

Financial Statements of

**DUMONT TECHNICAL
INSTITUTE INC.**

Year ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Directors

We have audited the accompanying financial statements of Dumont Technical Institute Inc. which comprise the statement of financial position as at June 30, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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

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 our 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, we 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.

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, these financial statements present fairly, in all material respects, the financial position of Dumont Technical Institute Inc. as at June 30, 2016 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.

KPMG LLP

Chartered Professional Accountants

September 22, 2016

Saskatoon, Canada

DUMONT TECHNICAL INSTITUTE INC.

Statement of Financial Position

June 30, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 844,456	\$ 1,001,544
Accounts receivable	281,716	152,368
Prepaid expenses	78,895	115,183
	<u>1,205,067</u>	<u>1,269,095</u>
Investments (note 4)	1,412,349	1,377,920
Property and equipment (note 5)	3,055,103	3,128,430
	<u>\$ 5,672,519</u>	<u>\$ 5,775,445</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 310,202	\$ 340,873
Deferred revenue (note 6)	299,795	508,279
Current portion of long-term debt (note 7)	51,503	50,096
	<u>661,500</u>	<u>899,248</u>
Long-term debt (note 7)	221,640	273,143
Net assets		
Invested in property and equipment	2,781,960	2,805,191
Core	1,896,064	1,574,972
Programming	111,355	222,891
	<u>4,789,379</u>	<u>4,603,054</u>
Commitments (note 8)		
	<u>\$ 5,672,519</u>	<u>\$ 5,775,445</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

DUMONT TECHNICAL INSTITUTE INC.

Statement of Operations

Year ended June 30, 2016, with comparative information for 2015

	Core	BE Programs	Other Programs	2016	2015
Revenue:					
Government of					
Saskatchewan grants	\$ 2,019,100	\$ 2,566,594	\$ 857,428	\$ 5,443,122	\$ 5,356,196
Tuition and fees	-	95,500	2,013,718	2,109,218	1,738,918
Facility rental and other income	453,249	-	-	453,249	451,433
Investment income	44,183	-	-	44,183	60,673
Wage enhancement	-	-	-	-	241,949
	2,516,532	2,662,094	2,871,146	8,049,772	7,849,169
Expenses:					
Salaries	1,184,587	1,505,438	1,117,239	3,807,264	3,559,237
Purchased courses	26,500	180,623	716,988	924,111	746,135
Facilities	221,990	354,968	305,702	882,660	811,272
Staff benefits	227,833	240,365	171,534	639,732	602,517
Instructional costs	3,928	143,519	341,599	489,046	478,035
Amortization	198,880	-	-	198,880	204,228
Staff travel	50,307	48,893	69,410	168,610	101,405
Administrative services	-	42,000	124,649	166,649	346,974
Office supplies	61,494	38,178	30,535	130,207	104,306
Equipment and education supplies	42,251	44,946	18,500	105,697	131,728
Public relations	76,043	11,734	11,577	99,354	79,125
Telephone and fax	21,964	31,189	30,202	83,355	73,139
Insurance	34,978	594	21,514	57,086	57,618
Professional services	17,239	13,500	16,000	46,739	49,961
Software support	23,449	4,872	1,825	30,146	11,191
Professional development	10,931	1,275	5,056	17,262	42,890
Interest and bank	15,712	-	12	15,724	17,395
Bad debts	585	-	340	925	6,925
	2,218,671	2,662,094	2,982,682	7,863,447	7,424,081
Excess (deficiency) of revenue over expenses	\$ 297,861	\$ -	\$ (111,536)	\$ 186,325	\$ 425,088

See accompanying notes to financial statements.

DUMONT TECHNICAL INSTITUTE INC.

Statement of Changes in Net Assets

Year ended June 30, 2016, with comparative information for 2015

	Invested in property and equipment	Core	Programming Funds		2016	2015
			BE Programs	Other Programs		
Balance, beginning of year	\$ 2,805,191	\$ 1,574,972	-	\$ 222,891	\$ 4,603,054	\$ 4,177,966
Excess (deficiency) of revenue over expenses	-	297,861	-	(111,536)	186,325	425,088
Purchase of property and equipment	125,553	(125,553)	-	-	-	-
Amortization	(198,880)	198,880	-	-	-	-
Repayment of long-term debt	50,096	(50,096)	-	-	-	-
Balance, end of year	\$ 2,781,960	\$ 1,896,064	-	\$ 111,355	\$ 4,789,379	\$ 4,603,054

See accompanying notes to financial statements.

DUMONT TECHNICAL INSTITUTE INC.

