

**FIRST NATIONS UNIVERSITY
OF CANADA INC.**

FINANCIAL STATEMENTS

March 31, 2015

FIRST NATIONS UNIVERSITY OF CANADA INC.

Index to Financial Statements

March 31, 2015

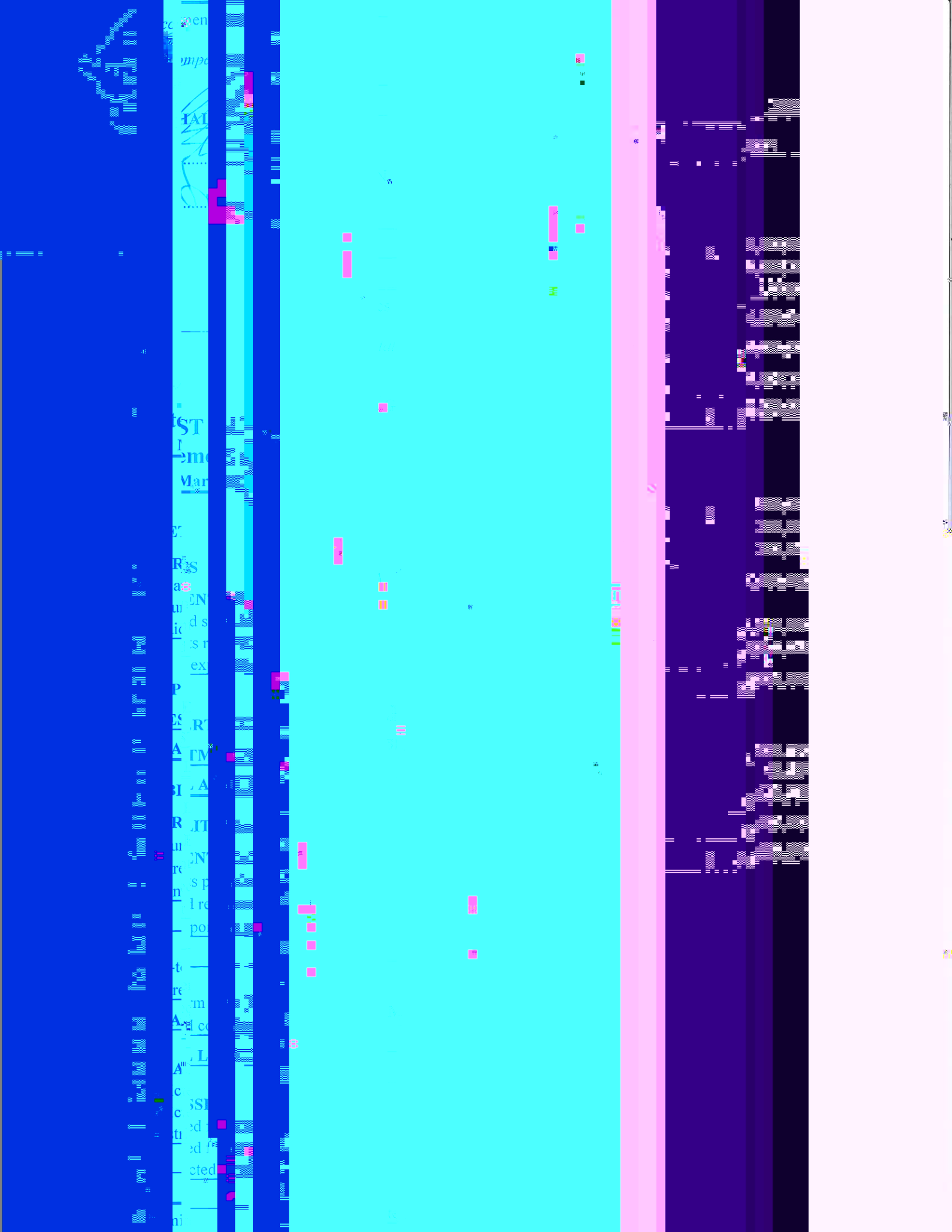
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FIRST NATIONS UNIVERSITY OF CANADA INC.**Statement of Operations**

Year ended March 31, 2015

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	<u>2015</u>	<u>2014</u>
REVENUES		
Administration fees	\$ 57,505	\$ 61,622
Amortization of deferred contributions	523,572	523,105
Facility lease	567,694	1,619,096
Federal government grant	7,000,000	7,000,000
Interest	199,716	115,415
Miscellaneous	81,094	8,386
Nursing program grant	-	500,000
Provincial government grant	3,754,500	3,680,900
Research programs	270,401	187,610
Parking lot revenue	101,856	200,509
Special projects	465,319	703,277
Student academic fees	5,090,788	5,049,884
Total revenues	18,112,445	19,649,804
EXPENSES		
Academic instruction	7,093,400	7,252,792
Administration	2,478,645	2,875,640
Amortization of property, plant and equipment	1,753,728	1,651,284
Parking lot expenses	99,855	134,719
Computing and communications	1,213,047	994,350
Interest on long-term debt	786,623	812,519
Library	500,069	629,812
Physical plant	2,430,252	2,745,223
Research projects	268,825	172,742
Special projects	472,623	588,378
Student services	1,816,905	1,722,693
Total expenses	18,913,972	19,580,152
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (801,527)	\$ 69,652

See accompanying notes to financial statements

FIRST NATIONS UNIVERSITY OF CANADA INC.

