

First Nations Technical Institute
Financial Statements

March 31, 2021

First Nations Technical Institute

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For the year ended March 31, 2021

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Independent Auditor's Report

To the Members of First Nations Technical Institute:

Opinion

We have audited the financial statements of First Nations Technical Institute (the "Institute"), which comprise the statement of financial position as at March 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute 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.

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

Those charged with governance are responsible for overseeing the Institute'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 Institute'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 Institute'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 Institute 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.

Kingston, Ontario

June 28, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

First Nations Technical Institute

Statement of Financial Position

As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	4,032,307	1,582,557
Temporary investments (Note 3)	100,496	100,056
Accounts receivable (Note 4)	1,391,393	1,768,072
Prepaid expenses and deposits	141,156	88,721
Inventory	45,671	50,164
	5,711,023	3,589,570
Long-term GPOG receivable	1,650,513	1,243,289
Property, plant and equipment (Note 5)	5,180,731	3,418,787
	12,542,267	8,251,646
Liabilities		
Current		
Accounts payable and accruals (Note 6)	1,377,712	1,112,664
Deferred revenue	1,409,725	144,813
Current portion of long-term debt (Note 7)	19,721	19,721
Current portion of deferred contributions (Note 8)	195,756	256,019
	3,002,914	1,533,217
Long-term debt (Note 7)	-	19,721
Deferred contributions (Note 8)	2,653,560	925,001
	5,656,474	2,477,939
Net Assets		
Unrestricted	5,385,793	4,273,707
Internally restricted - Capital reserve	1,500,000	1,500,000
	6,885,793	5,773,707
	12,542,267	8,251,646

Approved on behalf of the Board

R.C. Brant

R.C. Brant (Jul 26, 2021 11:23 EDT)

Director

Winston R. Brant

Winston R. Brant (Jul 21, 2021 14:34 EDT)

Director

First Nations Technical Institute

Statement of Operations

For the year ended March 31, 2021

	2021	2020
Revenue		
Ministry of Colleges and Universities	5,296,240	5,197,946
Aviation	1,106,447	1,063,918
Justice programming	671,424	666,072
Tuition fees	629,967	584,853
General purpose operating grant	691,138	613,524
Other income (Schedule 1)	991,022	994,846
Amortization of deferred contributions	208,442	149,790
Indigenous Services Canada (Schedule 2)	36,273	162,054
	9,630,953	9,433,003
Expenses		
Salaries and employee benefits	6,144,756	5,267,495
Program delivery	618,195	709,303
Contract expense	185,706	145,819
Advertising and promotion	163,862	165,506
Office expenses	151,745	201,651
Rent and utilities	145,826	182,427
Insurance	139,323	93,389
Repairs and maintenance	70,001	73,277
Student support	67,543	130,209
Consulting	61,090	96,477
Certification and tuition	52,644	81,385
Aircraft maintenance, parts, accessories and labour	45,620	76,448
Bad debts	45,242	82,943
Telephone	44,491	38,488
Aircraft fuel	37,485	78,293
Audit and accounting	29,924	32,200
Staff training	21,948	41,976
Bank charges and interest	11,393	13,255
Travel and automotive	7,719	396,965
	8,044,513	7,907,506
Excess of revenue over expenses before other items	1,586,440	1,525,497
Other items		
Amortization	(473,760)	(385,578)
Loss on disposal of capital assets	(594)	-
Excess of revenue over expenses	1,112,086	1,139,919

The accompanying notes are an integral part of these financial statements

First Nations Technical Institute
Statement of Changes in Fund Balances

For the year ended March 31, 2021

	<i>Unrestricted</i>	<i>Capital Reserve</i>	2021	2020
Fund balances, beginning of year	4,273,707	1,500,000	5,773,707	4,633,788
Excess of revenue over expenses	1,112,086	-	1,112,086	1,139,919
Fund balances, end of year	5,385,793	1,500,000	6,885,793	5,773,707

The accompanying notes are an integral part of these financial statements

First Nations Technical Institute
Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	1,112,086	1,139,919
Amortization	473,760	385,578
Amortization of deferred contributions	(208,442)	(149,790)
Loss on disposal of capital assets	594	-
	1,377,998	1,375,707
Changes in working capital accounts		
Accounts receivable	376,679	(388,300)
Prepaid expenses and deposits	(52,435)	28,131
Inventory	4,493	(118)
Long-term GPOG receivable	(407,224)	(387,728)
Accounts payable and accruals	265,048	(631,879)
Deferred revenue	1,264,912	(230,917)
	2,829,471	(235,104)
Financing		
Repayment of long-term debt	(19,721)	(19,721)
Investing		
Purchase of capital assets	(359,560)	(533,366)
Increase (decrease) in cash resources	2,450,190	(788,191)
Cash resources, beginning of year	1,682,613	2,470,804
Cash resources, end of year	4,132,803	1,682,613
Cash resources are composed of:		
Cash	4,032,307	1,582,557
Temporary investments	100,496	100,056
	4,132,803	1,682,613

The accompanying notes are an integral part of these financial statements

1. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Nature of Business

The First Nations Technical Institute (the "Institute") is incorporated under the Canada Corporations Act and operates as a First Nations Technical Institute. The Institute is exempt from income tax under Section 149(1)(f) of the Income Tax Act.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Temporary Investments

Temporary investments are recorded at fair value.