Statement of Cash Flows

Year ended June 30, 2016, with comparative information for and 2015

	2016	2015
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 186,325	\$ 425,088
Items not involving cash:		
Amortization	198,880	204,228
Investment increase to fair value	(34,429)	(48,797)
Change in non-cash operating working capital:		
Accounts receivable	(129,348)	111,731
Prepaid expenses	36,288	(8,355)
Accounts payable and accrued liabilities	(30,671)	(234,198)
Deferred revenue	(208,484)	(249,940)
	18,561	199,757
Financing:		
Repayment of long-term debt	(50,096)	(46,645)
Investing:		
Purchase of property and equipment	(125,553)	(153,068)
Increase (decrease) in cash	(157,088)	44
Cash and cash equivalents, beginning of year	1,001,544	1,001,500
Cash and cash equivalents, end of year	\$ 844,456	\$ 1,001,544

See accompanying notes to financial statements.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements

Year ended June 30, 2016

1. Nature of organization:

Dumont Technical Institute Inc. ("the Institute") is an organization that provides Métis people in Saskatchewan the opportunity to obtain training and education through the Institute as well as its affiliates, Gabriel Dumont College Inc., Gabriel Dumont Institute of Native Studies and Applied Research Inc., Gabriel Dumont Scholarship Foundation II, Gabriel Dumont Institute Press Inc. and Gabriel Dumont Institute Training and Employment Inc.

The Institute is incorporated under the Non-Profit Corporations Act of Saskatchewan and as such is not subject to income tax under the Income Tax Act (Canada).

The Institute is jointly controlled with Gabriel Dumont Institute of Native Studies and Applied Research and its related entities: Gabriel Dumont College Inc., Gabriel Dumont Institute Training and Employment Inc., Gabriel Dumont Scholarship Foundation II, and Gabriel Dumont Institute Press Inc., as the Board of Directors of Gabriel Dumont Institute of Native Studies and Applied Research, Inc. are the same directors and the only directors of the controlled entities. These financial statements do not include the operations of these other entities.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit entities in Part III of the CPA Canada Handbook and reflect the following policies:

(a) Fund accounting:

The majority of the skills training programs offered are accredited through Saskatchewan Polytechnic.

Revenue and expenses related to program delivery and administrative activities are reported in the following funds:

Core services

The Core operations are responsible for program coordination, resource management, strategic planning, provision of counselling services and the day-to-day functions of the Institute.

Basic Education Programs

The Basic Education Programming (BE) includes a wide range of programs aimed at increasing the education and literacy levels of course participants. Programs offered under BE include adult secondary education, life skills and employment enhancement.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

2. Significant accounting policies (continued):

Other Programs

Other programs include a wide range of technical programming with the aim of equipping students with the necessary knowledge and skills to enter the labour market.

(b) Revenue recognition:

The Institute 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. Contract revenue is recognized as service is provided under the terms of the contract. Deferred revenue represents funding received related to expenditures and program delivery in future years.

Tuition and fees are recognized as revenue when the courses are held.

(c) Cash and cash equivalents:

Cash and cash equivalents includes bank balances and balances with financial institutions which are highly liquid and have an initial term to maturity of three months or less.

(d) Investments:

Investments consist of money market mutual funds and fixed income bond pooled funds with a Canadian chartered bank and are carried at market value. These investments are considered long-term in nature as they are held for long-term investment purposes.

In determining fair values, adjustments have not been made for transaction costs as they are not considered significant. The unrealized gain or loss on investments, being the difference between book value and fair value, is included in investment income in the statement of operations.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

2. Significant accounting policies (continued):

(e) Property and equipment:

Property and equipment are stated at cost less accumulated amortization. Normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided using the following methods and rates:

Asset	Method	Rate
Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%
Building	Declining balance	5%

Amortization is charged for the full year in the year of acquisition. No amortization is taken in the year of disposal. It is expected that this policy will charge operations with the total cost of the assets over the useful life of the assets. Gains or losses on the disposal of individual assets are recognized in income in the year of disposal.

(f) Employee benefits:

The Institute provides a defined contribution pension plan, life insurance, long and short term disability coverage, dental, vision, and health care benefits to employees. Costs are expensed in the year incurred.

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organization 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 year. Significant items subject to such estimates and assumptions include the estimated useful life of property and equipment, the collectibility of accounts receivable and estimates of deferred revenue. Actual results could differ from those estimates.

(h) Allocation of income and expenses:

The Institute recognizes facility rental income in the Core service fund and allocates facility expense to the Basic Education programs and Other program funds. The amount of income recognized and expense allocated is based on a market rent analysis done by a third party.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

2. Significant accounting policies (continued):

The rental income and expense allocated are as follows:

	2016	2015
Facility rental income	\$ 272,127	\$ 265,784
Allocated as follows:		
Basic Education programs	169,003	192,037
Other programs	103,124	73,747
	\$ 272,127	\$ 265,784

3. Financial instruments and risk management:

The Institute, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments.

Credit risk

The Institute's principal financial assets subject to credit risk are cash, accounts receivable, and investments. The carrying amounts of these financial assets on the statement of financial position represent the Institute's maximum credit exposure at the year-end date.

