

First Nations Technical Institute
Financial Statements
March 31, 2023

First Nations Technical Institute Contents

For the year ended March 31, 2023

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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, 2023, 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, 2023, 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.

MNP LLP

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- 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 26, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

First Nations Technical Institute Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	4,154,896	3,125,523
Temporary investments (Note 3)	4,681,687	100,639
Accounts receivable (Note 4)	13,674,206	6,006,914
Prepaid expenses and deposits	257,088	214,426
Inventory	28,836	17,807
	22,796,713	9,465,309
Long-term GPOG receivable	1,674,794	1,513,342
Property, plant and equipment (Note 5)	6,827,834	3,435,728
	31,299,341	14,414,379
Liabilities		
Current		
Accounts payable and accruals (Note 6)	2,422,274	1,322,509
Deferred revenue	2,288,882	1,006,814
Deferred insurance proceeds	11,779,475	-
Current portion of deferred contributions (Note 7)	200,180	212,757
	16,690,811	2,542,080
Deferred contributions (Note 7)	4,588,515	3,238,806
	21,279,326	5,780,886
Net Assets		
Unrestricted	8,520,015	7,133,493
Internally restricted - Capital reserve	1,500,000	1,500,000
	10,020,015	8,633,493
	31,299,341	14,414,379

Approved on behalf of the Board

R. C. Brant

Director

W. R. Brant

Director

The accompanying notes are an integral part of these financial statements

First Nations Technical Institute
Statement of Operations
For the year ended March 31, 2023

	2023	2022
Revenue		
Ministry of Colleges and Universities	5,646,932	5,379,030
Aviation	1,093,773	1,089,545
Justice programming	872,491	874,298
Tuition fees	738,876	793,322
General purpose operating grant	879,033	848,077
Other income <i>(Schedule 1)</i>	1,517,018	2,331,894
Amortization of deferred contributions	89,536	232,308
Indigenous Services Canada <i>(Schedule 2)</i>	2,097,808	1,180,908
	12,935,467	12,729,382
Expenses		
Salaries and employee benefits	8,006,683	7,985,025
Program delivery	1,485,856	1,126,008
Advertising and promotion	121,554	123,112
Office expenses	247,030	283,329
Rent and utilities	153,042	154,004
Insurance	238,030	221,642
Repairs and maintenance	174,132	102,476
Student support	133,781	144,716
Consulting/Contract	269,033	485,856
Certification and tuition	119,715	105,404
Telephone	66,467	51,084
Aircraft fuel	80,717	103,484
Audit and accounting	32,025	32,813
Staff training	84,054	99,640
Bank charges and interest	13,653	12,745
Travel and automotive	63,908	24,299
	11,289,680	11,055,637
Excess of revenue over expenses before other items	1,645,787	1,673,745
Other items		
Amortization	(318,127)	(490,246)
Property, plant and equipment impairment	-	(18,353)
Hangar contents insurance claim - net of recovery	58,862	(55,327)
Aviation insurance claim - net recovery	-	637,881
Excess of revenue over expenses	1,386,522	1,747,700

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, 2023

	<i>Unrestricted</i>	<i>Capital Reserve</i>	2023	<i>2022</i>
Fund balances, beginning of year	7,133,493	1,500,000	8,633,493	6,885,793
Excess of revenue over expenses	1,386,522	-	1,386,522	1,747,700
Fund balances, end of year	8,520,015	1,500,000	10,020,015	8,633,493

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, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	1,386,522	1,747,700
Amortization	318,127	490,246
Amortization of deferred contributions	(89,536)	(232,308)
Impairment of property, plant and equipment	-	18,353
Gain on disposal of capital assets due to fire	-	(633,177)
	1,615,113	1,390,814
Changes in working capital accounts		
Accounts receivable	(7,667,292)	(4,286,740)
Prepaid expenses and deposits	(42,662)	(73,270)
Inventory	(11,029)	27,864
Long-term GPOG receivable	(161,452)	(191,610)
Accounts payable and accruals	1,099,765	(55,203)
Deferred revenue	13,061,543	(402,911)
	7,893,986	(3,591,056)
Financing		
Repayment of long-term debt	-	(19,721)
Investing		
Purchase of capital assets	(2,283,565)	(1,075,222)
Insurance proceeds relating to loss of capital assets	-	3,779,358
Increase (decrease) in cash resources	5,610,421	(906,641)
Cash resources, beginning of year	3,226,162	4,132,803
Cash resources, end of year	8,836,583	3,226,162
Cash resources are composed of:		
Cash	4,154,896	3,125,523
Temporary investments	4,681,687	100,639
	8,836,583	3,226,162

The accompanying notes are an integral part of these financial statements

First Nations Technical Institute

Notes to the Financial Statements

For the year ended March 31, 2023

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.