Inventory

Inventory is valued at the lower of cost and market value with cost being determined substantially on a first-in, first-out basis. Market value is defined as the current replacement cost. Inventory is comprised of aircraft fuel and spare parts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Aircraft	straight-line	25 years
Audio visual equipment	declining balance	20 %
Automotive	declining balance	30 %
Aviation equipment	declining balance	10 %
Computer equipment and software	declining balance	30 %
Flight simulator	declining balance	20 %
Fuel tank	declining balance	20 %
Instructional equipment	declining balance	20 %
Leasehold improvements	declining balance	20 %
Media equipment	declining balance	20 %
Non-directional beacon	declining balance	10 %
Office equipment and furniture	declining balance	20 %
Runway	declining balance	10 %
Sign	declining balance	20 %
Student residence	declining balance	4 %

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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates are used when accounting for a number of items including, but not limited to, property plant and equipment, accounts receivable, long-term GPOG receivable, inventory, and accounts payable and accruals.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in the periods in which they become known.

Revenue Recognition

The Institute follows the deferral method for recognizing contributions. Tuition fees are recognized as revenue at the time instructional services are provided to the students. Provision is made for collection losses based on the Institute's past experience and on a specific account basis.

Income from contracts and contribution agreements is based on the funding period of the contract or agreement. Funds received from contracts and contribution agreements that are still in the process of completion are recorded as deferred revenue. Investment income is recognized at the time that it is earned.

Rental income, fuel, parts and service sales and other miscellaneous income is recognized when the price is fixed or determinable, collectibility is reasonably assured and upon delivery to and acceptance by the customer.

Pension Plans

The Institute is a participant in a defined contribution pension plan. The Institute contributes, on behalf of each eligible employee, 9.6% of the employees annual salary for pension and employee benefits.

Pension plan costs are expensed in the year to which they relate.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit, bank indebtedness and temporary investments consisting of cashable guaranteed investment certificates.

Fund Accounting

The Institute follows the deferral method of accounting for contributions. The restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred revenue.

Internally restricted net assets represent funds that the board has set aside in reserves in the event of a significant reduction of external funding. The internally restricted funds consist of:

Capital reserve - these funds have been established for future investments in capital expenditures.

2. Cash

The Institute's bank accounts are held at one chartered bank and earns nominal interest.

3. Temporary Investments

	2021	2020
Cashable Guaranteed Investment Certificates, with interest rates at 0.10% and maturity dates from November 2021 to February 2022	100,496	100,056

First Nations Technical Institute

Notes to the Financial Statements

For the year ended March 31, 2021

4. Accounts receivable

	2021	2020
Trade receivables	1,251,782	1,729,368
General purpose operating grant (GPOG) receivable	149,166	225,796
HST recoverable	268,511	46,030
	1,669,459	2,001,194
Allowance for doubtful accounts	(278,066)	(233,122)
	1,391,393	1,768,072

5. Property, Plant and Equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Aircraft	2,751,907	699,860	2,052,047	-
Assets under construction	806,991	-	806,991	1,050,322
Audio visual equipment	335,873	196,891	138,982	146,598
Automotive	168,845	155,255	13,590	19,414
Aviation equipment	273,643	223,629	50,014	52,059
Computer equipment and software	697,412	557,301	140,111	108,061
Flight simulator	210,617	155,771	54,846	68,558
Fuel tank	138,382	27,676	110,706	594
Instructional equipment	675,564	469,962	205,602	199,370
Leasehold improvements	1,703,077	1,349,938	353,139	441,423
Media equipment	365,874	308,994	56,880	71,100
Non-directional beacon	15,000	13,041	1,959	2,176
Office equipment and furniture	1,256,383	1,100,081	156,302	172,052
Runway	140,392	85,825	54,567	60,630
Sign	1,000	987	13	17
Student residence	1,222,908	237,926	984,982	1,026,413
	10,763,868	5,583,137	5,180,731	3,418,787

During the year, the Institute acquired property plant and equipment at an aggregate cost of \$2,236,298 (2020 - \$1,093,437) of which \$1,876,738 (2020 - \$560,071) was financed by a deferred contribution, and the remaining \$359,560 (2020 - \$533,366) paid in cash.

During the year the Institute changed its accounting estimate relating to the amortization of its aircraft fleet. The existing fleet of aircrafts were amortized based on an estimated useful life of 10 years. New aircrafts are now amortized based on an estimated useful life of 25 years.

