



# Financial Statements

2-Spirited People of the 1st Nations

March 31, 2022

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# Independent Auditor's Report

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To the Directors of  
**2-Spirited People of the 1st Nations**

## Qualified opinion

We have audited the financial statements of 2-Spirited People of the 1st Nations, (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operating fund, operations 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 the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of 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

In common with many not-for-profit organizations, the Organization derives donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified 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 Organization'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 Organization'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 entity'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 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 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Markham, Canada  
July 22, 2022

Chartered Professional Accountants  
Licensed Public Accountants

## 2-Spirited People of the 1st Nations Statement of Financial Position

As at March 31

2022

2021

### Assets

#### Current

Cash	\$ 510,829	\$ 787,067
Cash - restricted (Note 4)	16,428	16,428
HST receivable	46,303	35,284
Accounts receivable	110,800	159,173
Prepaid expenses	38,292	29,834

	722,652	1,027,786
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Equipment and leasehold improvements (Note 3)

	204,345	120,307
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	\$ 926,997	\$ 1,148,093
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### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 118,262	\$ 173,713
Deferred revenue (Note 7)	365,076	771,826
Deferred capital contributions (Note 5)	202,345	120,307

	685,683	1,065,846
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Funds held in trust (Note 4)

	16,428	16,428
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	702,111	1,082,274
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Operating fund surplus

	224,886	65,819
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	\$ 926,997	\$ 1,148,093
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Lease commitments (Note 9)

Approved on behalf of the board of directors:

\_\_\_\_\_

Director

\_\_\_\_\_

Director

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## **2-Spirited People of the 1st Nations**

### **Statement of Operating Fund**

For the Year Ended March 31

**2022**

2021

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Operating Fund (deficit) - beginning of the year	\$	<b>65,819</b>	\$	10,480
Excess of revenue over expenses for the year		<b>159,067</b>		57,668
Repayment of prior year surplus (Note 11)		-		(2,329)
Operating Fund - end of the year	\$	<b>224,886</b>	\$	65,819

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## 2-Spirited People of the 1st Nations Statement of Operations

For the Year Ended March 31

	2022	2021
Revenue		
TASSC COVID-19 funding	\$ 1,192,275	\$ 708,344
Ontario Ministry of Health	474,337	474,337
City of Toronto	234,638	42,788
Crisis Response	132,769	-
Long Term Care - LHIN	125,451	140,451
Fundraising	86,401	40,208
Pride Toronto	85,000	71,000
Surry Place	79,440	-
Ministry of Transportation	74,400	-
Dollar a Day	50,000	-
MMWIG	50,000	-
Amortization of deferred capital contributions	40,973	29,320
Toronto Foundation	20,000	-
Other grant revenue	8,385	40,496
The Climat Fund Action Plan	4,000	-
University of Toronto	3,410	85,479
Women and Gender Equity Canada	-	54,501
Crown-Indigenous Relations and Northern Affairs Canada	-	44,518
	<b>2,661,479</b>	<b>1,731,442</b>
Expenses		
Advertising and promotion	19,849	15,237
Bank charges and interest	6,604	1,996
Consultants	391,208	184,135
Depreciation	40,973	29,320
Elders honorarium	40,581	33,113
Insurance	12,326	8,389
Office supplies and printing	168,128	194,571
Ontario Aids Network	2,000	1,276
Project expenditures	260,661	201,915
Rent and utilities	157,410	99,680
Telephone	56,985	76,303
Travel, workshops, conference and meetings	121,030	34,581
Volunteer appreciation	-	1,478
Wages and benefits	1,224,657	791,780
	<b>2,502,412</b>	<b>1,673,774</b>
Excess of revenue over expenses	<b>\$ 159,067</b>	<b>\$ 57,668</b>

See accompanying notes to the financial statements.

