

**Sarnia-Lambton Native
Friendship Centre
Financial Statements**
For the year ended March 31, 2018

Sarnia-Lambton Native Friendship Centre
Financial Statements
For the year ended March 31, 2018

Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Revenue and Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Schedules of Revenue and Expenses (Unaudited)	
Sarnia Lambton Aboriginal Community Centre	13
Akwe:Go	14
Wasa-Nabin	15
Urban Aboriginal Healthy Living	16
Student Nutrition Program	17
Cultural Resource Coordinator	18
Community Capacity Support Program	19



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Independent Auditor's Report

To the Directors of the Sarnia-Lambton Native Friendship Centre

We have audited the accompanying financial statements of the Sarnia-Lambton Native Friendship Centre, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended and 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.

Auditor's 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 the auditor's 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, the auditor considers 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 statement presents fairly, in all material respects, the financial position of the Sarnia-Lambton Native Friendship Centre as at March 31, 2018 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.

Other Matters

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 13 through 19 of the Centre's Financial Statements.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sarnia, Ontario
June 28, 2018

Sarnia-Lambton Native Friendship Centre Statement of Financial Position

March 31	2018	2017
Assets		
Current		
Cash (Note 2)	\$ 125,972	\$ 170,264
Accounts receivable	3,595	7,544
Deposits	6,000	9,629
HST rebate receivable	6,646	16,257
Grant receivable (Note 3)	41,076	13,979
Prepaid expenses	58	58
	183,347	217,731
Capital assets (Note 4)	559,849	524,935
	\$ 743,196	\$ 742,666
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 66,823	\$ 55,987
Deferred revenue	13,427	1,355
	80,250	57,342
Deferred contributions related to expenditures of future periods (Note 6(a))	-	31,071
Deferred contributions related to capital assets (Note 6(b))	239,870	218,896
	239,870	249,967
Commitments (Note 7)		
Net Assets		
Invested in capital assets	319,979	306,039
Unrestricted	103,097	129,318
	423,076	435,357
	\$ 743,196	\$ 742,666

On behalf of the Board:



Director



Director

The accompanying Notes are an integral part of these financial statements.

**Sarnia-Lambton Native Friendship Centre
Statement of Changes in Net Assets**

For the year ended March 31

	Invested in Capital Assets	Unrestricted	2018 Total	2017 Total
Balance, beginning of year	\$ 306,039	\$ 129,318	\$ 435,357	\$ 402,375
Excess (deficiency) of revenue over expense	(21,774)	9,493	(12,281)	32,982
Investment in capital assets	35,714	(35,714)	-	-
Balance, end of year	\$ 319,979	\$ 103,097	\$ 423,076	\$ 435,357

The accompanying Notes are an integral part of these financial statements.

Sarnia-Lambton Native Friendship Centre Statement of Revenue and Expenses

For the year ended March 31	2018	2017
Revenue		
Grants		
Ontario Federation of Indigenous Friendship Centres (Note 3)	\$ 441,388	\$ 544,279
Ministry of Indigenous Relations and Reconciliation	10,000	-
Tecumseh Community Development Corporation	-	10,000
Youth Job Connection	-	6,889
Ontario Aboriginal Housing Services	-	17,449
New Horizons	-	549
Donated services (Note 8)	29,120	29,120
Rental	27,132	4,535
Amortization of deferred capital contributions	10,097	5,263
Other income (Note 10)	16,546	4,795
	534,283	622,879
Less: recoverable by the OFIFC (Note 3)	(16,474)	(19,155)
Net Revenue	517,809	603,724
Expenses		
Advertising and promotion	1,234	3,457
Amortization	31,871	25,428
Bank charges and interest	1,506	1,937
Donated services (Note 8)	29,120	29,120
Insurance	6,727	20,168
Office and miscellaneous	26,050	18,777
Professional fees	38,675	37,906
Program costs	71,712	130,736
Property taxes	1,627	1,531
Repair, maintenance and security	27,473	8,814
Salaries and benefits	252,938	251,376
Telephone	5,767	7,288
Training	6,101	11,178
Travel	19,748	13,412
Utilities	9,541	9,614
	530,090	570,742
Excess (deficiency) of revenue over expenses	\$ (12,281)	\$ 32,982

The accompanying Notes are an integral part of these financial statements.

