Financial Statements of

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

And Independent Auditors Report thereon

Year ended March 31, 2022

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of De dwa da dehs Nye>s Aboriginal Health Centre

Opinion

We have audited the accompanying financial statements of De dwa da dehs Nye>s Aboriginal Health Centre (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2022,
- the statement of operations for the year then ended,
- the statement of changes in net assets for the year then ended,
- the statement of cash flows for the year then ended,
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards.

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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 6, 2022

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 3,253,041	$ 2,125,300
Accounts receivable (note 2)	201,086	326,361
Prepaid expenses	110,684	87,479
	3,564,811	2,539,140
Capital assets (note 3)	1,083,232	1,048,402
Intangible assets (note 4)	75,738	102,715
	$ 4,723,781	$ 3,690,257
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 861,540	$ 345,019
Deferred revenue (note 5)	1,121,115	924,332
Surpluses repayable (note 6)	951,265	695,822
	2,933,920	1,965,173
Deferred capital contributions (note 7)	951,186	925,472
	3,885,106	2,890,645
Net assets:		
Unrestricted	630,891	573,967
Invested in capital assets	207,784	225,645
	838,675	799,612
Commitments (note 9)		
COVID-19 (note 10)		
	$ 4,723,781	$ 3,690,257

See accompanying notes to the financial statements.

On behalf of the Board:

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Operations
Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Ministry of Health:		
Core programs	$ 3,366,871	$ 3,370,417
Diabetes to Education	394,864	394,864
Healthier You	348,900	348,900
Child & Youth MHA Niagara	544,825	350,000
Capital Planning and Design	15,457	144,589
Ontario Health:		
Mental Health Programs (CMHP)	1,061,107	820,717
Community Support Services (CSS)	554,362	554,348
Substance Addictions Program (SAP)	375,386	375,386
One-time funding	265,000	223,500
City of Hamilton	1,149,137	1,055,809
Indigenous Primary Health Care Council (IPHCC)	432,563	–
Ministry of Child and Youth Services:		
Child and Youth Mental Health Services	186,822	178,522
Fetal Alcohol Spectrum Disorder	165,000	165,000
Social Planning and Research Council	89,800	89,800
Amortization of deferred capital contributions	186,279	197,952
Fundraising and other	429,298	156,315
Less: funds transferred to deferred revenue (note 5)	–	(100,000)
Less: funds transferred to deferred capital contributions (note 7)	(211,993)	(33,280)
	9,353,678	8,292,839
Expenses:		
Ministry of Health:		
Core programs	3,362,795	3,350,710
Diabetes to Education	394,855	297,492
Healthier You	348,900	348,851
Child & Youth MHA Niagara	344,191	347,012
Capital Planning and Design	103,013	144,589
Ontario Health:		
Mental Health Programs (CMHP)	1,060,751	755,192
Community Support Programs (CSS)	554,352	541,473
Substance Addiction Programs (SAP)	375,378	367,598
One-time funding	264,996	123,500
Indigenous Primary Health Care Council (IPHCC)	117,987	–
City of Hamilton	1,149,135	1,045,965
Ministry of Child and Youth Services:		
Child and Youth Mental Health Services	186,819	172,543
Fetal Alcohol Spectrum Disorder	164,990	165,000
Social Planning and Research Council	89,800	87,758
Amortization of capital and intangible assets	204,140	215,814
Fundraising and other	284,833	118,378
	9,006,935	8,081,875
Surplus before the undernoted	346,743	210,964
Transfer to surpluses payable (note 6):		
Indigenous Primary Health Care Council (IPHCC)	306,213	–
Ministry of Health	1,090	100,418
Ontario Health	377	82,450
Ministry of Child and Youth Services	–	5,979
Surplus, end of year	$ 39,063	$ 22,117

See accompanying notes to the financial statements.

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

March 31, 2022	Unrestricted	Invested in capital assets	Total
Net assets, beginning of year	$ 573,967	$ 225,645	$ 799,612
Surplus (deficit)	56,924	(17,861)	39,063
Net assets, end of year	$ 630,891	$ 207,784	$ 838,675

March 31, 2021	Unrestricted	Invested in capital assets	Total
Net assets, beginning of year	$ 533,988	$ 243,507	$ 777,495
Surplus (deficit)	39,979	(17,862)	22,117
Net assets, end of year	$ 573,967	$ 225,645	$ 799,612

See accompanying notes to the financial statements.

DE DWA DA DEHS NYE>S ABORIGINAL HEALTH CENTRE

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Surplus before the undernoted	$ 39,063	$ 22,117
Items not involving cash:		
Amortization of capital and intangible assets	204,140	215,814
Amortization of deferred capital contributions	(186,279)	(197,952)
	56,924	39,979
Changes in non-cash operating working capital:		
Accounts receivable	125,275	(208,969)
Prepaid expenses	(23,205)	70,375
Accounts payable and accrued liabilities	516,521	(243,784)
Deferred revenue	196,783	549,176
Surpluses repayable	255,443	163,752
	1,127,741	370,529
Cash flows from investing activities:		
Purchase of capital and intangible assets	(211,993)	(105,439)
Cash flows from financing activities:		
Capital contributions received	211,993	105,439
Increase in cash during the year	1,127,741	370,529
Cash, beginning of year	2,125,300	1,754,771
Cash, end of year	$ 3,253,041	$ 2,125,300

See accompanying notes to the financial statements.

