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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, 2021
- 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, 2021, 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
August 18, 2021

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

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Year ended March 31, 2021

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PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit A - Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 6,212,875	\$ -
Short-term deposits (note 2)	388,425	365,815
Accounts receivable (note 3)	4,057,249	4,913,558
Prepaid expenses and deposits	129,741	73,893
	<u>10,768,090</u>	<u>5,353,066</u>
Capital assets (note 4)	5,473,590	5,588,654
	<u>\$ 16,241,680</u>	<u>\$ 10,939,720</u>
Liabilities and Net Deficit		
Current liabilities:		
Bank indebtedness	\$ -	\$ 190,049
Demand line of credit (note 6)	-	840,000
Accounts payable and accrued liabilities	2,567,944	2,457,869
Due to Ministry of Children, Community and Social Services (note 5)	1,310,007	976,483
Vacation entitlement banked overtime and sick leave	887,269	149,974
Deferred revenue (note 7)	8,785,879	4,288,858
	<u>13,551,099</u>	<u>8,903,033</u>
Deferred capital contributions (note 8)	4,246,140	4,549,777
	<u>17,797,239</u>	<u>13,452,810</u>
Net deficit	(1,555,559)	(2,513,090)
Going concern (note 1(a))		
Commitments (note 12)		
Contingent liabilities (note 13)		
	<u>\$ 16,241,680</u>	<u>\$ 10,939,720</u>

See accompanying notes to financial statements

On behalf of the Board

 Director

 Director

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit B - Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	Operating	Employee Future Benefits	Capital	2021	2020
Revenue:					
Ministry of Children, Community and Social Services (note 10)	\$ 17,502,466	-	-	\$ 17,502,466	\$ 16,445,819
Indigenous Services Canada	4,344,561	-	-	4,344,561	3,959,495
Ontario Child Benefit Equivalent	133,686	-	-	133,686	179,368
Child Development Allowance and Benefit	949,892	-	-	949,892	678,489
Ministry of Health (note 11)	832,901	-	-	832,901	618,397
Other	69,004	-	-	69,004	62,171
Amortization of deferred capital contributions	-	-	303,637	303,637	303,637
	23,832,510		303,637	24,136,147	22,247,376
Expenses:					
Salaries	8,955,379	-	-	8,955,379	7,355,159
Benefits	1,847,774	-	-	1,847,774	1,613,869
Employee future benefits	-	737,294	-	737,294	28,330
Travel	1,039,924	-	-	1,039,924	2,185,914
Staff training and recruitment	99,234	-	-	99,234	50,761
Building occupancy	1,807,805	-	-	1,807,805	1,349,297
Professional fees, non-client	197,544	-	-	197,544	545,660
Program related	163,453	-	-	163,453	131,557
Boarding rates	7,007,240	-	-	7,007,240	6,277,772
Professional fees, client	504,878	-	-	504,878	689,125
Client personal needs, medical	1,511,689	-	-	1,511,689	1,754,784
Financial assistance	246,108	-	-	246,108	542,222
Promotion and publicity	2,680	-	-	2,680	22,768
Office administration	563,580	-	-	563,580	720,720
Miscellaneous	38,368	-	-	38,368	67,178
License fees	90,042	-	-	90,042	90,042
Technology	317,072	-	-	317,072	209,531
Amortization of capital assets	-	-	521,483	521,483	392,693
	24,392,770	737,294	521,483	25,651,547	24,027,382
Excess of revenue over expenses before undernoted items	(580,260)	(737,294)	(217,846)	(1,515,400)	(1,780,006)
Ministry of Children, Community and Social Services deficit funding	2,472,931	-	-	2,472,931	-
Excess (deficiency) of revenue over expenses	\$ 1,912,671	(737,294)	(217,846)	\$ 957,531	\$ (1,780,006)

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, 2021, with comparative information for 2020

	2021				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficit), beginning of year	\$ (3,399,994)	(149,973)	(3,549,967)	1,036,877	(2,513,090)
Excess (deficiency) of revenue over expenses	1,912,671	(737,294)	1,175,377	(217,846)	957,531
Net assets (deficit), end of the year	\$ (1,487,323)	(887,267)	(2,374,590)	819,031	(1,555,559)

	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)

See accompanying notes to financial statements.

PAYUKOTAYNO JAMES AND HUDSON BAY FAMILY SERVICES

Exhibit D - Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 957,531	\$ (1,780,006)
Items not involving cash:		
Amortization of capital assets	521,483	392,693
Amortization of deferred capital contributions	(303,637)	(303,637)
	1,175,377	(1,690,950)
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	856,309	(1,703,528)
Increase in prepaid expenses and deposits	(55,848)	(10,465)
Increase in accounts payable and accrued liabilities	110,275	732,742
Increase in vacation entitlement and banked overtime	737,295	28,330
Increase (decrease) in due to/from Ministry of Children, Community and Social Services	333,524	(140,396)
Increase in deferred revenue	4,497,021	1,836,953
	7,653,953	(947,314)
Cash flows from investing:		
Capital asset additions	(408,419)	(2,143,709)
Increase in short-term deposits	(2,810)	(7,243)
Deferred capital contributions	-	2,143,709
	(411,229)	(7,243)
Cash flows from financing:		
Draw (repayment) of demand line of credit	(840,000)	840,000
Net increase (decrease) in bank indebtedness	6,402,724	(114,557)
Bank indebtedness, beginning of year	(190,049)	(75,492)
Cash (bank indebtedness), end of year	\$ 6,212,675	\$ (190,049)

See accompanying notes to financial statements.