

**The First Nations Technical  
Institute**

**Financial Statements**  
For the year ended March 31, 2018

**The First Nations Technical Institute**  
**Financial Statements**  
For the year ended March 31, 2018

**Contents**

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## Independent Auditor's Report

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**To the Members of  
The First Nations Technical Institute**

*Report on the Financial Statements*

We have audited the accompanying financial statements of The First Nations Technical Institute which comprise the statement of financial position as at March 31, 2018 and March 31, 2017 and the statements of changes in fund balance, operations and cash flows for the years ended March 31, 2018 and March 31, 2017 and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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 that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The First Nations Technical Institute as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.

*Collins Barrow SEO LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Kingston, Ontario  
June 18, 2018

## The First Nations Technical Institute Statement of Financial Position

March 31 2018 2017

### Assets

#### Current

Cash and bank (Note 1)	\$ 2,996,691	\$ 1,297,072
Temporary investments (Note 2)	99,061	498,492
Accounts receivable (Note 3)	1,694,649	779,362
Prepaid expenses	80,373	64,392
Inventory	65,454	53,246
	4,936,228	2,692,564

Long-term GPOG receivable	684,246	529,096
Property, plant and equipment (Note 4)	1,695,671	805,805
	\$ 7,316,145	\$ 4,027,465

### Liabilities and Fund Balance

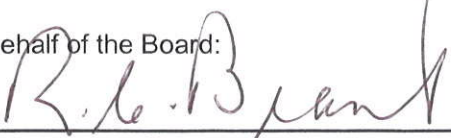
#### Current

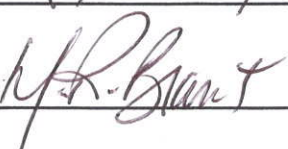
Accounts payable and accrued liabilities (Note 5)	\$ 1,364,295	\$ 584,261
Deferred revenue	1,592,637	107,682
Current portion of long-term debt (Note 6)	19,721	19,721
Current portion of deferred contributions (Note 7)	18,553	15,651
	2,995,206	727,315

Long-term debt (Note 6)	770,433	78,884
Deferred contributions (Note 7)	56,100	36,734
	3,821,739	842,933

Fund balance	3,494,406	3,184,532
	\$ 7,316,145	\$ 4,027,465

On behalf of the Board:

 Director

 Director

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## The First Nations Technical Institute Statement of Changes in Fund Balance

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Fund balance, beginning of year	\$ 3,184,532	\$ 2,468,803
Excess of revenue over expenditures for the year	<u>309,874</u>	<u>715,729</u>
Fund balance, end of year	<u>\$ 3,494,406</u>	<u>\$ 3,184,532</u>