The Institute's credit risk on its investments is primarily attributable to the volatility of the markets. The credit risk related to accounts receivable is minimized as these receivables are normally from related parties and government agencies. The credit risk on cash is limited because the counter parties are chartered banks with high credit ratings assigned by national credit-rating agencies.

Interest rate risk

The interest bearing investments have limited exposure to interest rate risk due to their short-term period to maturity.

Market risk

The Institute is exposed to interest rate and other price risk on its investments.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

3. Financial instruments and risk management (continued):

Fair values

Cash and cash equivalents and investments are recorded at fair value. For certain of the Institute's financial instruments including accounts receivable and accounts payable and accrued liabilities, the carrying amounts approximate fair value due to the immediate or short-term maturity of these items.

Due to the non-arms length relationship between the parties, it is not possible to approximate the fair value of amounts due to affiliates, that may arise.

4. Investments:

		2016		2015
	Cost	Market Value		Market Value
Imperial Short Term Bond Pool	\$ 695,788	\$ 699,748	\$	687,965
Imperial Canadian Bond Pool	531,494	586,241	\$	558,182
Imperial Money Market Pool	63,133	63,145	\$	74,235
Imperial International Bond Pool	49,234	63,215	\$	57,538
	\$ 1,339,649	\$ 1,412,349	\$	1,377,920

5. Property and equipment:

			2016		2015
	Cost	Accumulated amortization	Net book value		Net book value
Land	\$ 543,942	\$ -	\$ 543,942	\$	543,942
Furniture and equipment	988,188	778,858	209,330	\$	261,663
Building	3,139,801	898,423	2,241,378	\$	2,280,421
Computer equipment	313,818	253,365	60,453	\$	42,404
	\$ 4,985,749	\$ 1,930,646	\$ 3,055,103	\$	3,128,430

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

6. Deferred revenue:

Deferred revenue is comprised of the following:

	2016	2015
Advanced Education Employment and Immigration - BE programs	\$ 170,855	\$ 461,911
Advanced Education Employment and Immigration - Skills training	46,368	46,368
Gabriel Dumont Institute Training & Employment Inc.	60,770	-
Other	21,802	-
	\$ 299,795	\$ 508,279

7. Long-term debt:

	2016	2015
Clarence Campeau Development Fund term loan due March 2021, repayable in monthly instalments of \$5,087 including interest at a rate of 2% over the Scotia McLeod five-year bankers acceptance rate (currently 3.81%) against which the building has been pledged as collateral.	\$ 273,143	\$ 323,239
Current portion	51,503	50,096
	\$ 221,640	\$ 273,143

Estimated principal repayments of long-term debt for each of the next five years are as follows:

2017	\$ 51,503
2018	53,525
2019	55,601
2020	57,753
2021	54,761
	\$ 273,143

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

8. Commitments:

The Institute is committed pursuant to various operating leases for premises and office equipment in each of the next five years as follows:

2017	\$	190,511
2018		18,341
2019		8,404
2020		5,978
2021		4,576
	\$	<u>227,810</u>

The majority of operating leases are renewable on an annual basis.

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

9. Related party transactions:

Dumont Technical Institute Inc. conducts business with several related party organizations through the Gabriel Dumont Institute (note 1). The Gabriel Dumont Institute is the educational affiliate of the Métis Nation - Saskatchewan. Related party transactions are recorded at the exchange amount being amounts agreed upon between the related parties.

	2016	2015
Tuition and fees	\$ 1,321,354	\$ 1,375,711
Rent (included in miscellaneous income)	162,426	164,652
Wage enhancement	-	241,949
Administrative services expense	(165,748)	(340,474)
Facilities expense	(201,991)	(201,251)
Public relations expense	(8,308)	(12,062)
Professional development expense	-	(4,000)
Service provision & expense reimbursement	2,509	-
	\$ 1,110,242	\$ 1,224,525

Inter-fund administrative support/facility recovery expenses are charged based on estimated use of services.

Amounts included in accounts receivable and accounts payable are as follows:

Accounts receivable	2016	2015
Gabriel Dumont Institute Training & Employment Inc.	\$ 17,884	\$ 2,726
Gabriel Dumont Institute of Native Studies and Applied Research, Inc.	-	226
	\$ 17,884	\$ 2,952

Accounts payable and accrued liabilities	2016	2015
Gabriel Dumont Institute of Native Studies and Applied Research, Inc.	\$ 30,786	\$ 48,244
Gabriel Dumont Institute Training & Employment Inc.	12,298	-
	\$ 43,084	\$ 48,244

DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2016

10. Economic dependence:

Approximately 68% (2015 - 68%) of the Institute's revenue was derived from the Government of Saskatchewan. Funding is provided by annual grants under contracts expiring on various dates.

11. Pension plan:

The Institute contributed to a pension plan for the employees based on a negotiated rate of contribution. The pension expense for the year was \$226,215 (2015 - \$227,324).

12. Subsequent event:

Effective July 15, 2016 the Institute purchased property, adjacent to its existing premises on 22nd Street West in Saskatoon, for \$200,000.