Sarnia-Lambton Native Friendship Centre Statement of Cash Flows

For the year ended March 31	2018	2017
Cash resources provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (12,281)	\$ 32,982
Items not involving cash		
Amortization	31,871	25,428
Amortization of deferred capital contributions	(10,097)	(5,263)
	<u>9,493</u>	<u>53,147</u>
Changes in non-cash working capital balances		
Accounts receivable	3,949	(2,507)
HST rebate receivable	9,611	1,600
Deposits	3,629	(3,629)
Prepaid expenses	-	1,591
Accounts payable and accrued liabilities	10,836	18,636
Grant receivable	(27,097)	7,259
Deferred revenue	12,072	806
	<u>22,493</u>	<u>76,903</u>
Investing activities		
Purchase of capital assets	(66,785)	(228,209)
Financing activities		
Increase in deferred contributions	-	255,230
Increase (decrease) in cash during the year	(44,292)	103,924
Cash, beginning of year	170,264	66,340
Cash, end of year	\$ 125,972	\$ 170,264

The accompanying Notes are an integral part of these financial statements.

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies

a) Nature and Purpose of Organization

The Sarnia-Lambton Native Friendship Centre (the "organization") is a non-profit organization incorporated without share capital under the laws of Ontario. The purpose of the organization is to preserve the culture, education, general welfare, and well being of Native people in urban areas as well as to promote awareness and education about Native culture in society. The organization is a non-profit organization under the Income Tax Act and, as such, is exempt from income tax.

b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

c) Revenue Recognition

The organization follows the deferral method of accounting for contributions which include donations and government grants.

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.

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

Government assistance related to capital expenditures is deferred and amortized into income on the same basis as the related capital assets. Assistance received for current year expenses is included in the determination of net income for the year.

Rent is recognized as revenue at the beginning of each month. Prepaid rent is deferred and brought into income when earned.

d) Contributed Services

The organization recognizes contributions of services when a fair value can be reasonably estimated and when the services are used in the normal course of the Centre's operations and would otherwise have been purchased.

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

1. Summary of Significant Accounting Policies (continued)

e) Capital Assets

Capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Automotive	Diminishing balance basis	20%
Building	Diminishing balance basis	4%
Parking lot	Diminishing balance basis	4%
Furniture and fixtures	Diminishing balance basis	20%
Electronics and computers	Diminishing balance basis	30%
Signage	Diminishing balance basis	20%

f) Use of Estimates

The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

g) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition are charged to the financial instrument for those measured at amortized cost.

2. Cash

The organization's bank accounts are held at one Canadian chartered bank. The bank accounts are non-interest bearing.

The organization has a \$50,000 demand operating line of credit that bears interest at the bank's prime rate plus 2.25%. The amount outstanding at March 31, 2018 was \$nil (2017 - \$nil). A general security agreement and a general assignment of personal property provides security for the credit facility.

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

3. Grant Receivable

At March 31, 2018, the estimated funding receivable are comprised of the following:

	Program Underspent	Funding Heldback	2018	2017
Akwe:Go	\$ (3,634)	\$ -	\$ (3,634)	\$ -
Wasa-Nabin	(837)	-	(837)	-
Student Nutrition	-	-	-	1,282
UAHL	-	-	-	20,955
Cultural Resource Coordinator	(1,135)	483	(652)	8,898
Urban Partnership	-	-	-	(6,014)
Youth Life Promotion	-	-	-	(221)
Community Capacity Support	(10,868)	57,067	46,199	(10,921)
	\$ (16,474)	\$ 57,550	\$ 41,076	\$ 13,979

The program schedules for 2018 have not yet been reconciled by the Ontario Federation of Indigenous Friendship Centres. Therefore, the actual amount of the receivable may differ from the organization's estimate. Any adjustments arising beyond the estimates are charged or credited to income in the year of determination. Credited to income for prior year adjustments at March 31, 2018 is \$11,820 (2017 - \$30,956).

4. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Automotive	\$ 29,121	\$ 25,603	\$ 29,121	\$ 24,724
Building	484,860	65,448	484,860	47,973
Parking lot	55,221	1,104	-	-
Electronics and computers	50,308	33,113	44,286	27,034
Furniture and fixtures	54,765	28,092	49,223	22,117
Land	37,500	-	37,500	-
Signage	3,890	2,456	3,890	2,097
	\$ 715,665	\$ 155,816	\$ 648,880	\$ 123,945
Net book value		\$ 559,849		\$ 524,935

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

5. Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables and accrued liabilities	\$ 46,686	\$ 23,513
Government remittances	9,292	10,427
Business VISA	10,845	22,047
	\$ 66,823	\$ 55,987

The organization has access to a business VISA credit facility to a maximum of \$35,000 that bears interest at the 19.99%. A general security agreement and a general assignment of personal property provides security for the credit facility.

6. Deferred Revenue

(a) Expenditures of future periods

Deferred contributions related to expenditures of future periods represent unspent grants for capital assets.

	2018	2017
Balance, beginning of year	\$ 31,071	\$ -
Amount received	-	272,679
Spent	(31,071)	(241,608)
	\$ -	\$ 31,071

(b) Capital assets

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

	2018	2017
Balance, beginning of year	\$ 218,896	\$ -
Capital assets purchased	31,071	224,158
Less amounts amortized to revenue	(10,097)	(5,262)
	\$ 239,870	\$ 218,896

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

7. Commitments

The organization has leased a photocopier at an annual rental of \$1,380 to April 2022.

8. Donated Services

During the year, the organization recorded expenses for donated services revenue and expense in the amount of \$29,120 (2017 - \$29,120). Expenses for the donated services were allocated to the programs as follows:

March 31, 2018	Akwe:Go	Wasa-Nabin	UAHL	CRC	CCSP
Salary	\$ 5,824	\$ 5,824	\$ 5,824	\$ 5,824	\$ 5,824

March 31, 2017	Akwe:Go	Wasa-Nabin	UAHL	CRC	UP	CCSP
Salary	\$ 4,853	\$ 4,853	\$ 4,853	\$ 4,854	\$ 4,853	\$ 4,854

9. Economic Dependence

The organization is economically dependent on the following funders for its revenue source:

	Revenue as a % of total revenue received 2018	Revenue as a % of total revenue received 2017
Ontario Federation of Indigenous Friendship Centres	83	87
Tecumseh Community Development Corporation	-	2
Youth Job Connection	-	1
Ontario Aboriginal Housing Services	-	4
Ministry of Indigenous Relations and Reconciliation	2	-

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

10. Other Income

	2018	2017
Memberships	\$ 92	\$ 66
Fundraising	130	275
Donations	3,400	3,243
Share disposal	12,768	-
Other	156	1,211
	<u>\$ 16,546</u>	<u>\$ 4,795</u>

During the year, the Ontario Federation of Indigenous Friendship Centres disposed of shares in the Village Equity Corporation. The share disposal proceeds were disbursed among the Ontario Federation of Indigenous Friendship Centres in Ontario of which the Sarnia-Lambton Native Friendship Centre's portion amounted to \$12,768.

11. Government Assistance

During the prior year, the Centre received a \$267,680 forgivable loan from the Ontario Aboriginal Housing Support Services Corporation to develop off-reserve housing for Aboriginal's in need. The funds received shall be forgiven over a 20 year term provided that the Centre has fulfilled all of the requirements of the program. The Centre has spent these funds in construction of rental units and have included as deferred contributions to be amortized into income on the same basis as the related capital assets. The rate of forgiveness has been established based on the following schedule:

- 3% for each of the first five years
- 4% for each of the next five years
- 5% for each of the next five years
- 8% for each of the remaining five years

As at March 31, 2018 the Centre was in the second year of the term of the forgivable loan.