## The First Nations Technical Institute Statement of Operations

For the year ended March 31	2018		2017	
<b>Revenue</b>				
Ministry of Advanced Education and Skills Development	\$	3,181,655 50.2 %	\$	2,191,500 41.4 %
Aviation		1,038,820 16.4		1,072,698 20.3
Justice programming		561,381 8.9		286,823 5.4
Tuition fees		445,425 7.0		472,377 8.9
OHAHASE Tuition (INAC)		315,216 5.0		332,525 6.3
General purpose operating grant		278,122 4.4		214,784 4.1
Other income (Schedule 2)		276,594 4.4		230,914 4.4
Indigenous Advanced Education and Skills Development		100,000 1.6		- -
Student services		97,387 1.5		20,808 0.4
Deferred contributions (Note 7)		25,132 0.4		22,336 0.4
Aboriginal Affairs and Northern Development Canada		16,174 0.2		441,865 8.3
		<b>6,335,906 100.0</b>		<b>5,286,630 100.0</b>
<b>Expenditures</b>				
Salaries and employee benefits		3,415,536		2,631,873
Program delivery		470,156		289,310
Travel and automotive		245,314		127,895
Office expenses		236,335		131,636
Advertising and promotion		217,480		120,554
Rent and utilities		151,304		124,741
Certification and tuition		131,927		128,373
Repairs and maintenance		123,186		52,140
Consulting fees		121,554		278,429
Student support		107,367		142,718
Insurance		93,847		91,802
Staff training		73,311		44,046
Aircraft fuel		72,415		53,485
Aircraft maintenance, parts, accessories and labour		53,062		64,262
Audit and accounting		34,850		34,350
Telephone		24,783		17,703
Bank charges and interest		21,900		22,366
Contract expense		11,730		4,922
Interest on long term debt		11,242		-
Bad debts (recovery)		-		57,187
		<b>5,617,299 88.7</b>		<b>4,417,792 83.6</b>
<b>Excess of revenue over expenditures before amortization</b>		<b>718,607 11.3</b>		<b>868,838 16.4</b>
<b>Amortization</b>		<b>195,593 3.1</b>		<b>153,109 2.9</b>
<b>Property, plant, and equipment impairment</b>		<b>213,140 3.4</b>		<b>- -</b>
<b>Excess of revenue over expenditures</b>	<b>\$</b>	<b>309,874 4.8 %</b>	<b>\$</b>	<b>715,729 13.5 %</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The First Nations Technical Institute Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ 309,874	\$ 715,729
Adjustments for items not involving cash		
Amortization of property, plant and equipment	195,593	153,109
Amortization of deferred contributions	(25,132)	(22,336)
Loss on disposal of property, plant and equipment	2,801	-
Impairment of property, plant and equipment	213,140	-
	<u>696,276</u>	<u>846,502</u>
Changes in non-cash working capital balances		
Accounts receivable	(915,287)	81,262
Prepaid expenses	(15,981)	(9,406)
Inventory	(12,208)	13,466
Accounts payable and accrued liabilities	780,034	33,138
Deferred revenue	1,484,955	75,683
Long-term GPOG receivable	(155,150)	(33,060)
	<u>1,166,363</u>	<u>161,083</u>
	<u>1,862,639</u>	<u>1,007,585</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(542,730)	(259,708)
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(19,721)	(91,728)
<b>Increase in cash and cash equivalents during the year</b>	<b>1,300,188</b>	<b>656,149</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,795,564</b>	<b>1,139,415</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,095,752</b>	<b>\$ 1,795,564</b>
<b>Represented by:</b>		
Cash and bank	\$ 2,996,691	\$ 1,297,072
Temporary investments	99,061	498,492
	<u>\$ 3,095,752</u>	<u>\$ 1,795,564</u>

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## The First Nations Technical Institute Summary of Significant Accounting Policies

**March 31, 2018**

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<b>Nature of Business</b>	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.																														
<b>Basis of Accounting</b>	These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.																														
<b>Temporary Investments</b>	Temporary investments are recorded at fair value.																														
<b>Inventory</b>	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.																														
<b>Property, Plant and Equipment</b>	<p>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:</p> <table><tr><td>Aircraft</td><td>- 10 years straight-line</td></tr><tr><td>Audio visual equipment</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Automotive equipment</td><td>- 30 % diminishing balance basis</td></tr><tr><td>Aviation equipment</td><td>- 10 % diminishing balance basis</td></tr><tr><td>Computer equipment and software</td><td>- 30 % diminishing balance basis</td></tr><tr><td>Flight simulator</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Fuel tank</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Instructional equipment</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Leasehold improvements</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Media equipment</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Non-directional beacon</td><td>- 10 % diminishing balance basis</td></tr><tr><td>Office equipment and furniture</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Runway</td><td>- 10 % diminishing balance basis</td></tr><tr><td>Sign</td><td>- 20 % diminishing balance basis</td></tr><tr><td>Student residence</td><td>- 4 % diminishing balance basis</td></tr></table>	Aircraft	- 10 years straight-line	Audio visual equipment	- 20 % diminishing balance basis	Automotive equipment	- 30 % diminishing balance basis	Aviation equipment	- 10 % diminishing balance basis	Computer equipment and software	- 30 % diminishing balance basis	Flight simulator	- 20 % diminishing balance basis	Fuel tank	- 20 % diminishing balance basis	Instructional equipment	- 20 % diminishing balance basis	Leasehold improvements	- 20 % diminishing balance basis	Media equipment	- 20 % diminishing balance basis	Non-directional beacon	- 10 % diminishing balance basis	Office equipment and furniture	- 20 % diminishing balance basis	Runway	- 10 % diminishing balance basis	Sign	- 20 % diminishing balance basis	Student residence	- 4 % diminishing balance basis
Aircraft	- 10 years straight-line																														
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Runway	- 10 % diminishing balance basis																														
Sign	- 20 % diminishing balance basis																														
Student residence	- 4 % diminishing balance basis																														



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## **The First Nations Technical Institute Summary of Significant Accounting Policies**

**March 31, 2018**

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### **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 expenditures 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, impairment of assets, accounts receivable, inventory, amortization and accounts payable and accrued liabilities.