First Nations Technical Institute
Notes to the Financial Statements
For the year ended March 31, 2021

6. Accounts Payable and Accruals

	2021	2020
Trade accounts payable	880,061	657,397
Repayable to government agencies	428,901	428,901
Source deductions payable	66,766	25,061
WSIB payable	1,984	1,305
	<u>1,377,712</u>	<u>1,112,664</u>

The Institute also has a \$185,000 (2020 - \$170,000) aggregate limit on corporate Visa credit cards, of which \$96,481 (2020 - \$125,836) remains unused at year-end.

7. Long-term Debt

	2021	2020
Mohawks of the Bay of Quinte, non interest bearing, interest will be charged at 6% in the event of default, due November 30, 2021 secured by aircraft with a net book value of \$Nil	19,721	39,442
Less: Current portion	19,721	19,721
	<u>-</u>	<u>19,721</u>

Principal repayments on long-term debt in the next year are estimated as follows:

	<i>Principal</i>
2022	<u>19,721</u>

8. Deferred Contributions

In fiscal 2010, 2017, 2018 and 2019, the Institute received one-time capital asset purchase grants from the Ministry of Colleges and Universities Ontario (the "MCU") to acquire new computer equipment, software and furniture and equipment. This grant is being amortized at the same rates as the related assets.

In fiscal 2020, the Institute received a capital asset purchase grant for the aviation program from Community Economic Development and Diversification for the purchase of aircraft. This grant is being amortized at the same rates as the related assets.

The changes in the deferred contributions balance for the year are as follows:

	Unrestricted	Capital Reserve	2021	2020
Balance, beginning of year	1,181,020	-	1,181,020	770,739
Amount received during the year	1,876,738	-	1,876,738	560,071
Amounts recognized as revenue during the year	(208,442)	-	(208,442)	(149,790)
	<u>2,849,316</u>	<u>-</u>	<u>2,849,316</u>	<u>1,181,020</u>
Less: current portion	195,756	-	195,756	256,019
Balance, end of year	<u>2,653,560</u>	<u>-</u>	<u>2,653,560</u>	<u>925,001</u>

First Nations Technical Institute

Notes to the Financial Statements

For the year ended March 31, 2021

9. Commitments

Advances from Canadore College of Applied Arts and Technology

The Institute continues to offer programs in accordance with its existing partnership agreement with Canadore College of Applied Arts and Technology. The Institute has an agreement with Canadore College of Applied Arts and Technology to offer the First Peoples' Aviation Technology- Flight Ontario College Advanced Diploma program. In addition, the Institute also entered into an agreement for four years for other educational and training services.

The financial terms of the partnership agreement states that the Ministry of College's and Universities operating grants and the tuition fees generated from the accredited programs delivered pursuant to the agreement will be shared in the ratio of 80% to the institute and 20% to the college.

10. Economic Dependence

The Institute relies on the Governments of Ontario and Canada for the major portion of its income and accordingly, is economically dependent for the continuation of its operations on funding from these sources.

For the 2022 fiscal year, the MCU has committed funding of \$4,483,954 (2020 - \$3,518,267), which is subject to change at the discretion of the MCU.

For the 2022 fiscal year, the MCU has committed funding, which will flow through the Institute, in the amount of \$1,073,333 (2020 - \$1,000,000).

11. Pension Plans

During the year, the Institute expensed \$571,781 (2020 - \$564,591) for pension and employee benefits.

12. Financial Instruments

Financial instruments are financial assets or liabilities of the Institute where, in general, the Institute has the right to receive cash or another financial asset from another party or the Institute has the obligation to pay another party cash or other financial assets.

Financial instruments consist of cash, temporary investments, accounts receivable, long-term GPOG receivable, accounts payable and accruals and long-term debt.

The Institute initially recognized its financial instruments at fair value and subsequently measures them at amortized cost.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year and the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost.

13. Significant Event

Ongoing at year-end, there is a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Institute as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

14. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

First Nations Technical Institute
Schedule 1 - Other income
For the year ended March 31, 2021

	2021	2020
Contract revenue	-	-
Interest income	580	3,674
Miscellaneous income	150,345	233,538
Rental revenue	8,145	77,874
Other grants	831,952	679,760
	991,022	994,846

The First Nations Technical Institute
Schedule 2 - Reconciliation of Indigenous Services Canada Funding
For the year ended March 31, 2021

<i>I. ISSP</i>	<i>Bachelor of Education</i>	<i>Indigenous Food Sustainability</i>	<i>Midwifery Program</i>	<i>Indigenous Inter- Professional</i>	<i>ISC Covid</i>	<i>Total</i>
Revenue	-	-	-	-	36,273	36,273
Expenditures	-	-	-	-	41,737	41,737
Deficiency of revenues over expenditures	-	-	-	-	(5,463)	(5,463)

Per chapter 5.17 of the I.N.A.C. Financial Policies and Procedures manual, a schedule of revenues and expenditures for each program and/or service funded under the funding agreement is disclosed.










Please sign - 2021 Audited Financial Statements

Final Audit Report

2021-07-26

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By:	Jennifer Brant (jenniferb@fnti.net)
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