## 2-Spirited People of the 1st Nations Statement of Cash Flows

For the Year Ended March 31

	2022	2021
<b>Cash flows from (for) operating activities</b>		
Excess of revenue over expenses for the year	\$ 159,067	\$ 57,668
Repayment of prior year surplus	-	(2,329)
Items not requiring an outlay of cash:		
Depreciation	40,973	29,320
Amortization of deferred capital contributions	(40,973)	(29,320)
Deferred revenue	-	(68,023)
	<u>159,067</u>	<u>(12,684)</u>
Changes in non-cash working capital balances related to operations:		
Accounts receivable	48,373	97,776
HST receivable	(11,019)	10,069
Prepaid expenses	(8,458)	(333)
Accounts payable and accrued liabilities	(55,451)	93,097
Deferred revenue	(406,750)	750,826
	<u>(274,238)</u>	<u>938,751</u>
<b>Cash flows from (for) investing activities</b>		
Additions to equipment and leasehold improvements (net)	(125,010)	(113,906)
Funds held in trust	-	(41,920)
	<u>(125,010)</u>	<u>(155,826)</u>
<b>Cash flows from financing activities</b>		
Bank indebtedness	-	(151,684)
Deferred capital contributions	123,010	113,906
	<u>123,010</u>	<u>(37,778)</u>
Increase (decrease) in cash for the year	(276,238)	745,147
Cash, beginning of the year	803,495	58,348
Cash, end of the year	<u>\$ 527,257</u>	<u>\$ 803,495</u>
Cash consists of:		
Cash	\$ 510,829	\$ 787,067
Funds held in trust	16,428	16,428
	<u>\$ 527,257</u>	<u>\$ 803,495</u>
Supplementary Information		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



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# 2-Spirited People of the 1st Nations

## Notes to Financial Statements

March 31, 2022

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### 1. Nature of operations

2-Spirited People of the 1st Nations (the "Organization") is an incorporated organization in Toronto, Ontario, providing direct services on social issues dealing with Aboriginal people living with HIV/AIDS. Effective August 1, 2002 the Organization became a registered charity.

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### 2. Significant accounting policies

The Organization has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies used are as follows:

#### Fund description

The Operating Fund accounts for the Organization's operating and administrative activities. This fund reports the unrestricted resources and operating grants.

#### Revenue recognition

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

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Contributions received for which related expenses have not been incurred are classified as deferred revenue.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

#### Equipment and leasehold improvements and deferred capital contributions

Equipment and leasehold improvements are recorded at cost. Contributed equipment is recorded at fair value at the date of the gift.

Equipment and leasehold improvements are depreciated on a straight-line basis over their estimated useful lives as follows:

Office equipment and software	-	3 years
Leasehold improvements	-	5 years
Automobile	-	10 years

One-half the normal rate of amortization is recorded in the year of acquisition.

Grants received for the purpose of funding property and equipment acquisitions are recorded as deferred capital contributions. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations in an amount equal to amortization recorded on the equipment and leasehold improvements funded.

Long-lived assets are reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that the asset no longer contributes to the Organization's ability to provide goods and services, or that the future economic benefit or service potential associated with the asset is less than its net carrying amount. Other factors that may indicate impairment are expected future asset utilization and economic outlook.

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## 2-Spirited People of the 1st Nations

### Notes to Financial Statements

March 31, 2022

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#### 2. Significant accounting policies (continued)

##### Bank indebtedness

Cash consists of bank deposits held with financial institutions. Bank indebtedness, as it occurs, consists of bank overdraft and cheques written on the account in excess of available funds. Restrictions on cash are described in Note 4.

##### Donated materials and services

Donations of materials and services, including volunteer services, not normally paid for by the Organization are not recorded in the accounts, as it would be difficult to determine their fair value.

##### 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 amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant estimates made by management include amortization and impairment of equipment and leasehold improvements and accrued liabilities.

##### Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at 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.

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#### 3. Equipment and leasehold improvements

	2022		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office equipment and software	\$ 165,483	\$ 133,675	\$ 31,808
Leasehold improvements	7,687	4,153	3,534
Automobile	185,544	16,541	169,003
	<u>\$ 358,714</u>	<u>\$ 154,369</u>	<u>\$ 204,345</u>
	2021		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Office equipment and software	\$ 153,380	\$ 106,381	\$ 46,999
Leasehold improvements	7,687	3,384	4,303
Automobile	72,637	3,632	69,005
	<u>\$ 233,704</u>	<u>\$ 113,397</u>	<u>\$ 120,307</u>

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## 2-Spirited People of the 1st Nations Notes to Financial Statements

March 31, 2022

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#### 4. Funds held in trust

##### (a) Two Spirit Youth Mental Health and Wellness

The Organization was named as trustee in a funding agreement between Two Spirit Youth Mental Health and Wellness Team and the City of Toronto in the amount of \$33,390. As part of this agreement, the Organization received the funding and is responsible for the disbursement of the funds to Two Spirit Youth Mental Health and Wellness Team. At March 31, 2022, \$16,692 (2021 - \$16,692) was spent on this project. The remaining cash relating to this agreement has been identified as restricted on the statement of financial position.

