

Financial Statements of

**FIRST NATIONS UNIVERSITY
OF CANADA**

Years ended March 31, 2013 and March 31, 2012

FIRST NATIONS UNIVERSITY OF CANADA

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March 31, 2013

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ASSETS

4,223,174 5,741,996 4,191,171

Cash

Non-current

	2013	2012
Revenues		
Administration fees	\$ 17,752	\$ 12,543
Amortization of deferred contributions	522,656	520,210
Facility lease	1,092,659	1,003,749
Federal government grant	7,000,000	7,000,000
Interest	31,752	27,983
Miscellaneous	20,371	22,587
Nursing and dental program grants	2,283,000	2,830,178
Provincial government grant	3,293,900	3,228,900
Research programs	108,517	78,860
Parking lot revenue	106,027	91,428
Special projects	818,089	692,936
Student academic fees	<u>4,751,315</u>	<u>4,233,671</u>
Total revenues	<u>20,046,038</u>	<u>19,743,045</u>
Expenses		
Academic instruction	7,459,041	7,788,083
Administration	3,604,160	3,314,636
Amortization of property, plant and equipment	1,414,853	1,368,302
Ancillary services	112,605	63,097
Computing and communications	1,007,821	619,852
Interest on long-term debt	838,721	888,801
Library	405,218	368,192
Physical plant	2,402,538	2,309,710
Research projects	134,668	103,618
Special projects	791,886	660,340
Student services	<u>1,037,508</u>	<u>1,044,478</u>
Total expenses	<u>19,209,019</u>	<u>18,529,109</u>
Excess of revenues over expenses	<u>\$ 837,019</u>	<u>\$ 1,213,936</u>

See accompanying notes to financial statements

	Restricted for trust and endowments	Restricted for research	Unrestricted	Total Net Assets
Balance at April 1, 2011	\$ 1,318,966	\$ 85,235	\$ 5,042,725	\$ 6,446,926
Excess (deficiency) of revenue over expenses (note 14)	-	(24,761)	1,238,697	1,213,936
Donations	189,558	-	-	189,558
Scholarships and grants	(41,290)	-	-	(41,290)
Investment income related to trust and endowments	21,947	-	-	21,947
Balance at March 31, 2012	\$ 1,489,181	\$ 60,474	\$ 6,281,422	\$ 7,831,077
Balance at April 1, 2012	\$ 1,489,181	\$ 60,474	\$ 6,281,422	\$ 7,831,077
Excess (deficiency) of revenue over expenses (note 14)	-	(26,150)	863,169	837,019
Donations	66,901	-	-	66,901
Scholarships and grants	(94,769)	-	-	(94,769)
Investment income related to trust and endowments	144,848	-	-	144,848

	2013	2012
Cash provided by (used for):		
Operations		
Excess of revenue over expenses	\$ 837,019	\$ 1,213,936
Items not involving cash:		
Amortization of property, plant and equipment	1,414,853	1,368,302
Amortization of deferred contributions	(522,656)	(520,210)
Change in non-cash operating items:		
Accounts receivable	(220,751)	(56,812)
Prepaid expenses and inventory	(12,016)	4,407
Accounts payable	(1,786,951)	1,032,304
Deferred revenue	119,961	(279,591)
	<u>(170,541)</u>	<u>2,762,336</u>
Investing		
Donations restricted for trust and endowments	66,901	189,558
Payment of grants and scholarships	(94,769)	(41,290)
Investment income related to trust and endowments	144,848	21,947
Purchase of investments	(95,030)	(30,917)
Purchase of property, plant and equipment	(1,115,452)	(716,118)
	<u>(1,093,502)</u>	<u>(576,820)</u>
Financing		
Receipt of deferred contributions	97,843	22,530
Repayment of long-term debt	(352,672)	(657,221)
	<u>(254,829)</u>	<u>(634,691)</u>
Increase (decrease) in bas	(1,518,872)	1,550,825
Cash, beginning of year	<u>5,741,996</u>	<u>4,191,171</u>
Cash, end of year	<u>\$ 4,223,124</u>	<u>\$ 5,741,996</u>

See accompanying notes to financial statements

1. Nature of operations

The First Nations University of Canada (the "University") is a First Nations controlled, post-secondary educational institution providing educational opportunities to both First Nations and non-First Nations students. It is incorporated under the Non-profit Corporations Act of Saskatchewan.

