

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Financial Statements
Year Ended March 31, 2021

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(Operating as Shingwauk Kinoomaage Gamig)
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Shingwauk Teaching Lodge operating as Shingwauk Kinoomaage Gamig

Opinion

I have audited the financial statements of Shingwauk Teaching Lodge operating as Shingwauk Kinoomaage Gamig (the institute), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the institute as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 institute in accordance with 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 these 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 ASNPO, 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 institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institute or to cease operations, or has no realistic alternative but to do so.

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

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.

(continues)

Helping your business is our business.

Independent Auditor's Report to the Members of Shingwauk Teaching Lodge (*continued*)

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 institute'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 institute'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 institute 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.

Kevin Thibeault Professional Corporation

Sault Ste. Marie, Ontario
June 29, 2021

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Statement of Financial Position
March 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 397,876	\$ 570,994
Accounts receivable	589,655	155,815
Harmonized sales tax recoverable	14,507	4,556
Prepaid expenses	63,406	22,031
	<u>1,065,444</u>	753,396
Property, plant and equipment (Note 3)	<u>723,079</u>	518,522
	<u>\$ 1,788,523</u>	<u>\$ 1,271,918</u>
Liabilities and Net Assets		
Current		
Accounts payable	\$ 645,074	\$ 312,356
Deferred income (Note 4)	116,813	228,131
	<u>761,887</u>	540,487
Deferred capital contributions (Note 5)	<u>617,535</u>	493,827
	<u>1,379,422</u>	1,034,314
Net assets	<u>409,101</u>	237,604
	<u>\$ 1,788,523</u>	<u>\$ 1,271,918</u>

The accompanying notes are an integral part of these financial statements.

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinooomaage Gamig)
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
Revenues		
Ministry of Colleges and Universities (Note 7)	\$ 1,557,381	\$ 1,066,549
Tuition Fees	293,222	155,815
Indigenous Services Canada	76,930	29,700
Indigenous Language Consortium	33,896	1,351
Laidlaw Foundation	8,742	-
Other services	3,305	90,701
Amortization of deferred capital contributions (Note 5)	59,117	-
	2,032,593	1,344,116
Expenses		
Academic services	340,725	111,929
Amortization	66,656	-
Audit fees	8,000	6,000
Bursaries and scholarships	10,500	10,500
Communications and marketing	16,081	20,926
Consulting fees	195,304	83,238
Course development	-	29,700
Cultural infrastructure	1,500	8,586
Financial services and support costs	32,964	23,200
Infrastructure and equipment	208,667	312,103
Insurance	31,674	50,841
Interest and bank charges	1,170	1,338
Legal fees	23,863	5,707
Library and research development	650	32,755
Memberships	5,300	5,000
Office supplies	149,896	72,208
Mental health expenses	34,522	-
Language expenses	3,953	-
Staffing	720,219	417,076
Supplies	1,717	-
Sugarbush	5,015	-
Telephone	1,117	552
Travel	1,603	19,048
	1,861,096	1,210,707
Excess of revenues over expenses	\$ 171,497	\$ 133,409

The accompanying notes are an integral part of these financial statements.

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
Net assets - beginning of year	\$ 237,604	\$ 104,195
Excess of revenues over expenses	<u>171,497</u>	<u>133,409</u>
Net assets - end of year	\$ 409,101	\$ 237,604

The accompanying notes are an integral part of these financial statements.

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
Operating activities		
Excess of revenues over expenses	\$ 171,497	\$ 133,409
Item not affecting cash:		
Amortization of property, plant and equipment	<u>66,656</u>	-
	<u>238,153</u>	<u>133,409</u>
Changes in non-cash working capital:		
Accounts receivable	(433,840)	(149,665)
Due from Shingwauk Education Trust	-	30,557
Prepaid expenses	(41,375)	(19,318)
Accounts payable	332,718	(151,223)
Deferred income	(111,318)	173,431
Harmonized sales tax recoverable	<u>(9,951)</u>	<u>(4,556)</u>
	<u>(263,766)</u>	<u>(120,774)</u>
Cash flow from (used by) operating activities	<u>(25,613)</u>	<u>12,635</u>
Investing activity		
Purchase of property, plant and equipment	<u>(271,213)</u>	<u>(340,143)</u>
Financing activity		
Deferred capital contributions	<u>123,708</u>	<u>315,448</u>
Decrease in cash flow	(173,118)	(12,060)
Cash - beginning of year	<u>570,994</u>	<u>583,054</u>
Cash - end of year	\$ 397,876	\$ 570,994

The accompanying notes are an integral part of these financial statements.

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Notes to Financial Statements
Year Ended March 31, 2021

1. Summary of significant accounting policies

(a) Basis of presentation

The financial statements were prepared in accordance with Canadian ASPNO (ASNFPPO).

