, beginning of the year	\$ 979,760	27,844	277,246	278,112	-	-	-	-	1,562,962	\$ 375,537
Indigenous Services Canada										
Flexible Contribution	1,198,450	-	-	-	-	-	-	-	1,198,450	1,585,877
Fixed Contribution	-	-	-	-	-	-	-	-	-	491,487
Block Contribution	-	-	-	-	-	-	-	-	-	150,000
Ministry of Education	-	-	-	-	300,000	-	-	-	300,000	-
School Mental Health Ontario	-	-	-	-	-	-	40,000	-	40,000	-
National Native Addictions Partners	20,000	-	-	-	-	-	-	-	20,000	-
Consulting Fees	-	-	-	-	-	-	-	17,710	17,710	11,100
Other	-	-	-	-	-	7,400	-	2,000	9,400	-
Deferred contributions, end of the year	(1,292,650)	-	(224,529)	-	(280,000)	-	-	-	(1,797,179)	(1,562,962)
	905,560	27,844	52,717	278,112	20,000	7,400	40,000	19,710	1,351,343	1,051,039
<b>Sub-contracted Services</b>	13,219	75,000	-	278,112	-	-	4,050	-	370,381	194,947
	892,341	(47,156)	52,717	-	20,000	7,400	35,950	19,710	980,962	856,092
<b>Expenses</b>										
Wages and benefits	412,031	-	-	-	20,000	-	22,476	-	454,507	412,301
Conferences	240,409	-	30,100	-	-	4,400	9,874	-	284,783	180,945
Board expenses and Elder's honoraria	45,804	-	22,540	-	-	3,000	3,600	-	74,944	70,788
Advertising and promotion	22,399	-	-	-	-	-	-	15,000	37,399	78,297
Professional fees	29,420	-	-	-	-	-	-	-	29,420	19,541
Dues and memberships	29,377	-	-	-	-	-	-	-	29,377	40,912
Telecommunications	19,589	-	-	-	-	-	-	-	19,589	16,203
Rent	16,950	-	-	-	-	-	-	-	16,950	15,075
Office and general	15,856	-	77	-	-	-	-	-	15,933	8,210
Management fees	5,881	-	-	-	-	-	-	-	5,881	-
Staff travel	2,845	-	-	-	-	-	-	-	2,845	711
Insurance	2,262	-	-	-	-	-	-	-	2,262	-
Professional development	1,302	-	-	-	-	-	-	-	1,302	426
Interest and bank charges	1,060	-	-	-	-	-	-	-	1,060	1,173
Administration fees	-	-	-	-	-	-	-	-	-	410
	845,185	-	52,717	-	20,000	7,400	35,950	15,000	976,252	844,992
<b>Inter-fund transfers</b>	(47,156)	47,156	-	-	-	-	-	-	-	-
<b>Excess of revenues over expenses</b>	\$ -	-	-	-	-	-	-	4,710	4,710	\$ 11,100

See accompanying notes to financial statements