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.

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.

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## **The First Nations Technical Institute Summary of Significant Accounting Policies**

**March 31, 2018**

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### **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.

During the year, the Institute contributed an additional 4.95% of salary to all eligible employee pension plans, to an annual maximum of \$2,564 each.

### **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.

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## The First Nations Technical Institute Notes to Financial Statements

**March 31, 2018**

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### 1. Cash and Bank

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

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### 2. Temporary Investments

	<u>2018</u>	<u>2017</u>
Cashable Guaranteed Investment Certificates, with interest rates at 0.50% and maturity dates from November 2018 to February 2019	<u>\$ 99,061</u>	<u>\$ 498,492</u>

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### 3. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 1,478,880	\$ 675,231
General purpose operating grant (GPOG) receivable	175,697	207,009
HST recoverable	<u>141,216</u>	<u>54,933</u>
	1,795,793	937,173
Allowance for doubtful accounts	<u>(101,144)</u>	<u>(157,811)</u>
	<u>\$ 1,694,649</u>	<u>\$ 779,362</u>

## The First Nations Technical Institute Notes to Financial Statements

March 31, 2018

### 4. Property, Plant and Equipment

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Aircraft	\$ 614,358	\$ 614,358	\$ 614,358	\$ 614,358
Audio visual equipment	100,103	86,093	100,103	82,591
Automotive equipment	168,845	129,225	179,268	163,933
Aviation equipment	264,148	199,878	264,148	192,737
Computer equipment and software	458,655	399,040	458,655	373,490
Flight simulator	210,618	103,495	210,964	76,715
Fuel tank	27,649	26,721	27,649	26,489
Instructional equipment	430,775	349,952	375,379	329,746
Leasehold improvements	1,157,411	1,061,265	1,086,871	1,037,228
Media equipment	259,461	254,780	259,461	253,610
Non-directional beacon	15,000	12,313	15,000	12,015
Office equipment and furniture	1,027,432	966,673	1,027,432	951,484
Runway	140,392	65,540	140,392	57,223
Sign	1,000	974	1,000	967
Student residence	1,466,537	376,406	547,945	330,234
	<u>\$ 6,342,384</u>	<u>\$ 4,646,713</u>	<u>\$ 5,308,625</u>	<u>\$ 4,502,820</u>
Net book value		<u>\$ 1,695,671</u>		<u>\$ 805,805</u>

During the year, the Institute acquired property plant and equipment at an aggregate cost of \$1,301,400 (2017 - \$331,100) of which \$47,400 (2017 - \$71,392) was financed by a deferred contribution, another \$711,270 (2017- \$Nil) was financed by debt and the remaining \$542,730 (2017 - \$259,708) paid in cash.



## The First Nations Technical Institute Notes to Financial Statements

**March 31, 2018**

### 5. Accounts Payable and Accrued Liabilities

	2018	2017
Trade accounts payable	\$ 860,017	\$ 396,527
Repayable to government agencies	425,912	186,736
Source deductions payable	75,999	-
WSIB payable	2,367	998
	<u>\$ 1,364,295</u>	<u>\$ 584,261</u>

The Institute also has a \$120,000 (2017 - \$115,000) aggregate limit on corporate Visa credit cards, of which \$50,083 (2017 - \$88,907) remains unused at year-end.

