

**Manitoba Harm Reduction Network Inc.**  
**Financial Statements**  
March 31, 2021

## Contents

	<b><u>Page</u></b>
Independent Auditors' Report	1 - 2
Statements of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9
Schedule of Operations	10



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## Independent Auditors' Report

To the Members of  
Manitoba Harm Reduction Network Inc.

### *Opinion*

We have audited the accompanying financial statements of Manitoba Harm Reduction Network Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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 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 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 opinion.

### *Emphasis of Matter*

We draw attention to Note 3 to the financial statements which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on April 1, 2020 with a transition date of April 1, 2020. No comparative information has been presented in these financial statements as the Organization commenced operations on the transition date.

### *Responsibilities of Management and Those Charged with Governance 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 are free from material misstatement, whether due to fraud or error.

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 Organization 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.

## Independent Auditors' Report - continued

### *Auditors' 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 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 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 Organization'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 Organization'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 Organization 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.



Winnipeg, Canada  
June 23, 2021

Chartered Professional Accountants

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**Manitoba Harm Reduction Network Inc.**  
**Statements of Operations and Changes in Net Assets**  
Year Ended March 31

**2021**

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Revenues (Page 10)	<b>\$ 1,693,194</b>
Expenditures (Page 10)	<u><b>1,637,933</b></u>
Excess of revenues over expenditures	<u><b>\$ 55,261</b></u>

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Net assets, beginning of year	<b>\$ -</b>
Excess of revenues over expenditures	<u><b>55,261</b></u>
Net assets, end of year	<u><b>\$ 55,261</b></u>

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See accompanying notes to the financial statements.

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**Manitoba Harm Reduction Network Inc.**  
**Statement of Financial Position**

March 31

2021

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**Assets**

Current

Cash	\$ 266,049
Receivables (Note 4)	100,667
Prepays	<u>12,187</u>

378,903

Capital assets (Note 5)

951

\$ 379,854

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**Liabilities**

Current

Payables and accruals (Note 6)	\$ 158,727
Deferred revenue (Note 7)	<u>165,866</u>

324,593

**Net Assets**

Unrestricted

55,261

\$ 379,854

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Commitment (Note 8)

Approved by the Board

Carol Michel Director

[Signature] Director

See accompanying notes to the financial statements.

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**Manitoba Harm Reduction Network Inc.**  
**Statement of Cash Flows**

March 31

2021

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**Cash flows from operating activities**

Cash received from:

Province of Manitoba	\$ 25,000
MB Health, Seniors, Active Living	90,000
PHAC	444,957
WRHA	121,223
RHA (Except WRHA)	813,509
Long-term grants	25,000
Short-term grants	64,485
Other payment sources	5,231
Honorariums	50
Rent	6,000
Recoveries - interdepartmental	19,390
Recoveries - miscellaneous	14,520
Parking recovery	240
Donations	60
Workshop revenue	11,500
Sales	15,147
Health Canada	16,882
United Way	<u>20,000</u>

Cash paid for:

Human resources and benefits	(1,290,694)
Material and services	<u>(345,241)</u>

Net cash generated from operating activities 57,259

**Cash flows used in financing and investing activities**

Cash transferred from Sexuality Education Resource Centre Manitoba Inc.	210,210
Purchase of capital assets	<u>(1,420)</u>

Net cash used in financing and investing activities 208,790

**Cash, end of year** \$ 266,049

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See accompanying notes to the financial statements.

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**Manitoba Harm Reduction Network Inc.**  
**Notes to the Financial Statements**

March 31, 2021

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**1. Purpose of the organization**

Manitoba Harm Reduction Network, Inc. (the "Organization") and all of its sites are located on Indigenous land. Specifically, the Organization is located on Anishinaabe, Ininew, Anish-Ininew, Dene, and Dakota land and is also in the homeland of the Metis Nation. The central office of the Organization is located in Treaty 1. The Organization has been invited to work in Treaty 1, 2, 3, 4, and 5 territories. As a non-Indigenous organization, the Organization is committed to the principles of decolonization and reconciliation and is committed to integrating the Truth and Reconciliation Commission of Canada Calls to Action into their work.

