

FIRST PEOPLES DEVELOPMENT INC.

Financial Statements

Year Ended March 31, 2016

September 14, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of First Peoples Development Inc.

I have audited the accompanying financial statements of First Peoples Development Inc., which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow 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 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditors consider 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion


In my opinion, the financial statements present fairly, in all material respects, the financial position of First Peoples Development Inc. as at March 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Tony Gauthier CPA
Chartered Professional Accountant

FIRST PEOPLES DEVELOPMENT INC.
Statement of Financial Position
March 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 1,370,474	\$ 2,263,900
Accounts receivable	720,163	16,050
Prepaid expenses	40,989	29,713
	\$ 2,131,626	\$ 2,309,663
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 882,714	\$ 39,292
Current portion of Due to Employment and Social Development Canada (Note 5)	-	139,736
Deficiency of funding to sub-agreement holders (Note 3)	1,248,912	309,948
Deferred income (Note 4)	-	1,820,685
	\$ 2,131,626	\$ 2,309,661

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

FIRST PEOPLES DEVELOPMENT INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2016

	2016	2015
REVENUE		
Employment and Social Development Canada	\$ 20,372,937	\$ 21,120,871
Interest income	17,267	24,726
Miscellaneous income	45,756	-
Aboriginal Affairs and Northern Development Canada	194,166	-
Province of Manitoba	57,829	-
	<u>20,687,955</u>	<u>21,145,597</u>
EXPENDITURES		
Administration - Schedule 1	1,395,233	1,088,390
Consolidated revenue fund - Schedule 2	9,053,642	9,446,919
Employment insurance fund - Schedule 3	4,214,345	4,102,067
Child care fund - Schedule 4	5,104,142	5,462,768
First Nations job fund - Schedule 5	920,593	1,045,453
	<u>20,687,955</u>	<u>21,145,597</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.
Statement of Changes in Net Assets
Year Ended March 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS- BEGINNING OF YEAR, AS RESTATED	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.
Statement of Cash Flow
Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	(704,113)	(5,321)
Prepaid expenses	(11,276)	(29,713)
Deficiency funding to sub-agreement holders	938,964	(19,076)
Accounts payable and accrued liabilities	843,420	9,188
Deferred revenue	(1,820,685)	95,314
	<u>(753,690)</u>	50,392
Cash flow from (used by) operating activities	<u>(753,690)</u>	50,392
FINANCING ACTIVITY		
Repayment of due to Employment and Social Development Canada	<u>(139,736)</u>	(141,080)
DECREASE IN CASH FLOW	(893,426)	(90,688)
Cash - beginning of year	<u>2,263,900</u>	2,354,588
CASH - END OF YEAR	\$ 1,370,474	\$ 2,263,900

FIRST PEOPLES DEVELOPMENT INC.

Notes to Financial Statements

Year Ended March 31, 2016

1. PURPOSE OF THE ORGANIZATION

First Peoples Development Inc., the "Organization", was incorporated on March 10, 2006 without share capital in the Province of Manitoba under the Corporations Act of Manitoba.

The Organization administers the Aboriginal Skills and Employment Training Strategy (ASETS), a key component of the Federal Framework for Aboriginal Economic Development. ASETS links training to labour market demand and ensures that Canada's Aboriginal people can fully participate in economic opportunities. Under this strategy, First Peoples Development Inc.'s sub-agreement holders design and deliver employment programs and services best suited to the unique needs of their clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP.

Cash and short-term investments

Cash and short-term investments include cash on hand, balances with bank net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Recognition recognition

The Organization follows the deferral method of accounting for government funding. Externally restricted funding is recognized as revenue in the year in which the related expenses are incurred. Miscellaneous income is recognized as revenue when it is received or becomes receivable and collection is reasonably assured. Interest income is recognized as revenue when it is earned.

Recognition of program assistance costs

Program assistance costs are recognized after the related expenditure reports have been received and approved by the Organization.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

First Peoples Development Inc. initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at cost.

The financial assets subsequently measured at cost include cash, term deposits and accounts receivable. The financial liabilities measured at cost include accounts payable and due to Employment and Social Development Canada.

3. EXCESS (DEFICIENCY) FUNDING TO SUB-AGREEMENT HOLDERS

Under the terms of agreement with the sub-agreement holders, funding that is not spent during the period can be carried forward to subsequent periods, with the approval of the organization. Otherwise, this funding must be repaid to the organization.

4. DEFERRED REVENUE

	2016	2015
BALANCE - Beginning of year	\$ 1,820,685	\$ 1,725,371
Less - amount recognized as revenue in the year	(1,820,685)	(1,725,371)
Add - amount received relating to the following year	-	1,820,685
	\$ -	\$ 1,820,685

5. DUE TO EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA

Prior to September 30, 2010, the Organization administered the Aboriginal Human Resources Development Agreement (AHRDA) for Employment and Social Development Canada (ESDC). Based on a review of this program by ESDC, the Organization was instructed to repay \$529,547, by monthly payments of approximately by \$14,000, beginning November, 2012.