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#### 5. Deferred capital contributions

Deferred capital contributions consist of:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 120,307	\$ 35,721
Current year additions	123,011	113,906
Amortization	<u>(40,973)</u>	<u>(29,320)</u>
	<u>\$ 202,345</u>	<u>\$ 120,307</u>

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#### 6. Bank indebtedness

The Organization has available to it a demand operating line of credit with the Bank of Montreal (the "Bank") up to a maximum amount of \$200,000.

The operating line of credit bears interest at Bank prime plus 1%, with interest payable monthly. It is secured by equipment, an assignment of deposits in the amount of \$25,000 and a general assignment of debts. As at March 31, 2022, the Organization had drawn upon \$Nil (2021 - \$Nil) of its available limit. The effective interest rate at year end was 3.70% (2021 - 3.45%).

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#### 7. Deferred revenue

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 771,826	\$ 89,023
Current year additions	230,402	750,826
Amounts brought into income	<u>(637,152)</u>	<u>(68,023)</u>
	<u>\$ 365,076</u>	<u>\$ 771,826</u>

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Deferred revenue consists primarily of program funding received in advance of the service being provided.

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## 2-Spirited People of the 1st Nations

### Notes to Financial Statements

March 31, 2022

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#### 8. Financial risk management

The significant financial risks to which the Organization is exposed to are credit risk, liquidity risk and market risk. Market risk consists of currency risk, interest rate risk, and other price risk. There have been no changes to the risk exposures of the Organization from the prior year.

##### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss or the other party by failing to discharge an obligation. The Organization is not subject to credit risk through accounts receivable. Accounts receivable are subject to normal government funding policies.

The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable, when considered appropriate.

##### (b) Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Organization's exposure to liquidity risk is dependent on its ability to meet the requirements set out by the funders in order to continue receiving funds from various funders to fulfil commitments and sustain operations. Cash flow from operations provides a substantial portion of the Organization's cash requirements. Additional cash requirements are met with the use of an available operating line of credit. The Organization's primary lender is a single federally regulated Canadian financial institution.

##### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Organization is not subject to foreign exchange risk as none of its financial instruments are denominated in foreign currencies.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not currently exposed to interest rate risk arising from fluctuations in interest rates.

##### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not subject to other price risk.

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## 2-Spirited People of the 1st Nations

### Notes to Financial Statements

March 31, 2022

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#### 9. Lease commitments

The Organization leases its premises under an operating lease with an expiry date of May, 2025. Future minimum annual payments (excluding taxes, insurance and maintenance costs) under the leases are as follows:

2023	\$83,980
2024	83,980
2025	87,663
2026	88,400
2026	14,733

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#### 10. Economic dependency

The Organization is dependent on the Ontario Ministry of Health and Long-Term Care (the "Ministry") for funding of a significant portion of operations. Funding is provided each fiscal year based on an operating budget for the year approved by the Ministry. The Ministry approved funding of \$474,337 (2021 - \$474,337) with respect to the operating budget for the fiscal year ending March 31, 2022.

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#### 11. Amounts repayable to funders

The Organization receives funding from government agencies based on specific program needs and budgets. In certain circumstances, the Organization provides allocations from current year general program funding to ensure programs do not generate a deficit. In addition, management makes estimates to allocate certain administrative expenses according to the activity to which they benefit. The funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their programs. The management of the Organization feels that their expenses are fair and accurate in the circumstances. At this time no estimate of the requirements, if any, to reimburse the agencies can be made.

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#### 12. Capital disclosures

The Organization considers its Capital to be the balance maintained in its Operating Fund account. The balance on March 31, 2022 is \$224,886 (2021 - \$65,819). The primary objective of the Organization is to invest its Capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Organization with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Organization is not subject to any externally imposed requirements on its Capital.

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