Statement of Cash Flows

Year Ended March 31, 2015

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2015

2014

1. PURPOSE OF ORGANIZATION

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 arts heritage of First Nations.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the year ended March 31, 2015 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Handbook.

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 & 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:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition

Student fees are recognized as revenue in the year the related classes are held.

The University follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. The amounts restricted for research consists of grant and contract revenue and expenses specifically identified for research or related activities as restricted by the granting agencies, research institutes and other public and private organizations. Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue at a rate corresponding to the amortization rate for the related property, plant and equipment.

Trust and endowment contributions are recognized as direct increases in trust and endowment net assets. Scholarships and grant expenses are recognized as direct decreases in trust and endowment net assets.

Investment income related to trust and endowments is recognized as a direct increase in trust and endowment net assets.

c) Financial Instruments

The University initially measures its financial assets and liabilities at fair value. The University subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the straight-line method.

FIRST NATIONS UNIVERSITY OF CANADA INC.
Notes to the Financial Statements

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2015

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3. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Accounts receivable - general	\$ 495,969	\$ 347,022
GST Receivable	16,850	11,853
Operating & travel advances	10,933	11,255
Student Receivables	482,687	321,352
Tuition Sponsors	528,354	406,624
	<u>1,534,793</u>	<u>1,098,106</u>
Less: Allowance for doubtful accounts	(39,344)	(48,918)
	<u>\$ 1,495,449</u>	<u>\$ 1,049,188</u>

During the year \$70,428 (2014 - \$64,959) of bad debt expense was recorded in administrative expenses.

4. PROPERTY, PLANT & EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2015</u>	<u>2014</u>
Land	\$ 1	\$ -	\$ 1	\$ 1
Artwork	1,453,296	-	1,453,296	1,453,296
Building-Regina	36,892,708	10,917,470	25,975,238	26,828,547
Furniture, fixtures & equipment	5,431,138	5,039,966	391,172	377,620
Computer equipment	2,564,615	1,562,445	1,002,170	1,403,178
Leasehold improvements	255,013	124,014	130,999	125,512
Library	2,782,855	1,980,021	802,834	874,057
	<u>\$ 49,379,626</u>	<u>\$ 19,623,916</u>	<u>\$ 29,755,710</u>	<u>\$ 31,062,211</u>

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2015

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5. INVESTMENTS

	<u>2015</u>	<u>2014</u>
Pooled funds	\$ 1,239,098	\$ 1,090,061
Investment held in trust	758,625	788,108
	<u>\$ 1,997,723</u>	<u>\$ 1,878,169</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.

6. 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 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 7).

6. 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 9. The University has entered into an interest rate swap agreement in order to address the interest rate risk inherent in the long-term debt, which accrues interest at prime plus 1.25%. Under the terms of the agreement, the University receives from the counterparty a monthly payment equal to the variable amount of interest on the long-term debt and pays the counterparty a fixed rate of 5.725%. The impact of the rates on long-term debt and on the interest rate swap is reflected in the Statement of Operations as interest on long-term debt of \$786,623 (2014 - \$812,519).

The University's investments are in a pooled fund (note 5) which consists of individual equity investments and, accordingly, are subject to equity price risk.

The University is not subject to foreign exchange risk.

7. 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, 2015 no amounts were drawn against this line of credit (2014 - \$nil).

8. ACCOUNTS PAYABLE

Included in accounts payable are government entitlements payable of \$144,300 (2014 - \$21,051).

9. LONG-TERM DEBT

	<u>2015</u>	<u>2014</u>
Mortgage payable at an interest rate of prime + 1.25% 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.	\$ 11,952,890	\$ 12,348,238
Less current portion	(418,585)	(395,348)
	<u>\$ 11,534,305</u>	<u>\$ 11,952,890</u>

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2015

11. RESTRICTED FOR TRUST AND ENDOWMENTS

	Vtwuv	Gpfqy o gpv	2015	4236
Pqp/gzrgpfcng				
Ecrkvcn"dcncpeg	&"	&"622.222	\$ 400,000	&"622.222
Ecrkvcn" o ckpvGPCPEG	"	"8:8.93:	686,718	"866.;43
	"	"3.2:8.93:	1,086,718	"3.266.;43
Gzrgpfcng				
Vtwuv"hwfpu	"99:.82:	"	778,608	"96;.94;
Gzrgpfcng"kpvtguv	"	"374.5:2	152,380	"67.362
	"99:.82:	"374.5:2	930,988	"9;6.:8;
	&"99:.82:	&"3.45;.2;:	\$ 2,017,706	&"3.:5;.9;2

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12. RESTRICTED FOR RESEARCH

	2015	4236
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	\$ 50,768	&"6;.3;4

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2015

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13. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenues and expenses resulting from routine operating transactions with the Federation of Saskatchewan Indian Nations which is a related party to the University as they are the parent organization of the University.

