

FIRST PEOPLES DEVELOPMENT INC.
Financial Statements
Year Ended March 31, 2020

August 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Directors of First Peoples Development Inc

Opinion

I have audited the accompanying financial statements of First Peoples Development Inc (the Organization), which comprise the statement of financial position as at March 31, 2020 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Tony Gauthier, CPA

Chartered Professional Accountant
1515 One Lombard Place
Winnipeg MB R3B 0X3

FIRST PEOPLES DEVELOPMENT INC.
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 8,191,900	\$ 7,770,782
Accounts receivable	15,282	51,511
	<u>\$ 8,207,182</u>	<u>\$ 7,822,293</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 929,837	\$ 1,748,127
Deferred income - ISET	4,223,553	4,486,490
Deferred income - Other	3,053,792	1,587,676
	<u>\$ 8,207,182</u>	<u>\$ 7,822,293</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

FIRST PEOPLES DEVELOPMENT INC.
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	2020	2019
REVENUE		
Employment and Social Development Canada	\$ 20,886,221	\$ 21,910,306
Indigenous Service Canada	511,203	1,319,908
AES - LMI Pilot	312,414	81,172
Interest income	231,568	106,263
CME - Welding	48,644	53,562
Miscellaneous income	22,491	-
SAH	-	40,234
Enbridge	-	33,680
Licensed Practical Nurse	-	56,622
Province of Manitoba	-	81,942
	22,012,541	23,683,689
EXPENDITURES		
Administration - Schedule 1	1,720,835	2,895,505
Consolidated revenue fund - Schedule 2	10,745,961	11,089,232
Employment insurance fund - Schedule 3	4,502,102	4,129,838
Child care fund - Schedule 4	5,043,643	5,569,114
	22,012,541	23,683,689
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Statement of Changes in Net Assets
Year Ended March 31, 2020

	2020	2019
NET ASSETS- BEGINNING OF YEAR	\$ -	\$ -
NET ASSETS - END OF YEAR	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Statement of Cash Flow
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	51,511	40,448
Prepaid expenses	-	69,966
Accounts payable and accrued liabilities	1,139,658	1,139,658
Deficiency funding to sub-agreement holders	(439,945)	(439,945)
Deferred revenue	(64,067)	(64,067)
	<u>687,157</u>	<u>746,060</u>
INCREASE IN CASH FLOW	687,157	746,060
Cash - beginning of year	<u>7,770,782</u>	<u>7,024,722</u>
CASH - END OF YEAR	\$ 8,457,939	\$ 7,770,782

FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2020

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 Indigenous Skills and Employment Training Program (ISET), a key component of the Federal Framework for Aboriginal Economic Development. ISET links training to labour market demand and ensures that Canada's Aboriginal people can fully participate in economic opportunities. Under this program, 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, 2020

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. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

5. 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, 2020.

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.

6. CONTINGENCIES

First Peoples Development Inc. receives funding from Employment and Social Development Canada (ESDC) to administer the Indigenous Skills and Employment Training (ISET) program. ESDC transfers funds to First Peoples 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.

FIRST PEOPLES DEVELOPMENT INC.
Notes to Financial Statements
Year Ended March 31, 2020

7. 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, 2020

	2020	2019
REVENUE		
Employment and Social Development Canada	\$ 594,515	\$ 1,122,122
Indigenous Service Canada	511,203	1,319,908
AES - LMI Pilot	312,414	81,172
Interest income	231,568	106,263
CME	48,644	53,562
Miscellaneous income	22,491	-
Embridge	-	33,680
SAH	-	40,234
LPN	-	56,622
Province of Manitoba	-	81,942
	1,720,835	2,895,505
EXPENSES		
AES - LMI Pilot	312,414	81,172
Advertising and promotion	9,307	8,389
Bank charges	5,177	6,257
CMJG Service provider	-	122,176
Capacity building	7,550	11,546
Enbridge Welding Camps	-	33,680
Equipment	8,166	8,057
Insurance	4,510	4,483
Licensed Practical Nurse	-	56,622
Meeting facilities	4,208	1,495
Miscellaneous (recovery)	22,491	(47)
Office costs	25,488	21,234
Professional fees	100,302	139,097
Rent	67,665	68,009
Robotics pilot	511,203	603,629
STEP Welding Project	48,644	53,591
Salaries and benefits	498,989	814,866
Telephone	16,922	16,675
Travel	77,799	128,295
Youth summit/Proposal Writing/Summer Pilot	-	716,279
	1,720,835	2,895,505
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Schedule Of Revenues and Expenses - Consolidated Revenue Fund (Schedule 2)
Year Ended March 31, 2020

	2020	2019
REVENUE		
Employment and Social Development Canada	\$ 10,745,961	\$ 11,089,232
EXPENSES		
Administration	547,162	724,679
Capital costs	25,972	-
Core program benefit	2,622,753	2,266,306
Funded program	7,383,465	7,948,063
Partnership development	166,608	150,184
	10,745,960	11,089,232
EXCESS OF REVENUE OVER EXPENSES	\$ 1	\$ -

FIRST PEOPLES DEVELOPMENT INC.
Schedule of Revenues and Expenses - Employment Insurance Fund (Schedule 3)
Year Ended March 31, 2020

	2020	2019
REVENUE		
Employment and Social Development Canada	<u>\$ 4,502,103</u>	<u>\$ 4,129,838</u>
EXPENSES		
Administration	215,150	273,626
Core program services	1,418,731	1,495,601
Funded program	2,794,002	2,282,013
Partnership development	74,220	78,598
	<u>4,502,103</u>	<u>4,129,838</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

FIRST PEOPLES DEVELOPMENT INC.
Schedule of Revenues and Expenses - Child Care Fund (Schedule 4)
Year Ended March 31, 2020

	2020	2019
REVENUE		
Employment and Social Development Canada	\$ 4,997,786	\$ 5,569,114
Other revenue - IELCC	45,857	-
	<u>5,043,643</u>	<u>5,569,114</u>
EXPENSES		
Administration	247,324	445,781
Capital costs - daycare	-	887,389
Program costs - daycare	4,796,319	4,235,944
	<u>5,043,643</u>	<u>5,569,114</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

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

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ON BEHALF OF THE BOARD


 _____ Director


 _____ Director