There is no interest on this amount.

	2016	2015
Balance - beginning of year	\$ -	\$ 111,520
Less - payments during the year	-	28,216
Subtotal	-	139,736
Less - current portion	-	139,736
	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2016

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2016.

Credit risk

The Organization is exposed to credit risk with respect to term deposits and accounts receivable. The Organization assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The credit risk with respect to term deposits is significant since they are held in a large financial institution.

7. CONTINGENCIES

First Peoples Development Inc. receives funding from Employment and Social Development Canada (ESDC) to administer the Aboriginal Skills and Employment Training Strategy (ASETS) program. ESDC transfers funds to First People Development Inc. based on funding agreement.

Under the terms of the funding agreement with ESDC, the operations of First Peoples Development Inc. are subject to a review by ESDC to ensure compliance with the agreement. Should a review disclose any discrepancies, First Peoples Development Inc. may be required to reimburse ESDC for any expenses that may be disallowed.

8. ECONOMIC DEPENDENCE

The Organization received a major portion of its revenue from Employment and Social Development Canada. The nature and extent of this revenue is of such significance that the Organization is economically dependent on this source of revenue.

FIRST PEOPLES DEVELOPMENT INC.**Schedule Of Revenues and Expenses - Administration****(Schedule 1)****Year Ended March 31, 2016**

	2016	2015
REVENUE		
Employment and Social Development Canada	\$ 1,080,216	\$ 1,063,664
Aboriginal Affairs and Northern Development Canada	194,166	-
Province of Manitoba	57,829	-
Miscellaneous income	45,756	-
Interest income	17,267	24,726
	<u>1,395,234</u>	<u>1,088,390</u>
EXPENSES		
Advertising and promotion	2,582	8,782
Bank charges	5,635	5,246
Capacity building	14,972	15,185
Computer costs	6,199	31,303
Insurance	5,496	4,045
Licensed Practical Nurse	57,829	-
Meeting facilities	5,962	10,931
Miscellaneous	45,758	-
Office costs	28,624	29,666
Partnership development	23,500	-
Professional fees	144,017	103,496
Rent	70,725	65,867
Robotics pilot	194,166	-
Salaries and benefits	614,315	681,420
Telephone	14,560	18,239
Travel	160,894	114,210
	<u>1,395,234</u>	<u>1,088,390</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.

Schedule Of Revenues and Expenses - Consolidated Revenue Fund (Schedule 2)

Year Ended March 31, 2016

	2016	2015
REVENUE		
Employment and Social Development Canada	\$ 9,053,642	\$ 9,836,535
EXPENSES		
Administration	613,540	778,886
Core program benefit	2,327,481	2,221,451
Employment and training - youth and disabled	640,061	662,873
Employment benefit	2,903,688	2,932,953
Employment support measures.	2,487,490	3,063,071
Geothermal project	-	113,950
Other	7,111	4,566
Partnership development	74,271	58,785
	9,053,642	9,836,535
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.

Schedule of Revenues and Expenses - Employment Insurance Fund

(Schedule 3)

Year Ended March 31, 2016

	2016	2015
REVENUE		
Employment and Social Development Canada	\$ 4,214,345	\$ 4,102,067
EXPENDENDITURES		
Administration	336,879	286,373
Core program services	1,633,612	1,556,073
Employment and training - youth and disabled	52,499	60,780
Employment benefit	1,192,564	1,196,711
Employment support measures	985,458	918,301
Other	337	1,423
Partnership development	12,996	82,406
	\$ 4,214,345	\$ 4,102,067

FIRST PEOPLES DEVELOPMENT INC.**Schedule of Revenues and Expenses - Child Care Fund****(Schedule 4****Year Ended March 31, 2016**

	2016	2015
REVENUE		
Employment and Social Development Canada	<u>\$ 5,104,142</u>	<u>\$ 5,073,152</u>
EXPENSES		
Administration	119,712	288,828
Capital costs - daycare	39,565	155,022
Core program services	306,590	1,666,064
Employment benefit	43,080	-
Employment support measures	959	-
Partnership development	99	-
Program costs - daycare	<u>4,594,137</u>	<u>2,963,238</u>
	<u>5,104,142</u>	<u>5,073,152</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.
Schedule of Revenues and Expenses - First Nations Job Fund

(Schedule 5)

Year Ended March 31, 2016

	2016	2015
REVENUE		
Aboriginal Skills and Employment Training Strategy	\$ 920,593	\$ 1,045,453
EXPENSES		
Administration	23,692	32,491
Core program services	192,926	162,251
Employment benefit	369,282	455,286
Employment support measures	327,890	384,459
Employment and training - youth and disabled	-	10,966
Partnership development	6,803	-
	920,593	1,045,453
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -