

First Nations Technical Institute
Financial Statements
March 31, 2022

First Nations Technical Institute
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For the year ended March 31, 2022

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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, 2022, and the statements of operations and 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, 2022, 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

July 26, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

First Nations Technical Institute
Statement of Financial Position

As at March 31, 2022

	2022	2021
Assets		
Current		
Cash	3,125,523	4,032,307
Temporary investments (Note 3)	100,639	100,496
Accounts receivable (Note 4)	6,006,914	1,720,174
Prepaid expenses and deposits	214,426	141,156
Inventory	17,807	45,671
	9,465,309	6,039,804
Long-term GPOG receivable	1,513,342	1,321,732
Property, plant and equipment (Note 5)	3,435,728	5,180,731
	14,414,379	12,542,267
Liabilities		
Current		
Accounts payable and accruals (Note 6)	1,322,509	1,377,712
Deferred revenue	1,006,814	1,409,725
Current portion of long-term debt (Note 7)	-	19,721
Current portion of deferred contributions (Note 8)	212,757	195,756
	2,542,080	3,002,914
Deferred contributions (Note 8)	3,238,806	2,653,560
	5,780,886	5,656,474
Net Assets		
Unrestricted	7,133,493	5,385,793
Internally restricted - Capital reserve	1,500,000	1,500,000
	8,633,493	6,885,793
	14,414,379	12,542,267

Approved on behalf of the Board

R. C. Brant

R. C. Brant (Aug 5, 2022 19:47 EDT)

Director



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, 2022

	2022	2021
Revenue		
Ministry of Colleges and Universities	5,379,030	5,296,240
Aviation	1,089,545	1,106,447
Justice programming	874,298	671,424
Tuition fees	793,322	629,967
General purpose operating grant	848,077	691,138
Other income (Schedule 1)	2,331,894	991,022
Amortization of deferred contributions	232,308	208,442
Indigenous Services Canada (Schedule 2)	1,180,908	36,273
	12,729,382	9,630,953
Expenses		
Salaries and employee benefits	7,985,025	6,144,756
Program delivery	1,023,770	618,195
Advertising and promotion	123,112	163,862
Office expenses	283,329	151,745
Rent and utilities	154,004	145,826
Insurance	221,642	139,323
Repairs and maintenance	102,476	70,001
Student support	144,716	67,543
Consulting/Contract	485,856	246,796
Certification and tuition	105,404	52,644
Aircraft maintenance, parts, accessories and labour	77,819	45,620
Bad debts	24,419	45,242
Telephone	51,084	44,491
Aircraft fuel	103,484	37,485
Audit and accounting	32,813	29,924
Staff training	99,640	21,948
Bank charges and interest	12,745	11,393
Travel and automotive	24,299	7,719
	11,055,637	8,044,513
Excess of revenue over expenses before other items	1,673,745	1,586,440
Other items		
Amortization	(490,246)	(473,760)
Loss on disposal of capital assets	-	(594)
Property, plant and equipment impairment	(18,353)	-
Hangar contents insurance claim - net of recovery (Note 13)	(55,327)	-
Aviation insurance claim - net recovery (Note 13)	637,881	-
Excess of revenue over expenses	1,747,700	1,112,086

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, 2022

	<i>Unrestricted</i>	<i>Capital Reserve</i>	2022	2021
Fund balances, beginning of year	5,385,793	1,500,000	6,885,793	5,773,707
Excess of revenue over expenses	1,747,700	-	1,747,700	1,112,086
Fund balances, end of year	7,133,493	1,500,000	8,633,493	6,885,793

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, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	1,747,700	1,112,086
Amortization	490,246	473,760
Amortization of deferred contributions	(232,308)	(208,442)
Loss on disposal of capital assets	-	594
Impairment of property, plant and equipment	18,353	-
Gain on disposal of capital assets due to fire	(633,177)	-
	1,390,814	1,377,998
Changes in working capital accounts		
Accounts receivable	(4,286,740)	47,898
Prepaid expenses and deposits	(73,270)	(52,435)
Inventory	27,864	4,493
Long-term GPOG receivable	(191,610)	(78,443)
Accounts payable and accruals	(55,203)	265,048
Deferred revenue	(402,911)	1,264,912
	(3,591,056)	2,829,471
Financing		
Repayment of long-term debt	(19,721)	(19,721)
Investing		
Purchase of capital assets	(1,075,222)	(359,560)
Insurance proceeds relating to loss of capital assets	3,779,358	-
Increase (decrease) in cash resources	(906,641)	2,450,190
Cash resources, beginning of year	4,132,803	1,682,613
Cash resources, end of year	3,226,162	4,132,803
Cash resources are composed of:		
Cash	3,125,523	4,032,307
Temporary investments	100,639	100,496
	3,226,162	4,132,803

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, 2022

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

	2022	2021
Cashable Guaranteed Investment Certificates, with interest rates at 0.10% and 0.80% with maturity dates from November 2022 to February 2023	100,639	100,496

First Nations Technical Institute
Notes to the Financial Statements
For the year ended March 31, 2022

4. Accounts receivable

	2022	2021
Trade receivables	1,549,014	1,251,782
General purpose operating grant (GPOG) receivable	557,889	477,947
HST recoverable	128,199	268,511
Insurance proceeds receivable	3,826,803	-
	6,061,905	1,998,240
Allowance for doubtful accounts	(54,991)	(278,066)
	6,006,914	1,720,174

5. Property, Plant and Equipment

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Aircraft	-	-	-	2,052,047
Assets under construction	1,356,011	-	1,356,011	806,991
Audio visual equipment	317,861	207,098	110,763	138,982
Automotive	63,017	55,287	7,730	13,590
Aviation equipment	206,488	196,180	10,308	50,014
Computer equipment and software	710,202	453,766	256,436	140,111
Flight simulator	165,617	122,224	43,393	54,846
Fuel tank	125,831	45,299	80,532	110,706
Instructional equipment	219,188	119,752	99,436	205,602
Leasehold improvements	1,703,077	1,420,566	282,511	353,139
Media equipment	106,414	62,827	43,587	56,880
Non-directional beacon	15,000	13,237	1,763	1,959
Office equipment and furniture	1,288,033	1,137,671	150,362	156,302
Runway	140,392	91,282	49,110	54,567
Sign	-	-	-	13
Student residence	1,156,448	212,662	943,786	984,982
	7,573,579	4,137,851	3,435,728	5,180,731

During the year, the Institute acquired property plant and equipment at an aggregate cost of \$1,909,777 (2021 - \$2,236,298) of which \$834,555 (2021 - \$1,876,738) was financed by a deferred contribution, and the remaining \$1,075,222 (2021 - \$359,560) paid in cash. During the year, assets with a net book value of \$18,353 were disposed of for \$Nil proceeds due to obsolescence.

During the year, property plant and equipment with a net book value \$3,146,181 were disposed of due to loss from a fire that occurred at the Institute's airfield and hangar resulting in a loss of all aircraft, related property and equipment, and aviation parts inventory.

First Nations Technical Institute
Notes to the Financial Statements
For the year ended March 31, 2022

6. Accounts Payable and Accruals

	2022	2021
Trade accounts payable	905,291	880,061
Repayable to government agencies	388,618	428,901
Source deductions payable	26,156	66,766
WSIB payable	2,444	1,984
	1,322,509	1,377,712

The Institute also has a \$193,000 (2021 - \$185,000) aggregate limit on corporate Visa credit cards, of which \$159,981 (2021 - \$96,481) remains unused at year-end.

7. Long-term Debt

	2022	2021
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
Less: Current portion	-	19,721
	-	-

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	2022	2021
Balance, beginning of year	2,849,316	-	2,849,316	1,181,020
Amount received during the year	834,555	-	834,555	1,876,738
Amounts recognized as revenue during the year	(232,308)	-	(232,308)	(208,442)
	3,451,563	-	3,451,563	2,849,316
Less: current portion	212,757	-	212,757	195,756
Balance, end of year	3,238,806	-	3,238,806	2,653,560

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 2023 fiscal year, the MCU has committed funding of \$5,090,128 (2021 - \$4,483,954), which is subject to change at the discretion of the MCU.

For the 2023 fiscal year, the MCU has committed funding, which will flow through the Institute, in the amount of \$1,073,333 (2021 - \$1,073,333).

11. Pension Plans

During the year, the Institute expensed \$748,121 (2021 - \$571,781) 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

During they year, the Institute's airport hangar was completely destroyed in a fire. The fire also destroyed the entire fleet of planes and parts inventory used by the Aviation program. The assets that were destroyed are expected to be substantially covered and replaced by insurance proceeds. The processing of the insurance claim is ongoing at year-end.

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, 2022

	2022	2021
Contract revenue	-	-
Interest income	1,148	580
Miscellaneous income	206,406	150,345
Rental revenue	26,413	8,145
Other grants	2,097,927	831,952
	2,331,894	991,022

The First Nations Technical Institute
Schedule 2 - Reconciliation of Indigenous Services Canada Funding
For the year ended March 31, 2022

<i>I. ISSP</i>	<i>PSPP - Design & Delivery</i>	<i>PSPP - Design & Delivery</i>	<i>PSPP - Design & Delivery</i>	<i>PSPP - Design & Delivery</i>	<i>PSE - Covid</i>	<i>Total</i>
Revenue	5,333	14,744	230,000	250,831	680,000	1,180,908
Expenditures	5,377	15,187	230,000	250,831	680,000	1,181,395
Deficiency of revenues over expenditures	(44)	(443)	-	-	-	(487)

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.

FNTI Audited Financial Statements for Fiscal Year End March 31 2022

Final Audit Report

2022-08-05

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