

**Native Women's Association of
Canada**

Year Ended March 31, 2020



Andrews & Co.
Chartered Professional Accountants • Professional Corporation

**NATIVE WOMEN'S ASSOCIATION
OF CANADA**

FINANCIAL STATEMENTS

Year ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To: The Members of Native Women's Association of Canada

Qualified Opinion

We have audited the financial statements of **Native Women's Association of Canada**, which comprise the statement of financial position as at **March 31, 2020**, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of, if any, the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2020 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.

Basis for Qualified Opinion

Notes 2 and 5 describe the policies with respect to the Association's capital assets. The notes also indicate that the Association expenses certain capital asset purchases in the year of acquisition when there are specific programs to which they relate. This practice is not in accordance with Canadian accounting standards for not-for-profit organizations. In addition, the Association also reports revenues from donations, royalties, fundraising and speaker fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Association. The effect of this departure from Canadian accounting standards for not-for-profit organizations and the limitation on the scope of our audit work on revenues, expenses, excess (deficiency) of revenues over expenses, assets and fund balances has not been quantified. Our opinion on the financial statements as at and for the year ended March 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope and policy.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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.

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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

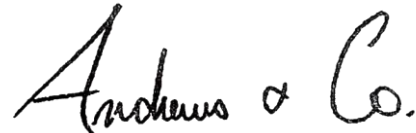
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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.

INDEPENDENT AUDITOR'S REPORT, continued

We 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.

Ottawa, Ontario
December 17, 2020



**CHARTERED PROFESSIONAL ACCOUNTANTS
PROFESSIONAL CORPORATION
LICENSED PUBLIC ACCOUNTANTS**

NATIVE WOMEN'S ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
As at March 31, 2020

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 2,195,986 | \$ 837,689 |
| Short term investments - Note 3 | 1,745,606 | 2,503,156 |
| Accounts receivable | 1,314,649 | 485,277 |
| Prepaid expenses | 28,738 | 68,925 |
| Harmonized sales tax receivable | 163,579 | 223,768 |
| Advances receivable - Note 10 | <u>157,070</u> | <u>363,283</u> |
| | 5,605,628 | 4,482,098 |
| CAPITAL ASSETS - Note 5 | <u>2,925,919</u> | <u>1,985,223</u> |
| | <u>\$ 8,531,547</u> | <u>\$ 6,467,321</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 1,635,169 | \$ 937,633 |
| Deferred contributions - Note 6 | 2,970,039 | 3,239,391 |
| Short-term debt - Note 7 | 1,097,464 | - |
| Current portion of long-term debt - Note 8 | <u>15,612</u> | <u>39,377</u> |
| | 5,718,284 | 4,216,401 |
| LONG-TERM DEBT - Note 8 | 644,336 | 1,097,464 |
| DEFERRED RESTRICTED CONTRIBUTIONS - Note 9 | <u>736,403</u> | <u>-</u> |
| | <u>7,099,023</u> | <u>5,313,865</u> |
| FUND BALANCES | | |
| GENERAL FUND | 577,576 | 282,270 |
| CAPITAL ASSET FUND | 762,480 | 778,694 |
| BASSETT SCHOLARSHIP FUND | 22,468 | 22,492 |
| REPLACEMENT RESERVE FUND | <u>70,000</u> | <u>70,000</u> |
| | <u>1,432,524</u> | <u>1,153,456</u> |
| | <u>\$ 8,531,547</u> | <u>\$ 6,467,321</u> |