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

	<u>2015</u>	<u>2014</u>
Facility lease revenue	\$ -	\$ 7,200
Special projects expense	-	1,100
Library expense	-	98
Accounts payable	125	-

14. COMMITMENTS

The University has entered into lease agreements for its office equipment and buildings and is committed towards payments under an Advisory Services Agreement. The following is a schedule of the future minimum payments for the next two years for these commitments.

2016	\$ 467,423
2017	231,788

15. CONTINGENCIES

Two claims filed by an administrative person and a faculty member previously employed at the University were outstanding at March 31, 2015. The University believes that the claims are without merit and will be defended.

16. BOARD COMPENSATION

During the year, the University paid honoraria and expenses of \$52,102 (2014-\$96,991) to board members.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Schedule 1 - Expenses - Unaudited

Year Ended March 31, 2015

	Academic Instruction	Student Services	Physical Plant	Library	Computing and Communications	Administration	2015	2014
Salaries & benefits	\$ 6,754,273	\$ 1,519,809	\$ 732,461	461,878				

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 2 - Research Projects Revenue - Unaudited**

Year Ended March 31, 2015

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	2015	2014
University of Regina - Indigenous Peoples Health Research Centre	\$ 190,026	\$ 30,542
University of Regina - Canadian Institutes of Health Research	56,717	-
Saskatchewan School Board Association	15,000	-
University of Regina - Canadian Institutes of Health Research	6,800	52,080
Northern Ontario School of Medicine	1,858	-
Government of Saskatchewan - Ministry of Health	-	65,000
Onion Lake First Nations	-	20,492
University of Saskatchewan	-	9,219
Other	-	6,457
Social Sciences and Humanities Research Council	-	2,420

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 4 - Research Projects Expenses - Unaudited**

Year Ended March 31, 2015

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	<u>2015</u>	<u>2014</u>
EDUCATIONAL:		
CIHR - Two-eyed Seeing	\$ 126,643	\$ 37,267
Natural Resource Partnership and New Venture Creation in First Nations Context	45,320	20,492
CIHR - Healthier Youth	40,399	-
IPHRC / CIHR Portion	23,849	26,342
Aboriginal Knowledge Exchange	11,409	53,591
Aboriginal Youth Entrepreneurship Education Program Survey	8,510	-
CIHR - Digging Deep	6,800	-
CHIOS - PAW Bridge	1,869	-
Canadian consortium on Neurodegeneration in Aging (CCNA - Indigenous Dementia)	1,858	-
National Aboriginal Special Education Symposium	1,209	746
Research - Miriam McNab	750	4,466
Cree Concepts of Reincarnation	200	400
Indigenous Food System	9	1,991
CIHR - Developing Healthy Decision-Making with Aboriginal Youth Through Theatre	-	11,354
Aboriginal Life Skills	-	9,219
IPHRC - Summer Undergraduate Research Award - Jaqueline Anaquod	-	5,600
Honoring Our Kookums	-	1,274
TOTAL	\$ 268,825	\$ 172,742

FIRST NATIONS UNIVERSITY OF CANADA INC.

Schedule 5 - Special Projects Expenses - Unaudited

Year Ended March 31, 2015

	2015	2014
EDUCATIONAL:		
First Nations University Pow Wow - Regina	\$ 185,363	\$ 165,342
Flood 2014 - 2015	137,725	-
Aboriginal Youth Entrepreneurship Camp	60,807	59,701
TEL Grants - General	26,161	20,000
Math/Science Camp	25,158	33,167
First Nations Pow Wow Food Booth	9,237	6,227
NFNECP - National First Nations Environmental Contaminants Program	7,270	126,295
ADMN Natural Resources	5,099	163
First Nations University Shared Garden	4,472	25,182
PHYS 109 (TEL Grant)	4,000	-
Norval Morrisseau Symposium	3,668	-
Elders Special - Pow Wow	1,256	-
Aboriginal Head Start Evaluation Project	1,085	-
Elders Christmas Dinner	1,034	1,000
Seed Funding for Research in Indigenous Studies	1,000	-
PHYS 119 (TEL Grant)	137	-
INDG 229 (TEL Grant)	(849)	1,462,014

EDUCATIONAL:

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