

Manitoba First Nations Education Resource Centre Inc.
Financial Statements
March 31, 2015

Manitoba First Nations Education Resource Centre Inc.

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For the year ended March 31, 2015

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Independent Auditors' Report

To the Members of Manitoba First Nations Education Resource Centre Inc.:

We have audited the accompanying financial statements of Manitoba First Nations Education Resource Centre Inc. which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows and the related schedules for the year then ended, 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 government 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.

Auditors' 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 auditors' 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 Manitoba First Nations Education Resource Centre Inc. as at March 31, 2015 and the results of its operations, changes in net asset and its cash flows for the year then ended in accordance with Canadian accounting standards for government not-for-profit organizations.

Winnipeg, Manitoba

July 22, 2015

MNP LLP
Chartered Accountants

Manitoba First Nations Education Resource Centre Inc.
Statement of Financial Position

As at March 31, 2015

	Operating Fund	Capital Fund	2015	2014
Assets				
Current				
Cash	4,449,232	-	4,449,232	2,524,380
Accounts receivable (Note 3)	109,243	-	109,243	1,487,086
Short-term investments (Note 5)	42,056	-	42,056	41,496
Prepaid expenses and deposits	180,365	-	180,365	82,307
Goods and services tax receivable	230,650	-	230,650	209,221
Internally restricted cash (Note 6)	39,257	-	39,257	38,964
	5,050,803	-	5,050,803	4,383,454
Capital assets (Note 7)	-	1,368,704	1,368,704	1,479,851
Investments (Note 8)	203,044	-	203,044	-
	5,253,847	1,368,704	6,622,551	5,863,305
Liabilities				
Current				
Accounts payable and accruals	3,251,295	-	3,251,295	2,812,400
Deferred contributions (Note 9)	283,797	-	283,797	333,059
Due to Aboriginal Affairs and Northern Development Canada (Note 10)	254,242	-	254,242	291,130
Revenue deferred for contractual commitments (Note 11)	267,926	-	267,926	48,827
	4,057,260	-	4,057,260	3,485,416
Commitments (Note 12)				
Contingent liabilities (Note 13)				
Net Assets				
Unrestricted	1,157,330	-	1,157,330	859,074
Internally restricted	39,257	-	39,257	38,964
Invested in capital assets	-	1,368,704	1,368,704	1,479,851
	1,196,587	1,368,704	2,565,291	2,377,889
	5,253,847	1,368,704	6,622,551	5,863,305

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Manitoba First Nations Education Resource Centre Inc.
Statement of Operations
For the year ended March 31, 2015

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
Revenues					
Aboriginal Affairs and Northern Development Canada - MFNERC (AANDC) (Note 16)	26,017,041	-	25,811,597	26,017,041	23,397,313
Aboriginal Affairs and Northern Development Canada - Ginew School (Note 16)	2,312,363	-	2,381,604	2,312,363	2,693,023
Other	557,027	-	731,322	557,027	311,234
Lighting the Fire Conference	95,128	-	202,150	95,128	72,255
Environment Canada	7,380	-	-	7,380	64,182
Government funding recoveries	-	-	-	-	(241,663)
Revenue deferred in prior year (Note 9)	333,059	-	-	333,059	139,104
Revenue deferred to subsequent year (Note 9)	(283,797)	-	-	(283,797)	(333,059)
Revenue deferred for contractual commitments in prior year (Note 11)	48,827	-	-	48,827	93,836
Revenue deferred for contractual commitments to subsequent year (Note 11)	(267,926)	-	-	(267,926)	(48,827)
	28,819,102	-	29,126,673	28,819,102	26,147,398
Expenses					
Advertising	36,138	-	37,000	36,138	51,833
Amortization	-	559,652	-	559,652	587,060
Communications	73,567	-	46,100	73,567	51,374
Contract work	1,152,350	-	1,115,533	1,152,350	1,106,822
Education for schools	805,684	-	602,189	805,684	1,506,957
Equipment for schools	1,985,507	-	2,075,984	1,985,507	815,150
IT supplies and services	99,642	-	139,460	99,642	235,966
Insurance	59,673	-	88,500	59,673	61,045
Interest and bank charges	40,793	-	13,000	40,793	18,299
Materials development	5,000	-	5,000	5,000	11,775
Meetings and conferences	624,098	-	645,233	624,098	270,658
Office	1,459,525	-	1,371,661	1,459,525	688,928
Other	2,095	-	11,358	2,095	12,728
Postage, shipping and freight	50,510	-	65,650	50,510	52,824
Professional development	367,386	-	528,697	367,386	349,947
Professional fees	76,669	-	71,431	76,669	205,038
Projects and programs	923,186	-	810,351	923,186	1,003,046
Rent	763,862	-	862,832	763,862	554,037
Repair and maintenance	63,255	-	17,661	63,255	38,800
Salaries and benefits	15,166,303	-	16,177,940	15,166,303	13,920,348
Telephone, fax and internet	200,304	-	218,500	200,304	182,070
Travel	4,116,501	-	4,222,593	4,116,501	3,954,465
	28,072,048	559,652	29,126,673	28,631,700	25,679,170
Excess (deficiency) of revenues over expenses	747,054	(559,652)	-	187,402	468,228

The accompanying notes are an integral part of these financial statements

Manitoba First Nations Education Resource Centre Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2015

	<i>Operating Fund</i>	<i>Capital Fund</i>	<i>2015</i>	<i>2014</i>
Net assets, beginning of year	898,038	1,479,851	2,377,889	1,909,661
Excess (deficiency) of revenues over expenses	747,054	(559,652)	187,402	468,228
Capital assets additions	(448,505)	448,505	-	-
Net assets, end of year	1,196,587	1,368,704	2,565,291	2,377,889

The accompanying notes are an integral part of these financial statements

Manitoba First Nations Education Resource Centre Inc.
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	187,402	468,228
Amortization	559,652	587,060
	747,054	1,055,288
Changes in working capital accounts		
Accounts receivable	1,377,843	(354,677)
Goods and services tax receivable	(21,429)	(9,408)
Prepaid expenses and deposits	(98,058)	40,496
Accounts payable and accruals	438,895	951,459
Deferred contributions	(49,262)	193,955
Due to Aboriginal Affairs and Northern Development Canada	(36,888)	218,166
Revenue deferred for contractual commitments	219,099	(45,008)
	2,577,254	2,050,271
Capital activities		
Purchases of capital assets	(448,505)	(978,274)
Investing		
Purchase of short-term investments	(560)	-
Purchase of investments	(203,044)	-
	(203,604)	-
Increase in cash resources	1,925,145	1,071,997
Cash resources, beginning of year	2,563,344	1,491,347
Cash resources, end of year	4,488,489	2,563,344
Cash resources are composed of:		
Cash	4,449,232	2,524,380
Internally restricted cash	39,257	38,964
	4,488,489	2,563,344

The accompanying notes are an integral part of these financial statements

Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

1. Nature and objectives of the organization

Manitoba First Nations Education Resource Centre Inc. (the "Centre") was created as a self sustaining division of the Assembly of Manitoba Chiefs Secretariat Inc. The Centre was incorporated on May 30, 2005.

The vision of the Centre is to develop the framework for a First Nations education system. This education system will reflect the philosophy of education as a life-long journey consistent with First Nations values, traditions, languages and teaching methodologies.

The Centre is a government not-for-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a not-for-profit organization under the Act, the Centre must meet certain requirements with the Act. In the opinion of management, these requirements have been met.

The Centre has also signed an agreement with the Roseau River Anishinabe First Nation to manage the revenue and expenses of the Ginew School.

2. Significant accounting policies

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Centre, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Two funds are maintained: Operating Fund and Capital Fund.

The Operating Fund is used to account for all revenues and expenses related to the general and ancillary operations of the Centre.

The Capital Fund is used to account for all capital assets of the Centre and to present the flow of funds related to their acquisition and disposal, amortization, unexpended capital resources and debt commitments.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be its fair value at the date of contribution.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives and commences in the month of purchase.

	<i>Rate</i>
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Investments

Investments are portfolio investments recorded at fair value with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

2. **Significant accounting policies** *(Continued from previous page)*

Revenue recognition

The Centre uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are deferred and matched with related expenses as incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions

The excess of revenues over expenses of some programs may require repayment and is recorded as a liability. When approval to retain these funds is received and/or permitted, the excess is recorded as revenue.

Revenue deferred for contractual commitments

Revenue deferred for contractual commitments is recorded as a liability on the statement of financial position when a commitment to purchase a good or service has been made but is not provided before the Centre's year-end and revenue has been provided to specifically fund the related good or service.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Centre performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when the undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the statement of operations in the year.

Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Centre recognizes its financial instruments when the Centre becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA 3840 Related Party Transactions.

At initial recognition, the Centre may irrevocably elect to subsequently measure any financial instrument at fair value. The Centre has not made such an election during the year.