The University's mission is to enhance the quality of life and to preserve, protect, and interpret the history, language, culture, and artistic heritage of First Nations.

The University is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

2. Basis of preparation

The financial statements for the year ended March 31, 2013 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook. These are the first set of financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The University's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP).

Canadian GAAP differs in some respects from Canadian accounting standards for not-for-profit organizations and the comparative figures for 2012 have been restated to reflect these adjustments. Any adjustments as a result of adopting Canadian accounting standards for not-for-profit organizations have been reflected in the University's opening statement of financial position as at April 1, 2011, the transition date.

Certain information that is considered material to the understanding of the University's financial statements along with reconciliations and descriptions of how the transition from Canadian GAAP to Canadian accounting standards for not-for-profit organizations has affected the reported financial position, financial performance and cash flows are provided in note 3.

6. Property, plant and equipment (continued):

The University leases a portion of its building to an external party, the cost and accumulated amortization of which is included in Building-Regina.

The proportionate share of cost related to the leased property is \$11,450,529 (2012 - \$11,450,529) and the proportionate share of accumulated amortization is \$2,826,163 (2012 - \$2,542,433).

7. Investments

	March 31, 2013	March 31, 2012
Pooled funds	\$ 924,716	\$ 840,936
Investment held in trust	<u>770,625</u>	<u>759,375</u>
	<u>\$ 1,695,341</u>	<u>\$ 1,600,311</u>

Pooled fund investments are held in a balanced pooled fund on behalf of the First Nations University of Canada by the University of Regina. The pooled fund has no fixed distribution rate and fund returns are based on the success of the fund manager.

8. Risk management (continued):

Market risk

The University is exposed to interest rate risk on its long-term debt, the details of which are discussed in note 10.

The University's investments are in a pooled fund which consists of individual equity investments and, accordingly, are subject to equity price risk.

The University is not subject to foreign exchange risk.

9. Line of credit

The University has an authorized line of credit to a maximum of \$500,000 bearing interest at prime, secured by a general security agreement. At March 31, 2013 no amounts were drawn against this line of credit (2012 - \$nil).

10. Accounts payable

Included in accounts payable are government remittances payable of \$149,249 (2012 - \$801,003).

11. Long term debt

	March 31, 2013	March 31, 2012
Mortgage payable at an interest rate of 6.975% repayable in monthly installments during the year averaging of \$99,283 due June 2032. The mortgage is secured by a first mortgage on the Regina Building located at the U of R Campus, Regina, Saskatchewan and a general security agreement.	\$ 12,721,640	\$ 13,074,312
Less current portion	<u>373,400</u>	<u>352,672</u>
	<u>\$ 12,348,240</u>	<u>\$ 12,721,640</u>

Required principal repayments on long-term debt in each of the next five years, calculated using the minimum required payments, and assuming loans are refinanced on similar terms and conditions, are approximately as follows:

2014	\$ 373,400
2015	395,348
2016	418,585
2017	443,188
2018	469,237
Thereafter	10,621,882

12. Deferred contributions

Deferred contributions relate to property, plant and equipment and represent the unamortized amount of donations and grants received for the purchase of definite life property, plant and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations as the related property, plant and equipment is amortized.

March 31,	March 31
2013	2012

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14. Restricted for research

	March 31, 2013	March 31, 2012
Balance, beginning of year	\$ 60,474	\$ 85,235
Research projects revenue	108,517	78,860
Research projects expenses	<u>(134,667)</u>	<u>(103,621)</u>
Balance, end of year	<u>\$ 34,324</u>	<u>\$ 60,474</u>

15. Related party transactions

Included in these financial statements are revenues and expenses resulting from routine operating transactions with related parties to the University. Related parties to the University include all disbursements to the Federation of Saskatchewan Indian Nations.