(b) Revenue recognition

Shingwauk Teaching Lodge follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Seminar fees are recognized as revenue when the seminars are held.

(c) Revenue Adjustments

The final amount of excess revenue over expenditures for the funding purpose is not determined until the funding agency has reviewed the institute's financial statements. The institute accounts for any unexpected funding adjustments in the period in which it occurs.

(d) Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. Financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian ASPNO 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.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a straight-line basis at the following rates:

Computer equipment	3 years
Equipment and furnishings	5 years

The institute regularly reviews its property, plant and equipment to eliminate obsolete items. In their year of acquisition, a full year of amortization is taken for capital assets.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinooomaage Gamig)
Notes to Financial Statements
Year Ended March 31, 2021

2. Purpose of the Institute

Shingwauk Teaching Lodge (the "institute") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The purpose of the institute is to develop First Nations community controlled Anishinaabe post-secondary education programs and services; improve accessibility, retention and graduation of Anishinaabe students from post-secondary education programs and services; increase the employment prospects of Anishinaabe people in Indigenous organizations, First Nation communities and mainstream communities by improving the skills of individuals; help provide Anishinaabe graduates with the skills required to be fully productive members of their communities, with the ability to actively participate in the development of self-governances, and self sufficiency at the First Nation level, and form a basis for on-going collaboration to meet student's needs.

3. Property, Plant and Equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 315,149	\$ 35,017	\$ 280,132	\$ 225,637
Equipment and furnishings	474,586	31,639	442,947	292,885
	\$ 789,735	\$ 66,656	\$ 723,079	\$ 518,522

4. Deferred Revenue

The organization receives funding from external parties to administer programs. The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled. Deferred revenue is comprised of the following:

	2021	2020
Indigenous Services Canada	\$ 50,300	\$ 50,300
Laidlaw Foundation	45,958	54,700
Ministry of Colleges and Universities - Covid 19	-	123,131
Ministry of Colleges and Universities - Mental Health	20,555	-
	\$ 116,813	\$ 228,131

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)

Notes to Financial Statements

Year Ended March 31, 2021

5. Deferred Capital Contributions

Deferred capital contributions represent the unamortized and unspent balances of grants utilized for capital asset acquisitions. Details of the continuity of these funds are as follows:

	2021	2020
Balance, beginning of year	\$ 493,827	\$ 178,379
Contributions received	182,825	315,448
Subtotal	676,652	493,827
Amortization of deferred capital contributions	(59,117)	-
Balance, end of year	\$ 617,535	\$ 493,827

6. Lease Commitments

The institute has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2021, are as follows:

2022	\$ 96,000
2023	96,000
2024	96,000
2025	96,000
2026	96,000
Thereafter	248,000
	\$ 728,000

7. Ministry of College and Universities

	2021	2020
Indigenous Institutes Operating Grants	\$ 1,238,061	\$ 1,081,405
Indigenous Student Bursary	10,500	10,500
Indigenous Institutes Mental Health Grant	55,555	-
Indigenous Institutes Covid Grant	-	123,131
Indigenous Institutes Operating Grants flowed through 2020-2021	180,921	-
Deferred revenue	102,576	(148,487)
Deferred capital contributions	(30,232)	-
	\$ 1,557,381	\$ 1,066,549

SHINGWAUK TEACHING LODGE
(Operating as Shingwauk Kinoomaage Gamig)
Notes to Financial Statements
Year Ended March 31, 2021

8. Economic Dependence

The institute is financially dependent on the Ministry of Colleges and Universities to fund of its operations. The current transfer payment agreement expired on March 31, 2021. The institute is required to repay any funds not spent during the term of the transfer payment agreement. For the 2019-2020 year, excess funds are allowed to be deferred to the next year due to extraordinary circumstances. The current year transfer payments will be signed for the 2021-22 year end once institutional allocations are determined.

9. Pension Plan

Employees are eligible to participate in a defined contribution pension plan. Employer contributions totaled \$21,952.97 (2020 - \$19,881.17) during the year and were fully expensed.

10. Financial Instruments

The institute 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 institute's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The institute is exposed to credit risk from customers. In order to reduce its credit risk, the institute reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The institute has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The institute is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) Additional risk

Unless otherwise noted, it is management's opinion that the institute is not exposed to significant other price risks arising from these financial instruments.

11. Comparative Figures

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

SHINGWAUK TEACHING LODGE
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Notes to Financial Statements
Year Ended March 31, 2021

12. Subsequent Events

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The Organization has experienced the following indicators of financial implications and has undertaken the following activities in relation to the COVID-19 pandemic:

- Mandatory working from home requirements for those able to do so.
- Temporary work stoppage and related restricted access and services.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.