The Centre subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

3. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada (AANDC) (Note 4)	79,477	1,391,999
Other receivables	29,766	95,087
	109,243	1,487,086

4. Aboriginal Affairs and Northern Development Canada (AANDC) receivable

AANDC receivable consists of:

	2015	2014
Ginew School - Special Education Direct Services	-	13,830
Ginew School - Special Education Overage	-	1,349
Ginew School - Regular Instruction - Tuition Agreements	-	675,368
Special Education MFNERC - Band Operated Schools	-	189,200
Partnership Advancement	-	512,252
FNSSP Structural Readiness Amendment	79,477	-
	79,477	1,391,999

5. Short-term investments

Short-term investments consist of a Guaranteed Investment Certificate, bearing interest at 1.30% (2014 - 1.35%), maturing April 2015.

Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

6. Internally restricted cash

The Board of Directors has internally restricted cash in order to provide scholarships to graduating First Nations high school students planning on going to a post-secondary institution to continue their education. The internally restricted cash is to be used as approved by the Scholarship Committee of the Centre and is not available for other purposes.

During the year, \$293 (2014 - \$9,390) was transferred to this asset.

	2015	2014
Guaranteed Investment Certificate, bearing interest at 1.30%, maturing September 2015	20,260	20,000
Guaranteed Investment Certificate, bearing interest at 0.80%, maturing September 2015	5,040	5,000
Bank account	13,957	13,964
	39,257	38,964

7. Capital assets

	Cost	Accumulated amortization	2015 Net book value
Computer equipment	3,661,547	2,790,237	871,310
Furniture and fixtures	681,876	557,689	124,187
Leasehold improvements	1,011,081	637,874	373,207
	5,354,504	3,985,800	1,368,704

	Cost	Accumulated amortization	2014 Net book value
Computer equipment	3,234,721	2,422,133	812,588
Furniture and fixtures	660,198	498,472	161,726
Leasehold improvements	1,011,081	505,544	505,537
	4,906,000	3,426,149	1,479,851

Included in computer equipment is an asset with a carrying value of \$182,823 (2014 - \$nil), that has no amortization recorded current year because it is currently under development.

8. Investments

	2015	2014
Cash in securities account, at fair value	13,598	-
Mutual funds	3,000	-
Securities	186,446	-
	203,044	-

Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

9. **Deferred contributions**

Contributions are received from contributors who have restricted their use for specific programs or activities. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balances are outlined below.

	2015	2014
Lighting the Fire Conference		
Balance, beginning of year	85,054	139,104
Amount received during the year	95,128	81,593
Less: amount recognized as revenue during the year	(51,273)	(135,643)
Balance, end of year	128,909	85,054
AANDC - Tuition Agreements		
Balance, beginning of year	224,681	-
Amount received during the year	83,144	224,681
Less: amount recognized as revenue during the year	(224,681)	-
Balance, end of year	83,144	224,681
Brandon University Action Research		
Balance, beginning of year	2,450	-
Amount received during the year	-	2,450
Less: amount recognized as revenue during the year	(2,450)	-
Balance, end of year	-	2,450
Assembly of Manitoba Chiefs Secretariat Inc. - E- Health Project		
Balance, beginning of year	7,610	-
Amount received during the year	-	7,610
Less: amount recognized as revenue during the year	(7,610)	-
Balance, end of year	-	7,610
Province of Manitoba - Mental Health		
Balance, beginning of year	13,264	-
Amount received during the year	80,000	13,264
Less: amount recognized as revenue during the year	(21,520)	-
Balance, end of year	71,744	13,264
	283,797	333,059



Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

10. Due to Aboriginal Affairs and Northern Development Canada

	2015	2014
Surplus Structural Readiness	106,995	106,995
Surplus PHP	5,519	5,519
Ginew School 2012-13 Teacher Salary Enhancement	14,373	14,373
Surplus Performance Measurement	57,692	57,692
Surplus Early Literacy	9,739	9,739
Surplus New Paths Core Culture Camps	5,000	5,000
Surplus Database Modifications 2011-12	31,600	31,600
Ginew School Surplus/Overpayment	-	42,346
ESD Grants to Schools (net)	3,215	3,214
EPP Surplus 2011-12 - VHS Credenda	14,652	14,652
Surplus Family Literacy	5,457	-
	254,242	291,130

11. Revenue deferred for contractual commitments

Contractual commitments consists of \$267,926 (2014 - \$48,827) of deferred revenue for purchases of items that were ordered and committed to before year-end. The revenue related to these contractual commitments have been deferred, as the goods or services were not received prior to March 31, 2015 and therefore not expensed.

12. Commitments

The Centre has entered into various equipment and office space lease agreements with estimated minimum annual payments as follows:

2016	714,148
2017	683,705
2018	659,111
2019	215,764
	2,272,728

The Centre has the option of canceling the lease equipment at the end of each year if no funding is received.

