

**First Nations Adults
Education Trust I
Financial Statements**
March 31, 2016

First Nations Adults Education Trust I Contents

For the year ended March 31, 2016

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Management's Responsibility

To the member communities of First Nations Adults Education Trust I:

The accompanying financial statements of First Nations Adults Education Trust I are the responsibility of management and have been approved by the Trustees.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Trustees of First Nations Adults Education Trust I are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Trustees fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Trustees are also responsible for recommending the appointment of the Trust's external auditors.

MNP SENCRL, sri is appointed by the member communities to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Trustees and management to discuss their audit findings.

May 30, 2016



Executive Director



Chief Financial Officer

Independent Auditors' Report

To the Trustees of First Nations Adults Education Trust I:

We have audited the accompanying financial statements of First Nations Adults Education Trust I, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, accumulated surplus, change in net financial assets and cash flows 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 public sector accounting standards, 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 First Nations Adults Education Trust I as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Montréal, Québec



May 30, 2016

¹ CPA auditor, CA, public accountancy permit no. A124849

**First Nations Adults
Education Trust I
Statement of Financial Position**

As at March 31, 2016

	2016	2015
Financial assets		
Cash	38,179	-
Accounts receivable (Note 3)	641,855	201,426
Advance receivable (Note 4)	70,000	111,441
Total of assets	750,034	312,867
Liabilities		
Bank indebtedness (Note 5)	-	64,709
Line of credit (Note 5)	-	92,352
Accounts payable and accruals (Note 6)	566,067	148,895
Deferred revenue (Note 7)	55,889	-
Total of financial liabilities	621,956	305,956
Net financial assets	128,078	6,911
Non-financial assets		
Tangible capital assets (Note 8)	10,654	15,220
Accumulated surplus	138,732	22,131

Approved on behalf of the Trustees

Rose-Anne Guelin

Trustee



Trustee

The accompanying notes are an integral part of these financial statements

**First Nations Adults
Education Trust I
Statement of Operations**
For the year ended March 31, 2016

	<i>Schedules</i>	2016 Budget	2016	2015
Revenue				
Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche		2,420,000	2,420,000	1,500,000
Indigenous and Northern Affairs Canada		990,159	990,159	625,499
Interest income		-	-	259
Other revenue		-	999	-
FNHRDCQ		47,600	62,550	22,700
Heritage Canada		59,449	59,449	-
Employment and Social Development Canada		-	19,750	-
Deferred revenue - current year		-	(55,889)	-
		3,517,208	3,497,018	2,148,458
Program expenses				
Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche	2	1,480,000	1,333,196	1,344,234
Indigenous and Northern Affairs Canada	3	806,672	806,672	625,499
Champlain	4	183,487	183,487	-
Heritage Canada	5	59,449	59,449	-
Gameau	6	47,600	6,411	22,700
Strategic Partnership Initiative	7	-	20,000	-
Capital	10	4,566	4,566	6,523
Total expenditures (Schedule 1)		2,581,774	2,413,781	1,998,956
Surplus before allocations to regional adult education centers		935,434	1,083,237	149,502
Allocations to regional adult education centers		(940,000)	(966,636)	(424,028)
Surplus (deficit)		(4,566)	116,601	(274,526)

The accompanying notes are an integral part of these financial statements

**First Nations Adults
Education Trust I**
Statement of Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Accumulated surplus, beginning of year	22,131	296,657
Surplus (deficit)	116,601	(274,526)
Accumulated surplus, end of year	138,732	22,131

The accompanying notes are an integral part of these financial statements

**First Nations Adults
Education Trust I**
Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual surplus (deficit)	(4,566)	116,601	(274,526)
Purchases of tangible capital assets	-	-	(4,873)
Amortization of tangible capital assets	4,566	4,566	6,523
	4,566	4,566	1,650
Increase (decrease) in net financial assets	-	121,167	(272,876)
Net financial assets, beginning of year	6,911	6,911	279,787
Net financial assets, end of year	6,911	128,078	6,911

The accompanying notes are an integral part of these financial statements

**First Nations Adults
Education Trust I**
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	3,112,478	2,133,076
Cash paid to suppliers	(893,985)	(639,307)
Cash paid to employees	(2,064,694)	(1,763,943)
	153,799	(270,174)
Financing activities		
Increase (decrease) in borrowings on line of credit	(92,352)	92,352
Increase in advance receivable	(70,000)	-
Repayment of advance receivable	111,441	-
Increase in loan payable	-	42,186
Repayment of loan receivable	-	(169,191)
	(50,911)	(34,653)
Capital activities		
Purchases of tangible capital assets	-	(4,873)
Increase (decrease) in cash resources	102,888	(309,700)
Cash resources (deficiency), beginning of year	(64,709)	244,991
Cash resources (deficiency), end of year	38,179	(64,709)

