



REQUEST FOR PROPOSAL: FINANCIAL AUDIT

1.0 Introduction

The First Nations Health Managers Association (FNHMA) is seeking a proposal from qualified individuals or companies to provide audit services to our organization.

This is a request for proposal (RFP) and not an invitation to tender. The reader is hereby advised that we reserve the right to:

- a. Accept a proposal without negotiation
- b. Negotiate changes to the technical or financial content of the successful proposal
- c. Cancel or reissue this RFP at any time

The information contained in this document and appendices is proprietary to FNHMA and may not be divulged to any third party.

The contact for the purposes of response to this request for proposal is:

Connie Toulouse
Director of Corporate Services
First Nations Health Managers Association
341 Island Road, Unit E
Akwasasne, ON K6H 5R7
Email: connie.toulouse@fnhma.ca
Fax: 613-319-8092

Proposals should be submitted in PDF format to: connie.toulouse@fnhma.ca by Thursday October 8th, 2020.

2.0 About FNHMA

FNHMA has been in operation since September 2010. Prior to this, the First Nations and Inuit Branch of Health Canada, in partnership with the Assembly of First Nations and grassroots volunteers, identified the value of an organization that developed competencies and provided services to those in health management. FNHMA was created and is now a national federally-regulated, not-for-profit professional association committed to excellence in expanding health management capacity for First Nations organizations.

FNHMA provides leadership in health management activities by developing and promoting quality standards, practices, research, certification, and professional development to expand capacity for members and First Nations health organizations. Members can assist their organizations to maximize their use of resources, strengthen decision-making, and deliver quality programs. FNHMA and its members' successes contribute to strengthening the health management capabilities of First Nations organizations in Canada. FNHMA is for First Nations by First Nations; however, other Indigenous and Non-Indigenous individuals are able to access services.

For more information on FNHMA, you can visit their website at www.fnhma.ca.

Finances

The fiscal year for the organization runs from April 1 to March 31. Funding comes from own source revenues such as membership, education and certification programs, conference as well as from Indigenous Services Canada through contribution agreements and other granting organizations.

The organization is required to engage the services of an outside professional auditor to audit their books once a year and to produce yearly audited financial statements.

3.0 Scope of Audit Services Required from a Company or Individual

Reporting to the Board of Directors, the Auditor(s) will be responsible for the annual audit of FNHMA's balance sheets annually as at March 31, 2021 and the statements of revenues and expenditures and accumulated surplus and cash flow for the year then ended. The audit must be conducted in accordance with generally accepted auditing standards. Appointment of the auditors takes place at the Annual General Meeting.

4.0 Information About the Company or Individual Required of a Respondent to this Request for Proposal

FNHMA will require the following information from the Accounting Firms or Individuals responding to this proposal.

General Information:

- Name, address and contact person for the firm or individual, along with a brief background history of the firm, locally and nationally
- Name(s) of the partner, concurring partner, manager and senior to be responsible for the audit and a brief summary of relevant experience
- Indicate which office will be assigned to the audit and provide a brief background summary

Qualifications:

- Provide a list of the firm's experience in auditing similar organizations within the past five years, indicating the type of service performed, the number of years served and identify the local office which served the client
- Provide three relevant client references
- Disclose any potential conflicts of interest
- Elaborate on the firm's collective relevant knowledge and any other value-added service it can bring to the engagement not addressed in this document

Approach:

- Approach to the audit
- Approach to working with FNHMA and our Treasurer
- Approach to internal controls and testing methodology
- Approach to auditing in a computer environment
- Anticipated timelines for completing the audit

Service Costs:

- Detailed explanation of the services the Firm or individual is proposing to provide the organizations
- Breakdown of fees for 2020/2021 audit and projected fees for 2021/2022, and 2022/2023 audits

5.0 Request for Proposal Selection Process and Timelines

All proposals will be reviewed by the Executive Director who will be responsible for the preliminary selection of an auditor. The following factors will be considered when assessing your submission:

- a. Estimated fees for annual audit and cost for specialty work
- b. Projected average rate of fee increase over the 3 years
- c. Breadth of expertise available and appropriateness to the organization's needs
- d. Level of service in addressing client needs (references)
- e. Experience in the not-for-profit sector
- f. Experience working with a First Nation organization

6.0 Previous years Audited Statements

The audited statements for the year ended March 31, 2019 have been included as part of this RFP for your reference.