13. Contingent liabilities

The Centre is subject to funding recoveries according to their agreements with federal government agencies. At year end it is not yet determined to what extent any funding amounts relating to the year ending March 31, 2015 might be recovered by these agencies.

14. Economic dependence

The Centre's primary source of revenue is pursuant to funding agreements with Aboriginal Affairs and Northern Development Canada (AANDC). The funding can be canceled or reclaimed if the Centre does not observe certain established guidelines. The Centre's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within the federal government guidelines. As at the date of these financial statements management believes that it is in compliance with the guidelines.



Manitoba First Nations Education Resource Centre Inc.
Notes to the Financial Statements
For the year ended March 31, 2015

15. Pension plan

All full-time employees of the Centre are required to be members of the Centre's pension plan, which is a defined contribution pension plan. The Centre's contributions made to the plan during the year amounted to \$570,067 (2014 - \$455,293).

16. AANDC revenue reconciliation

	2015	2014
AANDC		
AANDC revenue per funding agreement	28,342,666	26,120,887
AANDC revenue per financial statement - MFNERC	(26,017,041)	(23,397,313)
AANDC revenue per financial statement - Ginew School	(2,312,363)	(2,693,023)
Additional revenue from AANDC amendment for Ginew School 2012-13	-	(32,258)
Additional revenue from AANDC amendment for Ginew School 2013-14	-	1,349
Additional revenue from AANDC amendment for Ginew School 2013-14	-	358
Additional revenue from AANDC amendment for Ginew School 2014-15	81,958	-
Revenue reduced from funding agreement	(89,763)	-
Family Literacy surplus repayable to AANDC	(5,457)	-
	-	-

17. Related party transactions

The Centre receives funding and disburses funds on behalf of its related parties. All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Assembly of Manitoba Chiefs Secretariat Inc.

The Centre disbursed program funds of \$136,633 (2014 - \$120,000).

Manitoba First Nations Education Resource Centre Inc.
Administration

Schedule 1 - Schedule of Revenue and Expenses

For the year ended March 31, 2015

	2015	2014
Revenues		
Aboriginal Affairs and Northern Development Canada	26,017,041	23,397,313
Lighting the Fire Conference	95,128	72,255
Other	557,027	311,234
Environment Canada	7,380	64,182
Government funding recoveries	-	(199,317)
Revenue deferred in prior year	108,378	139,104
Revenue deferred to subsequent year	(200,653)	(108,378)
Revenue deferred for contractual commitments in prior year	48,827	91,102
year	(267,926)	(48,827)
	26,365,202	23,718,668
Expenses		
Advertising	35,350	45,633
Amortization	559,652	587,060
Communications	73,567	51,374
Contract work	1,152,350	1,106,822
Education for schools	676,368	1,359,184
Equipment for schools	1,985,507	815,150
IT supplies and services	99,642	235,022
Insurance	59,673	61,045
Interest and bank charges	40,793	18,299
Materials development	5,000	11,775
Meetings and conferences	620,352	268,187
Office	1,390,135	615,486
Other	1,915	12,450
Postage, shipping and freight	50,510	52,824
Professional development	350,708	339,200
Professional fees	58,584	168,621
Projects and programs	535,086	571,585
Rent	763,862	554,037
Repairs and maintenance	60,837	35,844
Salaries and benefits	13,380,726	12,328,486
Telephone, fax and internet	191,007	162,157
Travel	4,086,177	3,855,958
	26,177,800	23,256,199
Excess of revenues over expenses before administration fee	187,402	462,469
Administration fee revenue	-	5,760
Excess of revenues over expenses	187,402	468,229

Manitoba First Nations Education Resource Centre Inc.
Roseau River Anishinabe First Nation Ginew School
Schedule 2 - Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015	2014
Revenues		
Aboriginal Affairs and Northern Development Canada	2,312,363	2,693,023
Government funding recoveries	-	(42,346)
Revenue deferred for contractual commitments in prior year	-	2,734
Revenue deferred in the prior year	224,681	-
Revenue deferred to subsequent year	(83,144)	(224,681)
	2,453,900	2,428,730
Expenses		
Advertising	788	6,200
Education for schools	129,316	147,773
IT supplies and services	-	944
Meetings and conferences	3,747	2,471
Office	69,390	73,676
Other	180	43
Professional development	16,678	3,337
Professional fees	18,085	36,417
Projects and programs	388,100	371,461
Repairs and maintenance	2,418	2,956
Salaries and benefits	1,785,577	1,727,714
Telephone, fax and internet	9,297	19,913
Travel	30,324	30,065
	2,453,900	2,422,970
Excess of revenues over expenses before administration fee	-	5,760
Administration fee expense	-	(5,760)
Excess of revenues over expenses	-	-