### 6. Long-term Debt

	2018	2017
Royal Bank, term loan repayable, prime plus 0.25%, interest only payment, due August 2022 secured by residence building with a net book value of \$1,086,475	\$ 711,270	\$ -
Mohawks of the Bay of Quinte, non interest bearing, interest will be charged at 6% in the event of default, due November 30, 2022 secured by aircraft with a net book value of \$Nil	78,884	98,605
	<u>790,154</u>	98,605
Less amounts due within one year included in current liabilities	<u>19,721</u>	19,721
	<u>\$ 770,433</u>	<u>\$ 78,884</u>

Principal repayments for the next five years are as follows:

2019	\$ 19,721
2020	19,721
2021	19,721
2022	19,721
2023	711,270
	<u>\$ 790,154</u>

## The First Nations Technical Institute Notes to Financial Statements

**March 31, 2018**

### 7. Deferred Contributions

In fiscal 2010, 2017 and 2018, the Institute received one-time capital asset purchase grants from the Ministry of Advanced Education and Skills Development (the "MAESD") to acquire new computer equipment and software. 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:

	2018	2017
Balance, beginning of year	\$ 52,385	\$ 3,329
Ministry of Advanced Education and Skills Development	47,400	71,392
Less amounts recognized as revenue in the year	25,132	22,336
	74,653	52,385
Less amounts to be recognized in revenue within one year	18,553	15,651
	\$ 56,100	\$ 36,734

### 8. Commitments

#### Advances from St. Lawrence College of Applied Arts and Technology

The Institute continues to offer programs in accordance with its existing partnership agreement with St. Lawrence College of Applied Arts and Technology (the "College") pertaining to educational and training services. The financial terms of the partnership agreement state that the MAESD operating grants and the tuition fees generated from accredited programs delivered pursuant to the agreement will be shared in the ratio of 80% to the Institute and 20% to the College. The partnership agreement stipulates that the College will annually advance funds to the Institute for the 80% share of the MAESD operating grants that will be distributed in future years pursuant to the MAESD's deferred funding formula. The partnership agreement states that the advances will be repaid to the College in the year of receipt of the operating grants.

Accredited programs commencing after August 2011 are subject to a new partnership agreement whereby the Institute's share of MAESD operating grants will be paid to the Institute in the year of receipt by the College, pursuant to the MAESD's deferred funding formula.

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## The First Nations Technical Institute Notes to Financial Statements

March 31, 2018

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### 9. 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 2019 fiscal year, the MAESD has committed funding of \$2,342,241 (2018-\$2,191,500), which is subject to change at the discretion of the MAESD.

For the 2019 fiscal year, the Ministry of Indian Affairs and Northern Development has committed funding of up to \$204,700 (2018 - \$266,200).

For the 2019 fiscal year, the MAESD has committed funding, which will flow through the Canada College of Applied Arts and Technology, in the amount of \$1,000,000 (2018-\$1,000,000).

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### 10. Pension Plans

During the year, the Institute expensed \$296,197 (2017 - \$256,515) for pension and employee benefits.

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### 11. 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 and bank, temporary investments, accounts receivable, long-term GPOG receivable, bank indebtedness, accounts payable and accrued liabilities 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.

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## **The First Nations Technical Institute Notes to Financial Statements**

**March 31, 2018**

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### **12. Financial Statement Presentation**

In some instances, comparative figures have been reclassified in order to comply with the current year's presentation.



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## Auditor's Comments on Supplementary Financial Information

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**To the Members of  
The First Nations Technical Institute**

The audited financial statements of The First Nations Technical Institute as at March 31, 2018 and our report thereon dated June 18, 2018 are presented in a separate financial report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Collins Barrow SEO LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Kingston, Ontario  
June 18, 2018

**The First Nations Technical Institute**  
**Schedule 1 - Reconciliation of Indian and Northern Affairs Funding**

For the year ended March 31										2018
I. ISSP	Indigenous Community Mental Health and Addiction	Indigenous Community Diabetes Support	Native Social Service Worker	Office Administration	Masters of Public Admin	Bachelor of Social Work	Master of Social Work	Public Administration and Governance	Personal Support Worker	TOTAL
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,200	\$ -	\$ -	\$ -	\$ 266,200
Expenditures	-	-	-	-	-	16,907	-	-	-	16,907
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,293	\$ -	\$ -	\$ -	\$ 249,293

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.

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**First Nations Technical Institute  
Schedule 2 - Other Income**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
	<b>Actual Audited</b>	<b>Actual Audited</b>
<b>Other Income</b>		
Contract revenue	\$ 101,121	\$ 98,067
Interest income	4,633	1,900
Miscellaneous income	121,030	80,903
Wage recovery	-	-
Rental revenue	49,810	50,044
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	\$ 276,594	\$ 230,914

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