The accompanying notes are an integral part of these financial statements

**First Nations Adults
Education Trust I**
Notes to the Financial Statements
For the year ended March 31, 2016

1. Operations

First Nations Adults Education Trust I ("the Trust") was settled and commenced operations on July 10, 2012. The purpose of the Trust is to provide adult education facilities and programs in the First Nations communities of Kahnawà:ke, Listuguj Lac Simon and Uashat.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

Financial Instruments

The Trust recognizes its financial instruments when the Trust becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

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

The Trust subsequently measures all of its financial assets and liabilities at amortized cost, as they do not have any financial instruments requiring subsequent measurement at fair value. Fair value is determined by use of the fair value hierarchy. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. No statement of remeasurement gains and losses has been presented, as the Trust does not have any instruments giving rise to remeasurement gains and losses.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

**First Nations Adults
Education Trust I**
Notes to the Financial Statements
For the year ended March 31, 2016

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

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Computers	declining balance	30%

Long-lived assets

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

The Trust performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a group of long-lived assets is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. Impairment is measured as the amount by which the assets' carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus (deficit) for the year.

Net financial assets

The Trust's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Trust is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 tangible capital assets.

Repayment of government funding is estimated by management at year end based on the expected fulfillment of certain conditions stipulated within the relevant funding agreements.

Revenue recognition

Government Transfers

The Trust recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Trust recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

3. **Accounts receivable**

	<i>2016</i>	<i>2015</i>
Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche	498,500	150,000
Indigenous and Northern Affairs Canada	99,014	-
Heritage Canada	5,950	-
Accounts receivable - beneficiaries	7,616	46,870
FNHRDCQ	24,255	-
Commodity tax receivable	6,520	4,556
	641,855	201,426

**First Nations Adults
Education Trust I**
Notes to the Financial Statements
For the year ended March 31, 2016

4. Advance receivable

	2016	2015
Advance receivable - First Nations Adult Education School Council, entity related to the Trust, unsecured, non-interest bearing and due within the year	70,000	-
Advance receivable - FNHRDCQ, repaid during the year	-	111,441
	70,000	111,441

5. Line of credit

The Trust has available an unsecured line of credit of \$100,000. The line of credit bears interest at prime plus 5%. As at March 31, 2016, the line of credit has not been drawn (2015 - \$7,568 remained unused).

6. Accounts payable and accruals

	2016	2015
Accounts payable	388,249	63,340
Salaries and wage levies payable	84,155	16,938
Payable to beneficiaries	93,663	68,617
	566,067	148,895

7. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Contributions received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
Garneau	42,550	6,411	36,139
New Horizons	19,750	-	19,750
	62,300	6,411	55,889

8. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	2016 Net book value
Computers	28,973	-	-	18,319	10,654
	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	2015 Net book value
Computers	24,100	4,873	-	13,753	15,220

9. Contingencies

The Trust has entered into contribution agreements with various governments. Funding received under these contribution agreements may be subject to repayment upon final review of the programs by the various funding agencies. Management estimates that the conditions relative to the various funding agreements have been met and that no repayment will be required.

10. Financial Instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Trust is exposed to cash flow risk primarily through the line of credit which bears interest at a revolving rate.

11. Economic dependence

First Nations Adults Education Trust I receives substantially all of its revenue from Indigenous and Northern Affairs Canada and Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche. The nature and extent of the funding received is of such significance that the Trust is economically dependent on this funding.

12. Budget information

The disclosed budget information has been approved by the Board of Trustees of First Nations Adults Education Trust I.

**First Nations Adults
Education Trust I**
Schedule 1 - Schedule of Expenses by Object
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Expenses by object			
Administration	21,700	20,742	80,102
Amortization	4,566	4,566	6,523
Bank charges and interest	16,172	13,584	5,451
Consulting	-	-	278
Curriculum development	91,771	91,771	-
Furniture and equipment (recovery)	56,263	51,942	(1,239)
Insurance	11,000	10,348	9,920
Office supplies (recovery)	2,000	9,532	(874)
Printing	23,562	23,562	-
Professional fees	57,000	52,666	64,539
Recruitment	5,000	911	2,006
Salaries and benefits	2,176,740	2,064,694	1,763,943
Telephone	2,000	1,680	420
Training	22,000	4,590	5,447
Translation	42,000	15,918	25,897
Travel	50,000	47,275	36,543
	2,581,774	2,413,781	1,998,956