The Organization is a provincial network working towards ensuring harm reduction is universally practiced, by individuals, organizations and systems, to address sexually transmitted and blood-borne infections and substance use. The mission of the Organization is to coordinate efforts and support harm reduction within and across jurisdictions. The Organization strives to provide services in a way that is kind and respectful, while reflecting the passion people have for their communities.

The Organization is an incorporated not-for-profit organization.

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**2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

**a) Revenue recognition**

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, consisting of grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**b) Capital assets**

Purchased capital assets are recorded at cost. Amortization is provided at annual rates estimated to write off the assets over their estimated useful lives as follows:

Computers	33% Declining balance
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**c) Allocation of expenses**

The Organization classifies its expenses by program and allocates its salaries and benefits expense to a number of programs to which the expenses relate. Salaries and benefits expense has been allocated based on the number of hours incurred directly in the undertaking of the programs.



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**Manitoba Harm Reduction Network Inc.**  
**Notes to the Financial Statements**  
March 31, 2021

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**2. Summary of significant accounting policies - continued**

**d) Accounting 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**e) Financial instruments**

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost.

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market, or price risks arising from its financial instruments.

**f) External projects**

External projects are sponsored by the Organization (SWWAC) and directed by third party organizations. The Organization provides administrative services to these projects including receipt of funding, disbursement of expenditures and financial reporting. Funding committed for the current fiscal year but received subsequent to the year-end is recorded as funding receivable for external projects. Funding received but not fully disbursed is included in funds in trust - external projects.

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**3. Impact of the change in the basis of accounting**

Effective April 1, 2020, the Organization adopted Canadian accounting standards for not-for-profit organizations, the financial reporting framework issued by CPA Canada for not-for-profit organizations. These are the Organization's first financial statements prepared in accordance with these accounting standards. As first-time adoption requires retrospective application of these standards, the accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2021. No comparative information has been presented in these financial statements as the Organization did not commence operations until April 1, 2020, the Organization's transition date.

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**Manitoba Harm Reduction Network Inc.**  
**Notes to the Financial Statements**  
 March 31, 2021

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**4. Receivables**

	<u>2021</u>
Accounts receivable	\$ 85,633
Grants	8,450
GST	4,603
Other	<u>1,981</u>
	<u>\$ 100,667</u>

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**5. Capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>
Computers	<u>\$ 1,419</u>	<u>\$ 468</u>	<u>\$ 951</u>

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**6. Payables and accruals**

	<u>2021</u>
Vacation pay and salary accrual	\$ 98,693
Trade	<u>60,034</u>
	<u>\$ 158,727</u>

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**7. Deferred revenue**

Deferred revenue relates to restricted funding received in the current year that is related to the subsequent year.

	<u>2021</u>
Balance, transferred from Sexuality Education Resource Centre Manitoba Inc.	\$ 234,815
Less amount recognized as revenue in the year	(128,757)
Add amount received related to the following year	<u>59,808</u>
Balance, end of year	<u>\$ 165,866</u>

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**Manitoba Harm Reduction Network Inc.****Notes to the Financial Statements**

March 31, 2021

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**8. Lease commitment**

The Organization leases office space at 545 Broadway in Winnipeg, Manitoba. The lease is for one year and expires August 31, 2021. The monthly rental lease payment is \$2,900 plus GST.

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**9. Economic dependence**

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

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**10. COVID - 19**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's results of operations at this time.

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**Manitoba Harm Reduction Network Inc.**  
**Schedule of Operations**

