

Financial Statements of

**FIRST NATIONS UNIVERSITY
OF CANADA INC.**

Year ended March 31, 2014

FIRST NATIONS UNIVERSITY OF CANADA INC.

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March 31, 2014

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KPMG LLP
Chartered Accountants
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada

Telephone (306) 791-1200
Fax (306) 757-4703
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of the First Nations University of Canada Inc.

We have audited the accompanying financial statements

Comparative Info

First Nations University of Canada Inc.

Statement of Changes in Net Assets

Year ended March 31, 2014, with comparative information for 2013

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	Restricted for trust and endowments	Restricted for research	Unrestricted (Restated - note 3)	Total Net Assets
Balance at April 1, 2012, as previously reported	\$ 1,489,181	\$ 60,474	\$ 6,281,427	\$ 7,831,077
Decrease in net assets (note 3)	-	-	(554,287)	(554,287)
As restated	1,489,181	60,474	5,727,135	7,276,790

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	2014	2013 (Restated - note 3)
Cash provided by (used for):		
Operations		
Excess of revenue over expenses	\$ 69,652	\$ 708,644
Items not involving cash:		
Amortization of property, plant and equipment	1,651,284	1,414,853
Amortization of deferred contributions	(523,105)	(522,656)
Change in non-cash operating items:		
Accounts receivable	(98,932)	(92,376)
Prepaid expenses and inventory	(51,370)	(12,016)
Accounts payable	(176,345)	(1,786,951)
Deferred revenue	(267,462)	119,961
	<u>603,722</u>	<u>(170,541)</u>
Investing		
Donations restricted for trust and endowments	69,946	66,901
Payment of grants and scholarships	(99,296)	(94,769)
Investment income related to trust and endowments	262,979	144,848
Purchase of investments	(182,828)	(95,030)
Purchase of property, plant and equipment	(1,199,637)	(1,115,452)
	<u>(1,148,836)</u>	<u>(1,093,502)</u>
Financing		
Receipt of deferred contributions	17,941	97,843
Repayment of long-term debt	(373,402)	(352,672)
	<u>(355,461)</u>	<u>(254,829)</u>
Decrease in cash	(900,575)	(1,518,872)
Cash, beginning of year	<u>4,223,124</u>	<u>5,741,996</u>
Cash, end of year	<u>\$ 3,322,549</u>	<u>\$ 4,223,124</u>

See accompanying notes to financial statements

1. Nature of operations

The First Nations University of Canada Inc. (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 *Not-for-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, 2014 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part of the CPA Handbook.

3. Prior period adjustment

In previous years, student academic fees related to distance learning education had been overstated for non-First Nations University of Canada students' tuition due a clerical error. As a result, this led to the overstatement of related accounts receivable and allowance for doubtful accounts. Student academic fees and the related accounts receivable and allowance for doubtful accounts have been corrected and prior periods restated.

The impacts of the prior period adjustment are as follows:

Impact on the statement of financial position as at April 1, 2012	Adjustments		
	As previously reported	Decrease	As restated
Student receivables	\$ 8759	\$ (656,678)	\$ 153,081
Allowance for doubtful accounts	120,460	(102,391)	18,069
Unrestricted net assets	6,281,422	(554,287)	5,727,135

Impact on the statement of financial position as at March 31, 2013	Adjustments		
	As previously reported	Decrease	As restated
Student receivables	\$ 1,0796	\$ (901,707)	\$ 177,709
Allowance for doubtful accounts	233,534	(219,045)	14,489
Unrestricted net assets	7,144,591	(682,662)	6,461,929

Impact on excess of revenues over expenses for the year ended March 31, 2013	Adjustments		
	As previously reported	Decrease	As restated
Student academic fees	\$ 4,751,315	\$ (501,707)	\$ 4,249,608
Bad debt in administration expenses	440,914	(373,332)	67,582
Excess of revenues over expenses	837,019	(128,375)	708,644

4. **Significant accounting policies**

The following summary of significant accounting policies contains a description of the accounting methods and practices that are used by the University.

(a) **Property, plant and equipment**

Purchased property, plant and equipment is recorded at cost. Contributed property, plant and equipment is recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When property, plant and equipment no longer contribute to the University's ability to provide services, its carrying amount is written down to its residual value.

Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives as follows:

Building	40 years
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First Nations University of Canada Inc.

Notes to Financial Statements

7. Investments

	March 31, 2014	March 31, 2013
Pooled funds	\$ 1,090,061	\$ 924,716
Investment held in trust	788,108	770,625
	<u>\$ 1,878,169</u>	<u>\$ 1,695,341</u>

Pooled fund investments are held in a balanced pooled fund on behalf of the University 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.

On April 1, 2014 the University entered into an Advisory Services Agreement with the University of Regina. Under this Advisory Services Agreement, which expires March 31, 2017, the University of Regina provides certain administrative and financial management services to the University. In order to indemnify the University of Regina for any liabilities that may rise out of the performance of these administrative and financial management services the University has placed a \$750,000 guaranteed investment certificate in trust with the University of Regina. This guaranteed investment certificate pays interest at a rate of 1.15% in the first year, 1.35% in the second year and 1.70% in the third year.

8. Risk management:

Exposure to credit risk, liquidity risk and market risk (consisting of interest rate risk, equity price risk and foreign exchange risk) arise in the normal course of the University's business.

Credit risk

The University's principal financial assets are cash, accounts receivable and investments. The carrying amounts of financial assets in the statement of financial position represent the University's maximum credit exposure at the statement of financial position dates.