These transactions are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed by the related parties. The University had the following transactions with related parties:

	March 31, 2013	March 31, 2012
Accounts receivable	\$ 7,200	-
Accounts payable	80	-
Facility lease revenue	7,311	-
Administration expense	5,494	750
Special projects expense	1,625	-

16. Commitments

The University has entered into lease agreements for its office equipment and buildings. The following is a schedule of the future minimum payments for the next five years under operating leases.

Year ended March 31

2014	\$	523,678
2015		164,126
2016		55,252
2017		55,252
2018		-

17. Contingencies

Two claims filed by an administrative person and a former member previously employed at the University were outstanding at March 31, 2013. The University believes that the claims are without merit and will be defended. Any payments will be accounted for in the year of settlement.

18. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

	Functional Area						2013	2012
	Academic Instruction	Student Services	Physical Plant	Library	Computing and Communication	Administration		
Salaries & benefits	\$ 6,411,019	\$ 843,307	\$ 699,767	\$ 387,150	\$ 569,036	\$ 1,910,802	\$ 10,821,081	\$ 10,988,638
Space rental and occupancy	400,500	-	1,439,834	-	210,880	-	2,051,214	1,842,002
Student activities	30,955	63,688	180	-	-	10,122	104,945	94,636
Supplies and service	497,396	77,389	248,349	13,668	176,648	1,547,930	2,561,380	2,212,194
Travel	119,171	53,123	14,409	4,400	51,435	135,128	377,666	307,481
Total	\$ 7,459,041	\$ 1,037,507	\$ 2,402,539	\$ 405,218	\$ 1,007,999	\$ 3,603,982	15,916,286	15,444,951
Amortization							1,414,853	1,368,302
Ancillary services							112,605	63,097
Interest on long-term debt							838,721	888,801
Research projects (schedule 4)							134,668	103,618
Special projects (schedule 5)							791,886	660,340
							3,292,733	3,084,158
Total							\$ 19,209,019	\$ 18,529,109

	2013	2012
U of R – University of Regina – Indigenous Peoples Health Research Centre	\$ 108,517	\$ 50,174
Social Sciences and Humanities Research Council	-	16,000
Canada Foundation of Innovation	-	12,686
Total		

	2013	2012
Provincial Government:		
Sask Advanced Education & Employment	\$ 64,769	\$ 54,103
Sask Culture	10,125	7,438
Sask Arts Board	6,058	12,050
Information Services Corporation	4,228	-
Saskatchewan Indian Gaming Authority (SIGA)	3,500	4,200
Enterprise Saskatchewan	3,000	-
Crown investment Corporation	2,500	-
Sask Gaming Corporation	2,000	-
Saskatchewan Health	1,000	2,000
Sask Energy	600	500
Sask Environment	512	6,306
Regina Qu'Appelle Health Region	-	1,600
Federal Government:		
Health Canada – First Nations & Inuit Health Branch (FNIHB)	200,000	319,492
Aboriginal Affairs and Northern Development Canada (AANDC)	25,000	36,137
First Nations & Métis Relations	4,500	3,500
Natural Science and Engineering Research Council		8,701
Other:		
Regina – First Nations University Annual Pow Wow	200,010	190,560
Onion Lake	145,899	-
Regina – First Nations University Mosaic	39,616	-
Regina – First Nations University Student Handbook	23,495	-
Golf Tournament Registration Fees	22,579	-
ACTUA	13,682	7,380
Regina – First Nations University Science Camp	9,081	-
Farm Credit Canada	7,949	1,051
Vantage Pipeline	7,498	-
Other	5,148	19,371
Golder Association	5,000	-
Gordon First Nation	3,778	-
University of Regina	2,701	11,932
ISM Canada	1,500	-
Little Black Bear	1,000	-
Rio Tinto Exploration Canada Inc.	1,000	-
Casino Regina	361	2,947
Bank of Canada		

IPHRC/CIHR Portion	\$	108,517	\$	50,491
Developing Healthy Decision-Making with Aboriginal Youth Through Theatre		13,509		834
Cree Concepts of Reincarnation		6,869		3,924
Biological Cree Dictionary		5,000		-
Traditional Ways of Treating Skin Infections with Plants		773		2,215
Métis Health Strategy		-		16,630

	2013	2012
Educational:		