The accompanying notes are an integral part of these financial statements

Approved on behalf of the board

Director Lorraine Whitman

Director Alma Helen Brooks



NATIVE WOMEN'S ASSOCIATION OF CANADA
STATEMENT OF OPERATIONS
Year ended March 31, 2020

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| REVENUES | | |
| Revenue from Federal Government | \$ 12,575,532 | \$ 7,929,705 |
| Donations | 122,830 | 262,371 |
| Royalties | 2,398 | 4,246 |
| Sales | 10,987 | 43,852 |
| Rental Fees | 170,584 | 315,018 |
| Other Revenue | <u>142,853</u> | <u>210,654</u> |
| | <u>13,025,184</u> | <u>8,765,846</u> |
| EXPENDITURES | | |
| Project and Programs | | |
| Economic Development | 3,120,093 | 2,910,472 |
| Operations | 4,002,058 | 1,118,824 |
| Health | 844,452 | 509,343 |
| Policy and Social Development | 1,119,682 | 2,594,878 |
| Resiliency | 1,180,773 | 50,956 |
| Environment | <u>375,367</u> | <u>28,000</u> |
| Sub-total Projects and Programs | <u>10,642,425</u> | <u>7,212,473</u> |
| PTMA Core Expenses | | |
| PTMA Core Expenses | <u>1,409,147</u> | <u>24,544</u> |
| Administration | | |
| Administration | 661,727 | 1,082,584 |
| New Building Costs | 27,202 | 58,868 |
| Cost of Sales from On-Line Store | <u>5,615</u> | <u>24,327</u> |
| Sub-total Administration | <u>694,544</u> | <u>1,165,779</u> |
| | <u>12,746,116</u> | <u>8,402,796</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 279,068</u> | <u>\$ 363,050</u> |

The accompanying notes are an integral part of these financial statements

NATIVE WOMEN'S ASSOCIATION OF CANADA
STATEMENT OF CHANGES IN FUND BALANCES
Year ended March 31, 2020

| | <u>General Fund</u> | <u>Capital Asset Fund</u> | <u>Bassett Scholarship Fund</u> | <u>Replacement Reserve Fund</u> | <u>Total 2020</u> | <u>Total 2019</u> |
|---|--------------------------|---------------------------|---------------------------------|---------------------------------|----------------------------|----------------------------|
| BALANCE, BEGINNING OF YEAR | \$ 282,270 | \$ 778,694 | \$ 22,492 | \$ 70,000 | \$ 1,153,456 | \$ 790,406 |
| Excess (deficiency) of revenues over expenditures - Note 11 | <u>295,306</u> | <u>(16,214)</u> | <u>(24)</u> | <u>-</u> | <u>279,068</u> | <u>363,050</u> |
| BALANCE, END OF YEAR | <u>\$ 577,576</u> | <u>\$ 762,480</u> | <u>\$ 22,468</u> | <u>\$ 70,000</u> | <u>\$ 1,432,524</u> | <u>\$ 1,153,456</u> |

The accompanying notes are an integral part of these financial statements

NATIVE WOMEN'S ASSOCIATION OF CANADA
STATEMENT OF CASH FLOWS
Year ended March 31, 2020

| | 2020 | 2019 |
|--|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | \$ 279,068 | \$ 363,050 |
| Items not affecting cash | | |
| Amortization | 16,214 | 6,302 |
| | 295,282 | 369,352 |
| Change in non-cash working capital items | | |
| (Increase) decrease in accounts receivable | (829,372) | 1,441,461 |
| Decrease (increase) in prepaid expenses | 40,187 | (36,906) |
| Decrease (increase) in HST receivable | 60,189 | (39,431) |
| Increase in accounts payable and accrued liabilities | 697,537 | 165,932 |
| (Decrease) increase in deferred contributions | (269,352) | 3,042,390 |
| Increase in deferred restricted contributions | 736,403 | - |
| | 730,874 | 4,942,798 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Maturity of investments | 2,503,156 | 87,136 |
| Purchase of investments | (1,745,606) | (2,503,156) |
| Advances receivable from PTMA's | 206,213 | (338,873) |
| Purchase of capital assets | (956,911) | (3,326) |
| | 6,852 | (2,758,219) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (43,179) | (36,055) |
| Issuance of long-term debt | 663,750 | - |
| | 620,571 | (36,055) |
| INCREASE IN CASH (BANK INDEBTEDNESS) | 1,358,297 | 2,148,524 |
| CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR | 837,689 | (1,310,835) |
| CASH, END OF YEAR | \$ 2,195,986 | \$ 837,689 |

The accompanying notes are an integral part of these financial statements



NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Native Women's Association of Canada was incorporated without share capital on October 11, 1974 under Part II of the Canada Corporations Act. The Association is exempt from taxation under paragraph 149(1)(l) of the Federal Income Tax Act. The Association is a national non-profit Aboriginal women's organization and has the following principles and objectives:

- (a) to be the national voice for Native women;
- (b) to address issues in a manner which reflects the changing needs of Native women in Canada;
- (c) to assist and promote common goals toward self-determination and self-sufficiency for Native people in their roles as mothers and leaders;
- (d) to promote equal opportunities for Native women in programs and activities;
- (e) to serve as a resource among their constituency and Native Community;
- (f) to cultivate and teach the characteristics that are unique aspects of their cultural and historical traditions;
- (g) to assist Native women's organizations, as well as community initiatives in the development of their local projects;
- (h) to advance issues and concerns of Native women; and
- (i) to link with other Native organizations with common goals.

