

FIRST PEOPLES DEVELOPMENT INC.

Financial Statements

Year Ended March 31, 2015

March 23, 2016

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, 2015 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.

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Independent Auditor's Report to the Directors of First Peoples Development Inc. *(continued)*

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, 2015 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.

Other Matter

The financial statements of First Peoples Development Inc. for the year ended March 31, 2014 were audited by another auditor who expressed an unqualified opinion on December 10, 2014.

Jony Gauthier CPA
Chartered Professional Accountant

FIRST PEOPLES DEVELOPMENT INC.
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 2,263,900	\$ 2,354,588
Accounts receivable	16,050	10,729
Prepaid expenses	29,713	-
	<u>\$ 2,309,663</u>	<u>\$ 2,365,317</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 39,292	\$ 30,106
Current portion of Due to Employment and Social Development Canada (Note 5)	139,736	169,296
Deficiency of funding to sub-agreement holders (Note 3)	309,948	329,024
Deferred income (Note 4)	1,820,685	1,725,371
	<u>2,309,661</u>	<u>2,253,797</u>
DUE TO EMPLOYMENT AND SOCIAL DEVELOPMENT CANADA (Note 5)	<u>-</u>	<u>111,520</u>
	<u>\$ 2,309,661</u>	<u>\$ 2,365,317</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

FIRST PEOPLES DEVELOPMENT INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2015

	2015	2014
REVENUE		
Employment and Social Development Canada	\$ 21,120,871	\$ 19,597,628
Interest income	24,726	33,659
Miscellaneous income	-	4,172
	<u>21,145,597</u>	<u>19,635,459</u>
EXPENDITURES		
Administration - Schedule 1	1,088,390	1,110,972
Consolidated revenue fund - Schedule 2	9,446,919	9,350,413
Employment insurance fund - Schedule 3	4,102,067	3,855,096
Child care fund - Schedule 4	5,462,768	5,275,672
First Nations job fund - Schedule 5	1,045,453	43,306
	<u>21,145,597</u>	<u>19,635,459</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.
Statement of Changes in Net Assets
Year Ended March 31, 2015

	2015	2014
NET ASSETS - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	\$ -	\$ 1,073,168
PRIOR PERIOD ADJUSTMENT (Note 9)	-	(1,073,168)
NET ASSETS- BEGINNING OF YEAR, AS RESTATED	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Statement of Cash Flow
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	(5,321)	49,498
Prepaid expenses	(29,713)	(14,432)
Deficiency funding to sub-agreement holders	(19,076)	(492,364)
Accounts payable and accrued liabilities	9,188	(22,456)
Deferred revenue	95,314	680,901
	<u>50,392</u>	<u>201,147</u>
Cash flow from operating activities	<u>50,392</u>	<u>201,147</u>
FINANCING ACTIVITY		
Repayment of due to Employment and Social Development Canada	<u>(141,080)</u>	<u>(93,543)</u>
INCREASE (DECREASE) IN CASH FLOW	(90,688)	107,604
Cash - beginning of year	<u>2,354,588</u>	<u>2,246,874</u>
CASH - END OF YEAR	\$ 2,263,900	\$ 2,354,478

FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2015

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, 2015

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

	2015	2014
BALANCE - Beginning of year	\$ 1,725,371	\$ 1,851,059
Less - amount recognized as revenue in the year	(1,725,371)	(1,851,059)
Add - amount received relating to the following year	1,820,685	1,725,371
Balance - end of year	\$ 1,820,685	\$ 1,725,371

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 \$14,000, beginning November, 2012.

There is no interest on this amount.

	2015	2014
Balance - beginning of year	\$ 111,520	\$ 436,004
Less - payments during the year	28,216	(155,188)
Subtotal	139,736	280,816
Less - current portion	(139,736)	(169,296)
Balance - end of year	\$ -	\$ 111,520

FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2015

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, 2015.

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.

9. PRIOR PERIOD ADJUSTMENT

During the current year, management discovered that Excess funding to sub-agreements holders' schedule and net assets were overstated by \$1,073,168. Therefore, the financial statements were retroactively restated to reflect this adjustment.

The effect of this restatement on the prior year financial statements is as follows:

- Excess funding to sub-agreement holders decreased by \$1,073,168
 - Net assets, beginning of year decreased by \$1,073,168
 - Net assets, end of year decreased by \$1,073,168
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FIRST PEOPLES DEVELOPMENT INC.**Schedule Of Revenues and Expenses - Administration****(Schedule 1)****Year Ended March 31, 2015**

	2015	2014
REVENUE		
Employment and Social Development Canada	\$ 1,063,664	\$ 1,073,141
Interest income	24,726	33,659
Miscellaneous income	-	4,172
	1,088,390	1,110,972
EXPENSES		
Advertising and promotion	8,782	2,485
Bank charges	5,246	5,375
Capacity building	15,185	10,782
Computer costs	31,303	11,104
Insurance	4,045	3,721
Office costs	29,666	25,244
Meeting facilities	10,931	5,323
Miscellaneous	-	3,597
Professional fees	103,496	201,867
Rent	65,867	49,323
Salaries and benefits	681,420	669,078
Telephone	18,239	17,050
Travel	114,210	106,023
	1,088,390	1,110,972
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Schedule Of Revenues and Expenses - Consolidated Revenue Fund (Schedule 2)

Year Ended March 31, 2015

	2015	2014
REVENUE		
Employment and Social Development Canada	\$ 9,446,919	\$ 9,350,413
EXPENSES		
Administration	778,886	633,226
Core program benefit	2,221,451	2,030,389
Employment benefit	2,543,337	3,154,961
Employment support measures.	3,063,071	2,752,348
Employment and training - youth and disabled	662,873	600,060
Partnership development	58,785	44,910
Geothermal project	113,950	132,903
Other	4,566	1,616
	9,446,919	9,350,413
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Schedule of Revenues and Expenses - Employment Insurance Fund (Schedule 3)
Year Ended March 31, 2015

	2015	2014
REVENUE		
Employment and Social Development Canada	\$ 4,102,067	\$ 3,855,096
EXPENDENDITURES		
Administration	286,373	454,047
Core program services	1,556,073	1,153,534
Employment benefit	1,196,711	1,009,400
Employment support measures	918,301	1,182,834
Employment and training - youth and disabled	60,780	32,907
Partnership development	82,406	20,960
Other	1,423	1,414
	\$ 4,102,067	\$ 3,855,096

FIRST PEOPLES DEVELOPMENT INC.**Schedule of Revenues and Expenses - Child Care Fund****(Schedule 4)****Year Ended March 31, 2015**

	2015	2014
REVENUE		
Employment and Social Development Canada	\$ 5,462,768	\$ 5,275,672
EXPENSES		
Administration	288,828	475,275
Core program services	1,666,064	2,027,917
Employment benefit	-	5,559
Capital costs - daycare	155,022	507,155
Program costs - daycare	3,352,854	2,258,429
Partnership development	-	1,337
	5,462,768	5,275,672
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

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

(Schedule 5)

Year Ended March 31, 2015

	2015	2014
REVENUE		
	\$ -	\$ -
Aboriginal Skills and Employment Training Strategy	<u>1,045,453</u>	<u>43,306</u>
	<u>1,045,453</u>	<u>43,306</u>
EXPENSES		
Administration	32,491	1,489
Core program services	162,251	31,009
Employment benefit	455,286	8,865
Employment support measures	384,459	993
Employment and training - youth and disabled	10,966	700
Partnership development	-	250
	<u>1,045,453</u>	<u>43,306</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>