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

Independent Auditors' Report
Statement of Financial Position
Statement of Revenue and Expenses
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Directors of:
First Nations Health Managers Association

Opinion

We have audited the financial statements of First Nations Health Managers Association, which comprise the statement of financial position as at 2019, and the statement of operations, statement of changes in net assets and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of First Nations Health Managers Association as at 2019, and the results of its operations and 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 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 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 audit 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

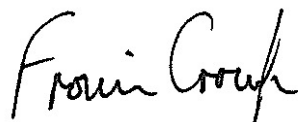
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of 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 audit 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 controls.
- 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 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 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.



Frouin Group Professional Corporation
Ottawa, Ontario
September 23, 2019

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$1,352,727	\$ 89,238
Short-term investments (Note 2a)	15,000	15,000
GST/HST receivable	69,837	36,789
Accounts receivable	76,274	63,873
Prepaid expenses	<u>12,034</u>	<u>15,606</u>
	1,525,872	220,506
PROPERTY AND EQUIPMENT (Notes 2e and 7)	<u>18,092</u>	<u>4,766</u>
TOTAL ASSETS	<u>\$1,543,964</u>	<u>\$ 225,272</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,611	\$ 53,025
Deferred contributions (Note 4)	898,569	0
Deferred revenue	<u>2,000</u>	<u>18,850</u>
	<u>918,180</u>	<u>71,875</u>
 NET ASSETS		
Internally-restricted Education Fund	38,620	38,620
Unrestricted	<u>587,164</u>	<u>114,777</u>
	<u>625,784</u>	<u>153,397</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,543,964</u>	<u>\$ 225,272</u>

(See accompanying Notes to Financial Statements)

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
AUDITED STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
REVENUE		
Health Canada	\$ 929,931	\$ 239,000
Public Safety	47,487	156,214
Annual conference	433,213	290,676
Education revenue (Note 6)	439,084	494,350
Membership	55,115	43,175
Miscellaneous	1,027	851
	<u>1,905,857</u>	<u>1,224,266</u>
EXPENSES		
Administration	300,685	102,196
Amortization (Note 2e)	6,370	1,192
Governance operations	70,018	25,729
Advertising and promotions	44,412	20,404
Workshop expenses	8,500	31,889
Certification courses	107,873	145,395
Programs	258,200	362,884
Wages and salaries	342,241	287,935
Annual conference	295,169	244,911
	<u>1,433,468</u>	<u>1,222,535</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ <u>472,389</u>	\$ <u>1,731</u>

(See accompanying Notes to Financial Statements)

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
AUDITED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
Unrestricted net assets, beginning of year	114,775	113,046
Excess of expenditures over revenues for the year	<u>472,389</u>	<u>1,731</u>
Unrestricted net assets, end of year	<u>\$ 587,164</u>	<u>\$ 114,777</u>
Internally-restricted Education Fund, beginning and end of year	<u>\$ 38,620</u>	<u>\$ 38,620</u>

(See accompanying Notes to Financial Statements)

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
AUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of expenditures over revenues for the year	\$ 472,389	\$ 1,731
Add: Amortization	<u>6,370</u>	<u>1,192</u>
	<u>478,759</u>	<u>2,923</u>
Net change in non-cash working capital		
GST/HST receivable	(33,048)	7
Accounts receivable	(12,401)	20,853
Prepaid expenses	3,572	28,570
Accounts payable and accrued liabilities	(35,414)	15,935
Deferred membership revenue	<u>(16,850)</u>	<u>1,525</u>
	<u>1,283,187</u>	<u>69,813</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	0	(15,000)
Purchase of capital assets	<u>(14,980)</u>	<u>0</u>
	<u>(14,980)</u>	<u>(15,000)</u>
NET CHANGE IN CASH DURING THE YEAR	1,268,207	54,813
CASH - beginning of year	<u>89,238</u>	<u>34,425</u>
CASH - end of year	<u>\$1,357,445</u>	<u>\$ 89,238</u>
REPRESENTED BY		
Cash	<u>\$1,352,727</u>	<u>\$ 89,238</u>

(See accompanying Notes to Financial Statements)

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1. PURPOSE OF THE ORGANIZATION

The First Nations Health Managers Association ("the Association") has been established to provide leadership in health management by promoting quality standards, research, certification and professional development related to First Nations health service delivery at the community level. The Association was incorporated on March 19, 2010 under the Canadian Corporations Act as a non-profit organization without share capital and as such is exempt from income tax under current legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a. Short-term investments

Short-term investments are measured at fair value at each reporting date, with gains and losses recognized in the statement of revenue and expenses as part of investment income.

b. Revenue recognition

The Association follows the deferral method of accounting for revenue. Government contributions are recognized as revenue in the year which the related expenses are incurred. Course revenue is recognized when materials are shipped to the student.

c. Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates. Those estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

d. Allocation of expenses

The Association engages in projects funded by other agencies that are consistent with its organizational mission. The cost of these programs include the costs of the personnel and other eligible expenses that are directly related to the delivery of these projects.