Year Ended March 31

2021

	General Operations	CRISM	NHR	SHSS	WRHA	IERHA	PMH	PHAC- IERHA	PHAC - CAF	Health Canada - SUAP	Brandon	United Way	Safe at Home	SWWAC	Total
<b>Revenues</b>															
Grants															
Province of Manitoba	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 25,000
MB Health, Seniors, Active Living	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	90,000
PHAC	-	-	-	-	-	-	-	122,182	322,775	-	-	-	-	-	444,957
WRHA	20,000	-	-	-	86,856	-	-	-	-	-	-	-	-	14,367	121,223
Health Canada	-	-	-	-	-	-	-	-	-	16,882	-	-	-	-	16,882
RHA (except WRHA)	-	-	227,060	103,661	-	178,496	304,292	-	-	-	-	-	-	-	813,509
United Way	-	-	-	-	-	-	-	-	-	-	-	20,000	-	-	20,000
Long-term grants	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Short-term grants	64,485	-	-	-	-	-	-	-	-	-	-	-	-	-	64,485
Other payment sources	60	3,165	-	-	-	6	-	-	-	-	2,000	-	-	-	5,231
Honorariums	50	-	-	-	-	-	-	-	-	-	-	-	-	-	50
Rent	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Recoveries - interdepartmental	19,390	-	-	-	-	-	-	-	-	-	-	-	-	-	19,390
Recoveries - miscellaneous	14,268	-	252	-	-	-	-	-	-	-	-	-	-	-	14,520
Parking recovery	240	-	-	-	-	-	-	-	-	-	-	-	-	-	240
Donations	60	-	-	-	-	-	-	-	-	-	-	-	-	-	60
Workshop revenue	11,500	-	-	-	-	-	-	-	-	-	-	-	-	-	11,500
Sales	15,147	-	-	-	-	-	-	-	-	-	-	-	-	-	15,147
<b>Total revenues</b>	<b>281,200</b>	<b>3,165</b>	<b>227,312</b>	<b>103,661</b>	<b>86,856</b>	<b>178,502</b>	<b>304,292</b>	<b>122,182</b>	<b>322,775</b>	<b>16,882</b>	<b>2,000</b>	<b>20,000</b>	<b>10,000</b>	<b>14,367</b>	<b>1,693,194</b>
<b>Expenditures</b>															
Salaries	121,640	1,425	182,696	94,101	72,857	154,108	249,792	107,138	272,153	13,845	-	6,316	3,250	11,372	1,290,693
Honoraria	22,073	240	1,050	630	900	3,618	7,170	3,420	14,933	940	-	2,005	-	1,050	58,029
Amortization	468	-	-	-	-	-	-	-	-	-	-	-	-	-	468
Bank charges and interest	470	-	-	-	-	-	-	-	-	-	-	-	-	-	470
Insurance	3	-	1,282	396	378	1,133	1,133	-	-	-	-	-	-	-	4,325
Membership and dues	1,128	1,500	334	111	111	334	334	-	-	-	-	-	-	-	3,852
Office supplies and services	3,639	-	4,504	1,279	3,150	2,105	4,325	1,010	1,207	-	-	-	-	-	21,219
Postage and delivery	513	-	259	96	138	357	636	-	125	-	-	-	301	-	2,425
Professional development	712	-	62	-	-	137	112	-	-	-	-	-	-	-	1,023
Professional fees	6,748	-	1,690	970	360	660	2,909	480	1,355	-	-	-	-	-	15,172
Program costs	24,617	-	23,561	4,202	4,990	13,398	17,442	7,594	11,718	2,097	2,000	11,463	6,449	884	130,415
Promotion	3,372	-	-	-	-	-	14,550	500	-	-	-	-	-	-	18,422
Occupancy	35,687	-	5,740	500	2,400	195	-	-	15,884	-	-	-	-	-	60,406
Repairs and maintenance	1,343	-	766	245	245	766	766	-	-	-	-	-	-	219	4,350
Telephone	3,526	-	5,368	1,131	1,327	1,691	5,123	2,040	5,400	-	-	216	-	-	25,822
Website	-	-	-	-	-	-	-	-	-	-	-	-	-	842	842
<b>Total expenditures</b>	<b>225,939</b>	<b>3,165</b>	<b>227,312</b>	<b>103,661</b>	<b>86,856</b>	<b>178,502</b>	<b>304,292</b>	<b>122,182</b>	<b>322,775</b>	<b>16,882</b>	<b>2,000</b>	<b>20,000</b>	<b>10,000</b>	<b>14,367</b>	<b>1,637,933</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 55,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,261</b>

See accompanying notes to the financial statements.