De dwa da dehs Nye>s Aboriginal Health Centre (the "Health Centre") is a not-for-profit Organization incorporated without share capital under the laws of the Province of Ontario.

The Health Centre operates under the Ontario Charitable Institutional Act and is a registered charity under the Income Tax Act.

The objective of the Health Centre is to operate a community health centre for the benefit of the Aboriginal and Indigenous communities in the City of Hamilton and Brant County.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Standards in Part III of the CPA Handbook.

(b) Revenue recognition:

The Health Centre follows the deferral method of accounting for contributions which include government grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue related to programs which have not yet occurred are recorded as deferred revenue and recognized as revenue when the program occurs.

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

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations on the same basis as the related assets.

Fundraising and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to the Health Centre's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the assets estimated useful lives as follows:

Asset	Rate
Buildings	25 years
Fence	10 years
Furniture and Equipment	5 years
Vehicle	4 years

(d) Intangible assets:

Computer software and website costs are recorded at cost less accumulated amortization. All intangible assets are amortized over a period of 5 years on a straight-line basis.

(e) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amount of capital assets and intangible assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Health Centre has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Health Centre determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Health Centre expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Allocation of expenses:

The Health Centre records a number of its expenses by program. The costs of each program includes the costs of personnel, premises and other expenses that are directly related to providing the program.

The Health Centre allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense. Administration and corporate governance are not allocated.

2. Accounts receivable:

	2022	2021
Trade accounts receivables	$ 81,386	$ 49,898
HST receivable	119,700	276,463
	$ 201,086	$ 326,361

3. Capital assets:

			2022
	Cost	Accumulated amortization	Net book value
Land	$ 180,526	$ –	$ 180,526
Buildings	1,739,716	1,127,753	611,963
Furniture and equipment	1,296,602	1,107,843	188,759
Vehicles	190,443	88,459	101,984
Fence	9,000	9,000	–
	$ 3,416,287	$ 2,333,055	$ 1,083,232

			2021
	Cost	Accumulated amortization	Net book value
Land	$ 180,526	$ –	$ 180,526
Buildings	1,651,156	1,046,579	604,577
Furniture and equipment	1,181,531	1,028,765	152,766
Vehicles	182,081	71,548	110,533
Fence	9,000	9,000	–
	$ 3,204,294	$ 2,155,892	$ 1,048,402

4. Intangible assets:

		Cost		Accumulated amortization		2022 Net book value
Computer software	$	176,165	$	100,427	$	75,738
Website		37,366		37,366		–
	$	213,531	$	137,793	$	75,738

		Cost		Accumulated amortization		2021 Net book value
Computer software	$	176,165	$	73,450	$	102,715
Website		37,366		37,366		–
	$	213,531	$	110,816	$	102,715

5. Deferred revenue:

		2022		2021
Balance, beginning of year	$	924,332	$	375,156
Add: restricted contributions received and receivable		967,920		730,855
Less: restricted contributions received and receivable		(100,000)		100,000
Less: restricted contributions recognized as revenue		(671,137)		(281,679)
Balance, end of year	$	1,121,115	$	924,332

6. Surpluses repayable:

The surpluses repayable represent the estimated amount repayable based on unspent funding for the current and previous years. The below funders have not completed their review of these amounts and adjustments arising from this review will be recorded as an adjustment to funding in the year completed.

	2022	2022
Due to Ministry of Health	$ 393,817	$ 444,157
Due to Indigenous Primary Health Care Council	306,213	–
Due to Ontario Health	228,606	229,036
Due to Ministry of Child and Youth Services	22,629	22,629
	$ 951,265	$ 695,822

7. Deferred capital contributions:

	2022	2021
Balance, beginning of year	$ 925,472	$ 1,017,985
Add: MOH capital contributions received	203,630	19,698
Add: Ontario Health capital contributions received	–	3,738
Add: City of Hamilton capital contributions received	–	9,844
Add: other one-time capital contributions received	8,363	72,159
Less: capital contributions amortized into revenue	(186,279)	(197,952)
Balance, end of year	$ 951,186	$ 925,472

8. Financial risks and concentration of risk:

(a) 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 Health Centre is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Health Centre's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable balance. There has been no change to the risk exposures from 2021.

8. Financial risks and concentration of risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Health Centre will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Health Centre manages its liquidity risk by monitoring its operating requirements. The Health Centre prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2021.

(c) 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 Health Centre's exposure to this risk arises primarily from long-term debt and short-term investments with fixed interest rates. There has been no change to the risk exposures from 2021.

9. Commitments:

The Health Centre is committed to minimum lease payments under various operating leases for premises and equipment as follows:

2023	$ 60,114
2024	58,986
2025	43,298
2026	46,060
2027 and thereafter	46,060

10. COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (“COVID-19”) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Health Centre implemented the following actions in relation to the COVID-19 pandemic:

- The closure of certain facilities to the general public, with temporary facilities opened to deal with screening and testing activities;
- Revisions to the delivery of a number of services in order to create capacity for pandemic response and limit the potential for transmission within the Health Centre; and
- The implementation of working from home requirements for certain employees.

The ultimate duration and magnitude of the COVID-19 pandemic’s impact on the Health Centre’s operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Health Centre is not practicable at this time.

11. Subsequent event:

On March 30, 2022, the Province of Ontario awarded an investment of over $10 million to fund the first phase of the capital redevelopment project for De dwa da dehs nye>s’ building as part of the broader Biindigen Well-Being. No funds have been received at March 31, 2022 and the project is estimated to be completed in 4-5 years.