2. SIGNIFICANT ACCOUNTING POLICIES

The Association applies the Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting

The Association uses fund accounting for financial reporting purposes.

The General Fund accounts for the daily operating activities of the Association.

The Capital Assets Fund accounts for the Association's investment in capital assets net of accumulated amortization and long-term debt.

The Bassett Scholarship Fund accounts for the amounts received from the trust fund of Helen Izola Bassett net of any scholarships awarded or related expenses incurred.

The Replacement Reserve Fund was established to fund the major repairs and replacements of the Association's assets.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(b) Revenue recognition

Revenue from Federal Government is recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts that are restricted for operating expenses are recognized as revenue in the General Fund, using the deferral method, in the year during which the related expenses are incurred.

Cash In-Kind, Donations, Royalties and Sales are recognized as revenue in the appropriate fund when received.

Rental Fees and Other Income are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Within Other Income is interest income which is recognized on the number of days outstanding and is calculated using the effective interest method.

(c) Cash and cash equivalents

Bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn, are presented under cash and cash equivalents. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

(d) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Association may undertake in the future. Actual results may differ from those estimates. Items subject to estimation include the useful lives of capital assets, deferred contributions and accounts payable and accrued liabilities.

In 2010, a bad debt provision for the balance due from a former employee was made based on managements' estimate of future payments using the payments received from her to date and factoring in her age as an indication of future collectability. This provision is reviewed and updated annually as required. During the year, the amounts receiveable from the former employee were deemed uncollectable and written off.

(e) Restricted contributions

The restricted contributions consists of a donation received from the Estate of Marie Melancon. Funds will be used in future periods to provide bursaries to enable Native Persons of Canada to pursue educational goals. Amounts that are restricted for operating expenses are recognized as revenue in the General Fund, using the deferral method, in the year during which the related expenses are incurred.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Financial assets and liabilities

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, short-term investments, accounts receivable and advances receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, deferred contributions and debt.

(ii) Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in operations. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in operations in the period incurred. Transaction costs related to financial instruments subsequently measured at cost or amortized cost are included in the original cost of the financial asset or liability and recognized in operations over the life of the instrument using the straight-line method.

(g) Program administration revenues and expenses

The Association charges its programs for office rent, office supplies and equipment and administrative support where such charges are specifically provided for in the program funding agreement. The internal charges for office rent are recorded as rental revenues in the administration statement of revenues and expenses and as administration expenses in the individual program statements, but are eliminated in the statement of operations.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Capital assets

The organization maintains two capital asset policies which it follows under different circumstances:

- i) Capital assets are recorded at cost. When the Association receives capital asset contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.
- ii) Capital assets purchased and funded under the terms of certain program agreements are expensed in the year of acquisition.

Management has chosen to calculate amortization using the straight line method as follows:

| | |
|------------------------|------------------------|
| Resiliency Centre | 25 years Straight-line |
| Vehicles | 5 years Straight-line |
| Furniture and fixtures | 10 years Straight-line |
| Computer equipment | 2 years Straight-line |

3. SHORT TERM INVESTMENTS

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Short term Guaranteed Investment Certificate with an interest rate of 1.80% maturing on April 24, 2019 | \$ - | \$ 2,003,156 |
| Short term Guaranteed Investment Certificate with an interest rate of 1.80% maturing on April 29, 2019 | - | 500,000 |
| Short term Guaranteed Investment Certificate with an interest rate of 1.94% maturing on April 20, 2020 | 1,001,855 | - |
| Short term Guaranteed Investment Certificate with an interest rate of 1.03% maturing on May 12, 2020 | <u>743,751</u> | - |
| Total | <u>\$ 1,745,606</u> | <u>\$ 2,503,156</u> |

4. DUE FROM INDIGENOUS WOMEN'S FUND

Since 2011, Native Women's Association of Canada has paid fees on behalf of the Indigenous Women's Fund of Canada, a Charity set up to support indigenous women's education. The fees paid on behalf of this organization were to be repaid upon the organization's obtention of the Charitable status which was made effective May 30, 2014. These fees remain receivable from the Charity due to an inactive year resulting in the short term inability to repay. The fees receivable from the Charity amount to \$40,851 at March 31, 2020. This amount is included in accounts receivable.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

5. **CAPITAL ASSETS**

| | 2020 | | 2019 | |
|----------------------------|---------------------|-----------------------------|---------------------|---------------------|
| | Cost | Accumulated amortization | Net | Net |
| Land | \$ 855,126 | \$ - | \$ 855,126 | \$ 855,126 |
| Buildings under renovation | 1,139,062 | - | 1,139,062 | 1,122,686 |
| Resiliency Centre | 893,237 | 8,932 | 884,305 | - |
| Vehicles | 47,298 | 1,577 | 45,721 | - |
| Furniture and fixtures | 53,966 | 53,369 | 597 | 5,194 |
| Computer equipment | 73,889 | 72,781 | 1,108 | 2,217 |
| | \$ 3,062,578 | \$ 136,659 | \$ 2,925,919 | \$ 1,985,223 |

In 2018, land and a building were purchased for \$1,977,811. The building remains under renovation as of March 31, 2020. The amount capitalized includes the original purchase price, legal fees and other building related expenditures, \$16,377 of which were incurred in the current year. The purchase was made with internal funds and thus these amounts were capitalized.

The building was still under renovation as at March 31, 2020. In 2018, \$2,400,000 was expensed and is being held in trust by a third party to cover the future renovation costs in the short term. As at March 31, 2020, \$209,469 still remains in the trust account.

Capital expenditures to date relating to the new building were purchased and expensed in the following accounts due to the terms and funding received under certain program agreements:

| | 2020 | | 2019 | |
|------------|------------|----|------|---|
| Operations | \$ 709,193 | \$ | - | - |

In the current year, the Resiliency Centre was purchased for \$893,237. The amount capitalized includes the original purchase price, legal fees and other building related expenditures. The purchase was made with internal funds, and third party mortgages, and thus these amounts were capitalized.

Capital expenditures to date relating to the new building were purchased and expensed in the following accounts due to the terms and funding received under certain program agreements:

| | 2020 | |
|------------|-------------------|--|
| Operations | \$ 256,075 | |
| Resiliency | 201,069 | |
| | \$ 457,144 | |

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

6. **DEFERRED CONTRIBUTIONS**

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Prior year deferred recognized in current year | | |
| Crown Indigenous Relations and Northern Affairs Canada | \$ (2,588,526) | \$ - |
| Canadian Institute of Health Research | (15,238) | (14,188) |
| Employment & Social Development Canada | (414,177) | (46,936) |
| First Nations & Inuit Health Branch | (5,593) | (24,757) |
| Social Sciences & Humanities Research Council | (103,587) | - |
| Women and Gender Equality Canada | (112,270) | - |
| Donations (Interest and Other Income) | - | (111,120) |
| | <u>(3,239,391)</u> | <u>(197,001)</u> |
| Current year deferred revenue | | |
| Crown Indigenous Relations and Northern Affairs Canada | 480,220 | 2,588,526 |
| Canadian Institute of Health Research | 70,925 | 15,238 |
| Employment & Social Development Canada | 718,311 | 414,177 |
| First Nations & Inuit Health Branch | 392,283 | 5,593 |
| Social Sciences & Humanities Research Council | 25,546 | 103,587 |
| Women and Gender Equality Canada | 303,369 | 112,270 |
| Laurentian University | 4,497 | - |
| University of Calgary | 55,000 | - |
| Department of Canadian Heritage | 9,486 | - |
| Overhead recovery deferral | 910,402 | - |
| | <u>2,970,039</u> | <u>3,239,391</u> |
| (Decrease) increase during the year | (269,352) | 3,042,390 |
| Deferred contributions, beginning of year | <u>3,239,391</u> | <u>197,001</u> |
| Deferred contributions, end of year | <u>\$ 2,970,039</u> | <u>\$ 3,239,391</u> |

The overhead recovery deferral is under review with Federal Funders as of the audit report date. If Canada supports the Association's access to their full Overhead Recovery from Canada Projects for 2019-2020, this balance will be recognized in subsequent fiscal years and used to purchase specific properties. Alternatively, if Canada does not accept the full Overhead Recovery accruing to the Association, the Association will re-pay the balance in subsequent fiscal years.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

7. SHORT-TERM DEBT

| | 2020 | 2019 |
|---|---------------------|-------------|
| TD Bank, fixed rate 4.41% loan payable, \$7,368 monthly blended payments, term maturing February 06, 2023 | \$ 1,097,464 | \$ - |

The Toronto Dominion (TD) Bank mortgage agreement requires the Association to report annual audited financial statements within 120 calendar days of the fiscal year. This reporting requirement has not been met and a waiver letter was not obtained from TD bank. As such, the debt is classified as short-term in the current year.

Toronto Dominion (TD) Bank Mortgage Security

a) A General Security Agreement representing a first charge on all of the Association's present and after acquired personal property with Resolution and Solicitor Letter of Opinion.

b) Movable Hypothec on the following Universality of Property in the amount of \$1,800,000: Book Debts and other Moveable Property, Claims, Equipment and road Vehicles, Leasehold Improvements, Other, Property in Stock, Receivables, Securities, Trade marks and intellectual property rights, Universality of all moveable property corporeal or incorporeal.

c) Immovable Hypothec on 120 Promenade du Portage, Gatineau, Quebec in the principal amount of \$1,790,000.

8. LONG-TERM DEBT

| | 2020 | 2019 |
|---|-------------------|---------------------|
| TD Bank, fixed rate 4.41% loan payable, \$7,368 monthly blended payments, term maturing February 06, 2023 | \$ - | \$ 1,136,841 |
| BMO, fixed rate 4.15% loan payable, \$3,559 monthly blended payments, term maturing December 31, 2024 | 659,948 | - |
| Total long-term debt | 659,948 | 1,136,841 |
| Less current portion | (15,612) | (39,377) |
| Due beyond one year | \$ 644,336 | \$ 1,097,464 |

Bank of Montreal (BMO) Mortgage Security

a) Registered first-ranking All indebtedness/Collateral Mortgage in the amount of \$850,000 registered over property located at 139 Musie Loop, Chelsea, Quebec

The Association is subject to general and financial covenants under the agreement. As at March 31, 2020 the financial covenant was met and the reporting covenant was not met, however, the Association obtained a letter from the financial institute waiving the requirement of the reporting covenant.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

8. LONG-TERM DEBT, continued

Estimated principal repayments are as follows:

| | |
|------------------|-------------------|
| 2021 | \$ 15,612 |
| 2022 | 16,272 |
| 2023 | 16,960 |
| 2024 | 17,678 |
| 2025 | 18,393 |
| Subsequent years | <u>575,033</u> |
| | <u>\$ 659,948</u> |

9. DEFERRED RESTRICTED CONTRIBUTIONS

The deferred restricted contributions consists of a donation received from the Estate of Marie Melancon. Funds will be used in future periods to provide bursaries to enable Native Persons of Canada to pursue educational goals.

| | <u>2020</u> | <u>2019</u> |
|--------------------------|-------------------|-------------|
| Estate of Marie Melancon | <u>\$ 736,403</u> | <u>\$ -</u> |

10. ADVANCES RECEIVABLE

The Association provided funding to various Provincial and Territorial Member Associations (PTMAs) in Canada throughout the year. These PTMAs are related to the Association through the PTMAs holding a majority number of seats on the board. All transactions with the PTMAs relate to projects being administered by the PTMAs with the Association providing funding, general oversight, and assistance.

Balances due (to) and from PTMAs as of year end were are follows:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Aboriginal Women's Association of PEI | \$ 20,747 | \$ 49,844 |
| Native Women's Association of NWT | 23,713 | 25,808 |
| Newfoundland and Labrador Native Women's | 24,185 | 33,217 |
| Temiskaming Native Women's Support Group | (6,258) | 76,349 |
| Quebec Native Women's Association | 22,874 | (7,232) |
| Yukon Aboriginal Women's Council | 28,418 | 17,278 |
| BC Native Women's Association | 38,103 | 47,610 |
| Saskatchewan Aboriginal Women's Circle | 20,809 | 59,642 |
| Manitoba Moon Voices Inc | (43,665) | 1,111 |
| Alberta Aboriginal Women's Society | (8,372) | (10,214) |
| Nova Scotia Native Women's Association | (7,287) | (19,393) |
| Indigenous Women of the Wabanaki Territories | 38,547 | 89,263 |
| Nunavut Inuit Women's Association | (10,000) | - |
| Other advances receivable | <u>15,256</u> | <u>-</u> |
| | <u>\$ 157,070</u> | <u>\$ 363,283</u> |



NATIVE WOMEN'S ASSOCIATION OF CANADA
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11. FUND TRANSACTIONS

| | <u>General Fund</u> | <u>Capital Asset Fund</u> | <u>Replacement Reserve Fund</u> | <u>Bassett Scholarship Fund</u> |
|--|---------------------|-------------------------------|-------------------------------------|---|
| Donations | \$ - | \$ - | \$ - | \$ 3,976 |
| Revenues | 13,040,381 | - | - | - |
| Administration | - | (16,214) | - | - |
| Operations | - | - | - | (4,000) |
| Expenditures | <u>(12,745,075)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ 295,306</u> | <u>\$ (16,214)</u> | <u>\$ -</u> | <u>\$ (24)</u> |

12. COMMITMENTS

The Association is committed under a rental lease that commenced December 2019 and ends October 31, 2020. Lease payments for the next fiscal year are \$218,703.

In 2018 a new building was purchased and the organization will be moving into this location in the upcoming fiscal year 2021, therefore eliminating rent expenses.

13. CREDIT FACILITIES

The Association has an authorized demand operating loan in the amount of \$150,000 which was not utilized at March 31, 2020 (NIL - 2019). The loan bears interest at 4% (4% - 2019) and is secured by a general security agreement.

14. EMPLOYEE BENEFIT PLAN

The Association is an employer member of the RBA Defined Contribution Plan, a multi-employer plan. Total cash payments for employee future benefits, consisting of cash contributed by the Association to its funded pension plan during the year ended March 31, 2020 were \$74,485 (2019 - \$71,318). This amount is included in operations expense on the statement of operations.

15. FINANCIAL RISK

The Association is exposed to various financial risks resulting from its operations. The Association's management manages these financial risks. The Association does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

NATIVE WOMEN'S ASSOCIATION OF CANADA
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Year ended March 31, 2020

15. FINANCIAL RISK, continued

Interest rate risk

The guaranteed investment certificates, government bonds and corporate bonds bear interest at various fixed rates. The interest income received from money market funds can vary and is subject to interest rate risk. However since the money market funds do not make up a significant portion of the Association's short-term investments, the Association is not significantly exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Association has financing sources such as bank loans for a sufficient authorized amount. The Association establishes budgets and cash estimates to ensure it has the necessary funds to fulfill its obligations.

Credit risk

The Association holds all its cash and short-term investments with the Royal Bank of Canada which represents a concentration of credit risk. The Association's total balance of cash and short-term investments exceeds the maximum protection provided by the Canada Deposit Insurance Corporation.

16. ECONOMIC DEPENDENCE

The Association receives a significant portion of federal government funding from two separate funders. In 2020, revenues received from these two funders exceeded 60% of total federal government funding (2019 - 80%).

17. CONTINGENCY

Certain program revenues of the Association are subject to conditions regarding the expenditures of the funds. The Association's accounting records are subject to audit by funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits will be recorded in the future period in which they become known.

18. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

NATIVE WOMEN'S ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2020

19. SUBSEQUENT EVENTS

Beginning in March 2020, the Governments of Canada and Ontario, as well as a number of foreign governments, instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets, as well as consumer activity, which may significantly impact the Association's financial position, its results of operations and its cash flows. It is not currently possible to accurately quantify or estimate that impact. No adjustments have been made to these financial statements in relation to the COVID-19 virus.

Subsequent to year end, the Association signed a Letter of Agreement - Amendment and Restatement with the Bank of Montreal amending the initial Agreement dated December 4, 2019 adding a mortgage in the amount of \$5,890,000.





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