

Financial Statements of

**ANISHINABEK NATION
7TH GENERATION CHARITY**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Members of Anishinabek Nation 7th Generation Charity

We have audited the accompanying financial statements of Anishinabek Nation 7th Generation Charity, which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anishinabek Nation 7th Generation Charity as at March 31, 2014, and its results of operations and changes in net assets (deficiency) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements which describes the Anishinabek Nation 7th Generation Charity's significant net asset deficiency. These conditions, along with other matters set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the Anishinabek Nation 7th Generation Charity's ability to continue as a going concern. Our opinion is not qualified in respect of this manner.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 2, 2014

North Bay, Canada

ANISHINABEK NATION 7TH GENERATION CHARITY

Statement of Financial Position

March 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 195,953 | \$ 177,482 |
| Accounts receivable | 42,674 | 22,075 |
| | <u>\$ 238,627</u> | <u>\$ 199,557</u> |
| Liabilities, Deferred Contributions and Net Assets (Deficiency) | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 7,282 | \$ 5,283 |
| Due to Union of Ontario Indians (note 2) | 147,342 | 135,437 |
| | <u>154,624</u> | <u>140,720</u> |
| Deferred contributions (note 3) | 82,102 | 84,953 |
| | <u>236,726</u> | <u>225,673</u> |
| Net assets (deficiency) | 1,901 | (26,116) |
| Going concern (note 1) | | |
| | <u>\$ 238,627</u> | <u>\$ 199,557</u> |

See accompanying notes to financial statements.

On behalf of the Board:



Members



Members

ANISHINABEK NATION 7TH GENERATION CHARITY

Statement of Operations and Changes in Net Assets (Deficiency)

Year ended March 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|---|-----------------|--------------------|
| Revenues: | | |
| Donations | \$ 179,643 | \$ 139,270 |
| Sales | 102,637 | 37,352 |
| Government contributions | 65,272 | 36,672 |
| Contribution from the Union of Ontario Indians (note 2) | 20,000 | 40,000 |
| Interest | 923 | 1,121 |
| Other | 21,627 | 15,478 |
| | <u>390,102</u> | <u>269,893</u> |
| Expenses: | | |
| Contract and professional fees (note 2) | 154,342 | 81,250 |
| Event | 90,617 | 15,308 |
| Travel and meetings | 53,183 | 30,930 |
| Advertising and promotion | 16,368 | 12,487 |
| Rent (note 2) | 5,500 | 5,500 |
| Office and general | 5,464 | 7,928 |
| Reception (note 2) | 2,500 | 2,500 |
| Computer services (note 2) | 1,575 | 1,500 |
| Communications support (note 2) | 1,000 | 1,250 |
| Telecommunications | 890 | - |
| | <u>331,439</u> | <u>158,653</u> |
| Excess of revenue over expenses before undernoted | 58,663 | 111,240 |
| Donations | (15,646) | (58,748) |
| Scholarships | (15,000) | (10,000) |
| | <u>(30,646)</u> | <u>(68,748)</u> |
| Excess of revenues over expenses | 28,017 | 42,492 |
| Net assets deficiency, beginning of year | (26,116) | (68,608) |
| Net assets (deficiency), end of year | \$ 1,901 | \$ (26,116) |

See accompanying notes to financial statements.

ANISHINABEK NATION 7TH GENERATION CHARITY

Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|--|------------|------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenues over expenses | \$ 28,017 | \$ 42,492 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (20,599) | (3,488) |
| Accounts payable and accrued liabilities | 1,999 | 450 |
| Deferred contributions | (2,851) | 7,368 |
| | 6,566 | 46,822 |
| Financing: | | |
| Increase (decrease) in due to Union of Ontario Indians | 11,905 | (7,936) |
| Increase in cash | 18,471 | 38,886 |
| Cash, beginning of year | 177,482 | 138,596 |
| Cash, end of year | \$ 195,953 | \$ 177,482 |

See accompanying notes to financial statements.

ANISHINABEK NATION 7TH GENERATION CHARITY

Notes to Financial Statements

Year ended March 31, 2014

Nature of operations:

Anishinabek Nation 7th Generation Charity (the "Charity") is a private company incorporated without share capital under the laws of the Province of Ontario. The membership of the charity comprises thirty-nine (39) Anishinabek First Nations located in the Province of Ontario. The Charity's purpose is to assist member First Nations, families and children, and to support the nation building efforts of First Nation communities. The charity is recognized as a registered charity and is exempt from income taxes under the Income Tax Act.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Charity's significant accounting policies are as follows:

(a) Going concern:

These financial statements have been prepared on the basis of accounting principles applicable to a going concern. The ability of the Charity to continue as a going concern and realize its assets and discharge its liabilities in the normal course of operations is dependent upon the continued support from the Union of Ontario Indians (the "UOI") and on its ability to maintain sustainable operations.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amount of assets, the reported revenue and expenses, and the statement of financial position classifications used to reflect these on a liquidation basis which could differ from accounting principles applicable to a going concern.

(b) Revenue recognition:

The Charity accounts for contributions, which include donations and government grants, under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued if the amounts are determinable and collection is reasonably assured. Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts are determinable and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

ANISHINABEK NATION 7TH GENERATION CHARITY

Notes to Financial Statements (continued)

Year ended March 31, 2014

1. Significant accounting policies (continued):

(c) 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 Charity 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.

(d) Capital assets:

Consistent with Canadian accounting standards for smaller not-for-profit organizations, expenditures on capital assets are not capitalized. During the year, \$Nil (2013 - \$Nil) of capital expenditures were expensed in the statement of operations.

(e) Use of estimates:

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

ANISHINABEK NATION 7TH GENERATION CHARITY

Notes to Financial Statements (continued)

Year ended March 31, 2014

2. Related party transactions:

The Charity and the UOI are related by virtue of common control exercised by the thirty-nine (39) member First Nations.

During the year, UOI entered into the following transactions with the Charity:

- a) The Charity paid rent of \$5,500 (2013 - \$5,500) to the UOI during the year.
- b) The Charity paid the UOI for reception services provided in the amount of \$2,500 (2013 - \$2,500).
- c) The Charity paid the UOI for computer service and communications support in the amount of \$1,575 (2013 - \$1,500) and \$1,000 (2013 - \$1,250) respectively.
- d) The Charity received contributions of \$20,000 (2013 - \$40,000) from the UOI.
- e) The Charity paid the UOI for contract and professional services in the amount of \$76,565 (2013 - \$71,034).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

Amounts due to the UOI are unsecured, non-interest bearing and have no fixed terms of repayment.

3. Deferred contributions:

Deferred contributions represent externally restricted contributions which are unspent at year-end and which relate to expenses for future periods:

| | 2014 | 2013 |
|---|-----------|-----------|
| Balance, beginning of year | \$ 84,953 | \$ 77,585 |
| Add amount received in the year | 44,728 | 57,868 |
| Less amount recognized as revenue in the year | (47,579) | (50,500) |
| Balance, end of year | \$ 82,102 | \$ 84,953 |

ANISHINABEK NATION 7TH GENERATION CHARITY

Notes to Financial Statements (continued)

Year ended March 31, 2014

4. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Charity is exposed to credit risk with respect to the accounts receivable. The Charity assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Charity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Charity manages its liquidity risk by monitoring its operating requirements. The Charity 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 2013.