1. Significant Accounting Policies (continued)

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

	2023	2022
Cashable Guaranteed Investment Certificates, with interest rates at 1.75% and 2.70% with maturity dates from August 2023 to February 2024	4,681,687	100,639

First Nations Technical Institute
Notes to the Financial Statements

For the year ended March 31, 2023

4. Accounts receivable

	2023	2022
Trade receivables	839,530	1,549,014
General purpose operating grant (GPOG) receivable	736,769	557,889
HST recoverable	376,373	128,199
Insurance proceeds receivable	11,779,475	3,826,803
	13,732,147	6,061,905
Allowance for doubtful accounts	(57,941)	(54,991)
	13,674,206	6,006,914

5. Property, Plant and Equipment

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Aircraft	1,640,759	7,636	1,633,123	-
Assets under construction	3,308,464	-	3,308,464	1,356,011
Audio visual equipment	326,659	231,010	95,649	110,763
Automotive	63,017	57,606	5,411	7,730
Aviation equipment	206,488	197,211	9,277	10,308
Computer equipment and software	728,711	536,250	192,461	256,436
Flight simulator	165,617	130,903	34,714	43,393
Fuel tank	125,831	61,405	64,426	80,532
Instructional equipment	243,702	144,542	99,160	99,436
Leasehold improvements	1,703,077	1,477,068	226,009	282,511
Media equipment	106,414	71,544	34,870	43,587
Non-directional beacon	15,000	13,413	1,587	1,763
Office equipment and furniture	1,353,234	1,180,784	172,450	150,362
Runway	140,392	96,193	44,199	49,110
Student residence	1,156,448	250,414	906,034	943,786
	11,283,813	4,455,979	6,827,834	3,435,728

During the year, the Institute acquired property plant and equipment at an aggregate cost of \$3,710,233 (2022 - \$1,909,777) of which \$1,426,668 (2022 - \$834,555) was financed by a deferred contribution, and the remaining \$2,283,565 (2022 - \$1,075,222) paid in cash.

First Nations Technical Institute
Notes to the Financial Statements
For the year ended March 31, 2023

6. Accounts Payable and Accruals

	2023	2022
Trade accounts payable	2,003,606	905,291
Repayable to government agencies	388,618	388,618
Source deductions payable	29,598	26,156
WSIB payable	452	2,444
	2,422,274	1,322,509

The Institute also has a \$250,000 (2022 - \$193,000) aggregate limit on corporate Visa credit cards, of which \$194,000 (2022 - \$159,981) remains unused at year-end.

7. 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:

	<i>Unrestricted</i>	<i>Capital Reserve</i>	2023	2022
Balance, beginning of year	3,451,563	-	3,451,563	2,849,316
Amount received during the year	1,426,668	-	1,426,668	834,555
Amounts recognized as revenue during the year	(89,536)	-	(89,536)	(232,308)
	4,788,695	-	4,788,695	3,451,563
Less: current portion	200,180	-	200,180	212,757
Balance, end of year	4,588,515	-	4,588,515	3,238,806

8. Interfund transfers

During the year, the board of directors approved a transfer of \$11,779,475 (2022 - \$Nil) from the Unrestricted fund to the Capital Reserve fund.

First Nations Technical Institute

Notes to the Financial Statements

For the year ended March 31, 2023

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 2024 fiscal year, the MCU has committed funding of \$5,646,932 (2023 - \$5,090,128), which is subject to change at the discretion of the MCU.

For the 2024 fiscal year, the MCU has committed funding, which will flow through the Institute, in the amount of \$1,073,333 (2023 - \$1,073,333).

11. Pension Plans

During the year, the Institute expensed \$830,671 (2022 - \$748,121) 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. 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, 2023

	2023	2022
Interest income	82,927	1,148
Miscellaneous income	226,554	206,406
Rental revenue	43,325	26,413
Other grants	1,164,212	2,097,927
	1,517,018	2,331,894

The First Nations Technical Institute
Schedule 2 - Reconciliation of Indigenous Services Canada Funding

For the year ended March 31, 2023

<i>I. ISSP</i>	<i>PSPP - Design & Delivery</i>	<i>PSPP - Design & Delivery</i>	<i>PSPP - Design & Delivery</i>	<i>Total</i>
Revenue	1,089,140	652,668	356,000	2,097,808
Expenditures	1,106,937	728,610	356,000	2,191,547
Deficiency of revenues over expenditures	(17,797)	(75,942)	-	(93,739)

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.

The accompanying notes are an integral part of these financial statements











2023-03-31 Financial Statements - 797548

Final Audit Report

2023-07-18

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-  Document e-signed by W.R.Brant (winstonbrant1@gmail.com)
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