The Association incurs funding development and administration expenses, including corporate governance, general management and general support. These expenses are tracked and reported separately for the respective program(s) on an appropriate basis and consistently each year and are program specific in nature.

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Capital assets

Capital assets are recorded at cost and are amortized over their useful life as follows:

Furniture & equipment	20%	Declining balance
Computer equipment	55%	Declining balance

Assets are amortized at 50% in the year of acquisition.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable, GST/HST receivable, accounts payable and accrued liabilities, and deferred revenue approximate their fair value because of the relatively short period to maturity of the instruments.

4. DEFERRED CONTRIBUTIONS

	2019	2018
Deferred revenue, beginning of year	\$ 0	\$ 17,325
Grants and other funding received in the year	1,875,987	395,214
Less: amounts recognized as revenue in the year	<u>(977,418)</u>	<u>(412,539)</u>
Deferred revenue, end of year	<u>\$ 898,569</u>	<u>\$ 0</u>

5. ECONOMIC DEPENDENCY

The Association receives funding from Health Canada and Public Safety for project-based expenses as well as revenue from self-funded activities. During the year, Health Canada revenue was \$929,931 (\$239,000 in 2018), Public Safety revenue was \$47,487 (\$156,214 in 2018).

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

6. EDUCATION REVENUE

	2019	2018
Certification Courses	\$ 439,084	\$ 461,550
Workshops	<u>0</u>	<u>32,800</u>
Total Education Revenue	<u>\$ 439,084</u>	<u>\$ 494,350</u>

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net	2018 Net
Furniture and equipment	\$ 8,274	\$ (4,462)	\$ 3,812	\$ 4,766
Computer equipment	<u>19,696</u>	<u>(5,416)</u>	<u>14,280</u>	<u>0</u>
Total	<u>\$ 27,970</u>	<u>\$ (9,878)</u>	<u>\$ 18,092</u>	<u>\$ 4,766</u>

8. FINANCIAL RISK MANAGEMENT POLICY

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting date March 31, 2019:

Credit risk:

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk represents the sum of the carrying value of its cash and equivalents, investments and accounts receivable. The Association's cash and investments are deposited with Canadian Chartered banks and as a result, management believes the risk of loss on these items is remote. The accounts receivable are expected to be fully collected.

Liquidity risk:

The Association manages its liquidity risk by regularly monitoring forecasted and actual cash flow and by holding sufficient cash to meet any anticipated liabilities and commitments. Accounts payable are normally paid within 30 days.

Currency risk :

The Association's functional currency is the Canadian dollar. The Association does not enter into foreign currency transactions and does not use foreign exchange forward contracts. At March 31, 2019, the Association had no investments exposed to currency risk.

FIRST NATIONS HEALTH MANAGERS ASSOCIATION
NOTES TO AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

8. FINANCIAL RISK MANAGEMENT POLICY (continued)

Interest rate risk:

The Association is exposed to interest rate risk with regard to its cash. The Association has no interest-bearing liability. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations.

9. COMPARATIVE FIGURES

The prior year comparative figures have been reclassified to conform to this year's presentation.

10. COMMITMENT NOTE

The Association has entered into an agreement with Fairmont Queen Elizabeth for accommodations and meals related to the 2019 annual conference. As of the date of the financial statements, the minimum obligation arising from this contract is \$263,964.

The Association has entered into an agreement with Fairmont Empress for accommodations and meals related to the 2020 annual conference. As of the date of the financial statements, the minimum obligation arising from this contract is \$83,023.

The Association has entered into an agreement with Osprey Associates for management of the annual conference. As a result of this contract, the Association will pay \$42,850 + GST for each of the 2019 and 2020 conferences.

The Association is currently engaged in two lease agreements.

The first agreement is a sub-lease for Unit 3 at 325 Island Road, Akwesasne, Ontario. This lease is effective from September 1, 2018 to August 31, 2019 with an option for renewal. Monthly rent is fixed for the duration of the agreement at \$417.00, payable on the 1st day of each month.

The second agreement is for 300 March Road, Suite 203, Kanata, Ontario. This lease is effective from February 1, 2016 to January 31, 2020. Monthly rent is fixed at \$1,466.67, payable on the 1st day of each month, along with additional rent for incurred expenses such as utilities, operating costs, and any additional services.