The University's credit risk is primarily attributable to accounts receivable and investments. The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated based on previous experience and an assessment of the current economic environment. With the exception of amounts receivable from the University of Regina, the University does not have significant exposure to any individual customer.

Liquidity risk

Liquidity risk is the risk that the University is unable to meet its financial obligations as they fall due. The University manages this risk by managing its cash resources and having a line of credit available to it (note 9).

Market risk

The University is exposed to interest rate risk on long-term debt, the details of which are discussed in note 11.

13. Restricted for trust and endowments

	Trust	Endowment	Total	
			March 31, 2014	March 31, 2013
Non-expendable				
Capital balance	\$ -	\$ 400,000	\$ 400,000	\$ 400,000
Capital maintenance		644,921	644,921	604,732
		<u>1,044,921</u>	<u>1,044,921</u>	<u>1,004,732</u>
Expendable				
Trust funds	749,729	-	749,729	681,445
Expendable interest (accumulated deficit)		45,140	45,140	(80,016)
	<u>749,729</u>	<u>45,140</u>	<u>794,869</u>	<u>601,429</u>
	<u>\$ 749,729</u>	<u>\$ 1,090,061</u>	<u>\$ 1,839,790</u>	<u>\$ 1,606,161</u>

Trust funds are expendable for scholarships at the discretion of the University's Scholarship Committees.

Endowment funds consist of a capital balance of \$400,000 plus a 4% per annum capital maintenance provision amounting to \$644,921 (2013 - \$604,732). The capital maintenance charge is to be applied on a compound basis. The capital portion of the trust and endowment has been restricted by the Board of Governors to provide for long-term revenue generation.

At March 31, 2014 the expendable capital balance plus capital maintenance provision within the endowment fund is \$45,140 (2013 – accumulated deficit balance \$80,016) greater than the value of the endowment fund assets. Accumulated deficits must be recovered prior to any endowment funds being expendable by the University.

14. Restricted for research

	March 31, 2014	March 31, 2013
Balance, beginning of year	\$ 34,324	\$ 60,474
Research projects revenue	187,610	108,517
Research projects expenses	<u>(172,742)</u>	<u>(134,667)</u>
Balance, end of year	<u>\$ 49,192</u>	<u>\$ 34,324</u>

First Nations University of Canada Inc.

Schedule 1 – Expenses - Unaudited
Year ended March 31, 2014, with comparative information for 2013

	Functional Area						2014	2013
	Academic Instruction	Student Services	Physical Plant	Library	Computing and Communications	Administration		
Salaries & benefits	\$ 6,566,132	\$ 1,339,771	\$ 798,431	\$ 605,011	\$ 536,156	\$ 1,726,759	\$ 11,572,260	\$ 10,821,081
Space rental and occupancy	100,350	-	1,768,296	-	179,745	-	2,048,391	2,051,214
Student activities	27,708	59,544	42	-	-	13,609	100,903	104,945
Supplies and service	400,217	220,265	162,753	19,897	254,697	1,036,600	2,094,429	2,188,048
Travel	158,385	103,113	15,701	4,904	23,752	98,672	404,527	377,666
Total	\$ 7,252,792	\$ 1,722,693	\$ 2,745,223	\$ 629,812	\$ 994,350	\$ 2,875,640	16,220,510	15,542,954
Amortization							1,651,284	1,414,853
Parking lot expenses							134,719	112,605
Interest on long-term debt							812,519	838,721
Research projects (schedule 4)							172,742	134,668
Special projects (schedule 5)							588,378	791,886
							3,359,642	3,292,733
Total							\$ 19,580,152	\$ 18,835,687

First Nations University of Canada Inc.

Schedule 2 – Research Projects Revenue - Unaudited

	2014	2013
Provincial Government:		
Sask Advanced Education & Employment	\$ 93,060	\$ 64,769
First Nations & Métis	5,500	-
Sask Power	5,000	-
Minster of Education	5,000	-
Crown Investments Corporation	2,500	2,500
Sask Energy	1,100	600
Saskatchewan Indian Gaming Authority	1,000	3,500
Saskatchewan Health	1,000	1,000
Sask Culture	935	10,125
Saskatchewan Government Insurance	900	-
Sask Environment	182	512
Sask Arts Board	-	6,058
Information Services Corporation	-	4,228
Enterprise Saskatchewan	-	3,000
Sask Gaming Corporation	-	2,000
Federal Government:		
Health Canada – First Nations & Inuit Health Branch	100,000	200,000
Aboriginal Affairs and Northern Development Canada	25,000	25,000
First Nations & Métis Relations	-	4,500
Other:		

	2014	2013
Educational:		
Aboriginal Knowledge Exchange	\$ 53,591	\$ -
CIHR – Two-eyed Seeing	37,267	-
IPHRC/CIHR Portion	26,342	108,517
Natural Resource Partnership and New Venture Creation in First Nations Context	20,492	-
CIHR -Developing Healthy Decision-Making with Aboriginal Youth Through Theatre	11,354	13,509
Aboriginal Life Skills	9,219	-
IPHRC – Summer Undergraduate Research Award – Jaqueline Anaquod	5,600	-
Research – Miriam McNab	4,466	-
Indigenous Food System	1,991	-
Honoring Our Kookums	1,274	-
National Aboriginal Special Education Symposium	746	-
Cree Concepts of Reincarnation	400	6,869
Biological Cree Dictionary	-	5,000
Traditional Ways of Treating Skin Infections with Plants	-	772
Total	\$ 172,742	\$ 134,667

	2014	2013
Educational:		