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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Payukotayno James and Hudson Bay Family Services

Opinion

We have audited the accompanying financial statements of Payukotayno James and Hudson Bay Family Services (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets (deficit) for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Payukotayno James and Hudson Bay Family Services as at March 31, 2020, and its results of operations, its changes in net assets (deficit) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial statements, which indicates that the Entity has a working capital deficiency and a net asset deficiency.

As stated in Note 1(a) in the financial statements, these conditions, along with other matters as set forth in Note 1(a) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.



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 public sector accounting standards, 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' Responsibility 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 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.



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- 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 conclusions are 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 represents 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

Sudbury, Canada

November 18, 2020

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

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PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit A - Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Short-term deposits (note 2)	\$ 365,615	\$ 358,372
Accounts receivable (note 3)	4,913,558	3,210,030
Prepaid expenses and deposits	73,893	63,428
	<u>5,353,066</u>	<u>3,631,830</u>
Capital assets (note 4)	5,586,654	3,835,638
	<u>\$ 10,939,720</u>	<u>\$ 7,467,468</u>
Liabilities and Net Deficit		
Current liabilities:		
Bank indebtedness	\$ 190,049	\$ 75,492
Demand line of credit (note 6)	840,000	-
Accounts payable and accrued liabilities	2,457,669	1,724,927
Due to Ministry of Children, Community and Social Services (note 5)	976,483	1,116,879
Vacation entitlement and banked overtime	149,974	121,644
Deferred revenue (note 7)	4,288,858	2,451,905
	<u>8,903,033</u>	<u>5,490,847</u>
Deferred capital contributions (note 8)	4,549,777	2,709,705
	<u>13,452,810</u>	<u>8,200,552</u>
Net deficit	(2,513,090)	(733,084)
Commitments (note 12)		
Contingent liabilities (note 13)		
Effects of COVID-19 (note 16)		
	<u>\$ 10,939,720</u>	<u>\$ 7,467,468</u>

See accompanying notes to financial statements.

On behalf of the Board:

Charlene Reuben

Director

Emily McDonald

Director

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit B - Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	Operating	Capital	2020	2019
Revenue:				
Ministry of Children, Community and Social Services (note 10)	\$ 16,445,819	-	\$ 16,445,819	\$ 17,174,545
Indigenous Services Canada	3,959,495	-	3,959,495	1,679,347
Ontario Child Benefit Equivalent	179,368	-	179,368	115,916
Child Development Allowance and Benefit	678,489	-	678,489	594,955
Ministry of Health (note 11)	618,397	-	618,397	-
Other	62,171	-	62,171	655,315
Amortization of deferred capital contributions	-	303,637	303,637	148,811
	21,943,739	303,637	22,247,376	20,368,889
Expenses:				
Salaries	7,383,489	-	7,383,489	6,551,490
Benefits	1,613,869	-	1,613,869	1,467,268
Travel	2,185,914	-	2,185,914	1,972,925
Staff training and recruitment	50,761	-	50,761	43,543
Building occupancy	1,349,297	-	1,349,297	645,126
Professional fees, non-client	545,660	-	545,660	552,543
Program related	131,557	-	131,557	144,778
Boarding rates	6,277,772	-	6,277,772	6,545,233
Professional fees, client	689,125	-	689,125	477,903
Client personal needs, medical	1,754,784	-	1,754,784	753,622
Financial assistance	542,222	-	542,222	570,003
Promotion and publicity	22,768	-	22,768	7,201
Office administration	720,720	-	720,720	400,672
Miscellaneous	67,178	-	67,178	219,899
License fees	90,042	-	90,042	90,042
Technology	209,531	-	209,531	236,443
Amortization of capital assets	-	392,693	392,693	263,717
	23,634,689	392,693	24,027,382	20,942,408
Deficiency of revenue over expenses	\$ (1,690,950)	(89,056)	\$ (1,780,006)	\$ (573,519)

See accompanying notes to financial statements

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit C - Statement of Changes in Net Assets (Deficit)

Year ended March 31, 2020, with comparative information for 2019

	2020				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficit), beginning of year	\$ (1,737,374)	(121,643)	(1,859,017)	1,125,933	(733,084)
Deficiency of revenue over expenses	(1,662,620)	(28,330)	(1,690,950)	(89,056)	(1,780,006)
Net assets (deficit), end of the year	\$ (3,399,994)	(149,973)	(3,549,967)	1,036,877	(2,513,090)

	2019				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficit), beginning of year	\$ (1,294,126)	(106,278)	(1,400,404)	1,240,839	(159,565)
Deficiency of revenue over expenses	(443,248)	(15,365)	(458,613)	(114,906)	(573,519)
Net assets (deficit), end of the year	\$ (1,737,374)	(121,643)	(1,859,017)	1,125,933	(733,084)

See accompanying notes to financial statements.

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit D - Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (1,780,006)	\$ (573,519)
Items not involving cash:		
Amortization of capital assets	392,693	263,717
Amortization of deferred capital contributions	(303,637)	(148,811)
	(1,690,950)	(458,613)
Change in non-cash working capital:		
Increase in accounts receivable	(1,703,528)	(783,621)
Decrease (increase) in prepaid expenses and deposits	(10,465)	4,088
Increase (decrease) in accounts payable and accrued liabilities	732,742	(280,718)
Increase in vacation entitlement and banked overtime	28,330	15,364
Increase in due to/from Ministry of Children, Community and Social Services	(140,396)	83,239
Increase in deferred revenue	1,836,953	1,941,948
	(947,314)	521,687
Cash flows from investing:		
Capital asset additions	(2,143,709)	(246,148)
Increase in short-term deposits	(7,243)	(3,436)
Deferred capital contributions	2,143,709	246,148
	(7,243)	(3,436)
Cash flows from financing:		
Draw (repayment) of demand line of credit	840,000	(315,000)
Net increase (decrease) in bank indebtedness	(114,557)	203,251
Bank indebtedness, beginning of year	(75,492)	(278,743)
Bank indebtedness, end of year	\$ (190,049)	\$ (75,492)

See accompanying notes to financial statements.