12. Financial Instrument Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of its demand operating line of credit and business VISA. There was no change in interest rate risk exposure from the prior fiscal year.

Sarnia-Lambton Native Friendship Centre Notes to Financial Statements

March 31, 2018

12. Financial Instrument Risk (continued)

Liquidity Risk

Liquidity risk is the risk that the Centre encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Centre will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle to recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities. There was no change in liquidity risk exposure from the prior fiscal year.

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 Centre is exposed to credit risk arising from its accounts receivable. There was no change in credit risk exposure from the prior fiscal year.

13. Comparative Financial Information

The financial information shown for comparative purposes has been reclassified to be consistent with the current year's presentation.

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Sarnia Lambton Aboriginal Community Centre
(Unaudited)**

For the year ended March 31

2018

Revenue

Ontario Federation of Indigenous			
Friendship Centres - prior years reconciliation & pay equity	\$	12,786	
Rental			27,132
Donated services			29,120
Other income			16,546
Amortization of deferred capital contributions			10,097
Ministry of Indigenous Relations and Reconciliation			10,000
			105,681

Expenses

Amortization			31,871
Building - repairs and maintenance			8,182
Ministry of Indigenous Relations and Reconciliation			10,000
Program costs			4,142
			54,195

Excess of revenue over expenses			\$ 51,486
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**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Akwe: Go
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 66,781	\$ 67,682
Expenses		
Salary	34,000	43,452
Benefits	5,300	3,746
Program costs	16,629	22,238
Occupancy costs	10,852	8,772
	<u>66,781</u>	<u>78,208</u>
Deficiency of revenue over expenses	\$ -	\$ (10,526)

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Wasa-Nabin
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 66,781	\$ 67,987
Expenses		
Salary	42,000	53,731
Benefits	4,700	5,322
Program costs	10,229	16,594
Occupancy costs	9,852	9,015
	66,781	84,662
Deficiency of revenue over expenses	\$ -	\$ (16,675)

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Urban Aboriginal Healthy Living
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 72,682	\$ 73,429
Expenses		
Salary	41,000	49,855
Benefits	4,500	4,661
Program costs	12,869	17,884
Travel	2,186	3,658
Operating costs	3,840	3,908
Administration	8,287	9,386
Capitalized for ASNPO		(4,507)
	<u>72,682</u>	<u>84,845</u>
Deficiency of revenue over expenses	\$ -	\$ (11,416)

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Student Nutrition Program
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 7,520	\$ 7,520
Expenses		
Program costs	7,520	9,774
Deficiency of revenue over expenses	\$ -	\$ (2,254)

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Cultural Resource Coordinator
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 90,000	\$ 90,749
Expenses		
Salary	50,000	58,609
Benefits	5,505	5,300
Program costs	22,918	25,068
Occupancy costs	5,077	4,147
Administrative costs	6,500	9,662
	<u>90,000</u>	<u>102,786</u>
Deficiency of revenue over expenses	\$ -	\$ (12,037)

**Sarnia-Lambton Native Friendship Centre
Schedule of Revenue and Expenses
Community Capacity Support Program
(Unaudited)**

For the year ended March 31	Budget	2018
Revenue		
Ontario Federation of Indigenous Friendship Centres	\$ 120,000	\$ 121,235
Expenses		
Salary and benefits		
Executive director	45,335	44,102
Bookkeeper	4,200	5,079
Receptionist	-	5,824
Summer student	5,791	7,456
Capital renovations	21,846	25,065
Meetings	1,793	1,582
Utilities	1,350	1,783
Communications	2,000	1,912
Office supplies	12,310	12,537
Audit fees	7,000	7,828
Banking fees	400	502
Equipment rental	1,200	520
Travel	4,000	4,333
Insurance	7,000	1,342
Training	2,555	2,548
Professional fees	3,220	229
ASNPO adjustment	-	(7,022)
	<u>120,000</u>	<u>115,620</u>
Excess of revenue over expenses	\$ -	\$ 5,615