**First Nations Adults
Education Trust I**

Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche
Schedule 2 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Ministère de l'Éducation et de l'Enseignement supérieur et de la Recherche	2,420,000	2,420,000	1,500,000
Expenses			
Administration	-	-	17,552
Furniture and equipment (recovery)	25,000	20,679	(2,867)
Insurance	11,000	10,348	9,920
Professional fees	-	-	11,677
Salaries and benefits	1,400,000	1,296,989	1,303,530
Telephone	-	-	420
Training	22,000	4,590	276
Translation	22,000	-	1,964
Travel	-	590	1,762
	1,480,000	1,333,196	1,344,234
Surplus before allocations to regional adult education centers	940,000	1,086,804	155,766
Allocations to regional adult education centers			
FNRAEC Kahnawà:ke	(120,000)	(130,000)	(90,000)
CRÉA Kitci-Amik	(220,000)	(246,857)	(186,641)
FNRAEC Listuguj	(160,000)	(121,423)	(147,387)
FNRAEC Uashat	(440,000)	(468,356)	-
	(940,000)	(966,636)	(424,028)
Surplus (deficit) before transfer	-	120,168	(268,262)
Transfer			
Transfer to capital asset fund	-	-	(4,873)
Surplus (deficit)	-	120,168	(273,135)
Accumulated surplus, beginning of year	126,385	6,217	279,352
Accumulated surplus, end of year	126,385	126,385	6,217

**First Nations Adults
Education Trust I**
Indigenous and Northern Affairs Canada
Schedule 3 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	806,672	806,672	625,499
Expenses			
Administration	21,500	20,542	62,550
Bank charges and interest	16,172	13,584	5,451
Consulting	-	-	278
Furniture and equipment	-	-	1,628
Office supplies (recovery)	2,000	8,382	(874)
Professional fees	45,000	40,666	52,862
Recruitment	-	-	2,006
Salaries and benefits	650,000	660,465	437,713
Telephone	2,000	1,680	-
Training	-	-	5,171
Translation	20,000	15,918	23,933
Travel	50,000	45,435	34,781
	806,672	806,672	625,499
Surplus and accumulated surplus	-	-	-

**First Nations Adults
Education Trust I
Champlain**

Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	183,487	183,487	-
Expenses			
Curriculum development	91,771	91,771	-
Furniture and equipment	29,000	29,000	-
Salaries and benefits	62,716	62,716	-
	183,487	183,487	-
Surplus and accumulated surplus, end of year	-	-	-

**First Nations Adults
Education Trust I
Heritage Canada**

Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Heritage Canada	59,449	59,449	-
Expenses			
Administration	200	200	-
Furniture and equipment	2,263	2,263	-
Printing	23,562	23,562	-
Professional fees	12,000	12,000	-
Salaries and benefits	21,424	21,424	-
	59,449	59,449	-
Surplus and accumulated surplus, end of year	-	-	-

**First Nations Adults
Education Trust I
Garneau**

Schedule 6 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
FNHRDCQ	47,600	42,550	22,700
Deferred revenue - current year	-	(36,139)	-
	47,600	6,411	22,700
Expenses			
Recruitment	5,000	911	-
Salaries and benefits	42,600	5,500	22,700
	47,600	6,411	22,700
Surplus and accumulated surplus, end of year	-	-	-

**First Nations Adults
Education Trust I
Strategic Partnership Initiative**

Schedule 7 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
FNHRDCQ	-	20,000	-
Expenses			
Office supplies	-	1,150	-
Salaries and benefits	-	17,600	-
Travel	-	1,250	-
	-	20,000	-
Surplus and accumulated surplus, end of year	-	-	-

**First Nations Adults
Education Trust I
New Horizons**

Schedule 8 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Employment and Social Development Canada	-	19,750	-
Deferred revenue - current year	-	(19,750)	-
Surplus and accumulated surplus, end of year	-	-	-

**First Nations Adults
Education Trust I
Other**

Schedule 9 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Interest income	-	-	259
Other revenue	-	999	-
Surplus	-	999	259
Accumulated surplus, beginning of year	-	694	435
Accumulated surplus, end of year	-	1,693	694

**First Nations Adults
Education Trust I
Capital**

Schedule 10 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016 Budget	2016	2015
Expenses			
Amortization	4,566	4,566	6,523
Deficit before transfer	(4,566)	(4,566)	(6,523)
Transfer			
Transfer to capital asset fund	-	-	4,873
Deficit	(4,566)	(4,566)	(1,650)
Accumulated surplus, beginning of year	15,220	15,220	16,870
Accumulated surplus, end of year	10,654	10,654	15,220