

Financial Statements of

**DUMONT TECHNICAL  
INSTITUTE INC.**

Year ended June 30, 2017



KPMG LLP  
500-475 2nd Avenue South  
Saskatoon Saskatchewan S7K 1P4  
Canada  
Tel (306) 934-6200  
Fax (306) 934-6233

## 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, 2017, 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, 2017 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, 2017

Saskatoon, Canada

# DUMONT TECHNICAL INSTITUTE INC.

## Statement of Financial Position

June 30, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 859,599	\$ 844,456
Accounts receivable	95,589	281,716
Prepaid expenses	175,854	78,895
	1,131,042	1,205,067
Investments (note 4)	1,413,724	1,412,349
Property and equipment (note 5)	3,333,744	3,055,103
	\$ 5,878,510	\$ 5,672,519

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 274,407	\$ 310,202
Deferred revenue (note 6)	532,281	299,795
Current portion of long-term debt (note 7)	53,552	51,503
	860,240	661,500
Long-term debt (note 7)	168,088	221,640
Deferred contributions for La Loche building (note 8)	159,914	-
Net assets		
Invested in property and equipment	2,952,190	2,781,960
Core	1,626,723	1,896,064
Programming	111,355	111,355
	4,690,268	4,789,379
Commitments (notes 8 and 9)		
	\$ 5,878,510	\$ 5,672,519

See accompanying notes to financial statements.

On behalf of the Board:

	Director
	Director

# DUMONT TECHNICAL INSTITUTE INC.

## Statement of Operations

Year ended June 30, 2017, with comparative information for 2016

	Core	BE Programs	Other Programs	2017	2016
<b>Revenue:</b>					
Government of					
Saskatchewan grants	\$ 1,996,907	\$ 2,035,579	\$ 826,031	\$ 4,858,517	\$ 5,443,122
Tuition and fees	-	90,000	2,124,916	2,214,916	2,109,218
Facility rental and					
other income	457,675	-	-	457,675	453,249
Investment income	11,490	-	-	11,490	44,183
	2,466,072	2,125,579	2,950,947	7,542,598	8,049,772
<b>Expenses:</b>					
Salaries	1,446,472	1,164,930	1,106,414	3,717,816	3,807,264
Facilities	289,838	296,930	267,723	854,491	882,660
Purchased courses	57,898	150,583	605,213	813,694	924,111
Staff benefits	272,484	192,211	159,487	624,182	639,732
Instructional costs	4,417	107,838	380,336	492,591	489,046
Amortization	185,096	-	-	185,096	198,880
Administrative services	-	36,733	142,408	179,141	166,649
Staff travel	33,809	54,742	82,256	170,807	168,610
Office supplies	62,306	38,980	37,411	138,697	130,207
Public relations	59,208	13,105	15,489	87,802	99,354
Telephone and fax	24,504	25,918	28,548	78,970	83,355
Equipment and					
education supplies	20,939	19,436	28,755	69,130	105,697
Software support	25,244	12,004	30,858	68,106	30,146
Insurance	34,858	562	23,541	58,961	57,086
Professional services	22,402	10,750	16,000	49,152	46,739
Professional					
development	9,445	665	26,380	36,490	17,262
Interest and bank	16,263	192	128	16,583	15,724
Bad debts	-	-	-	-	925
	2,565,183	2,125,579	2,950,947	7,641,709	7,863,447
<b>Excess (deficiency) of</b>					
revenue over expenses	\$ (99,111)	\$ -	\$ -	\$ (99,111)	\$ 186,325

See accompanying notes to financial statements.

# DUMONT TECHNICAL INSTITUTE INC.

## Statement of Changes in Net Assets

Year ended June 30, 2017, with comparative information for 2016

	Invested in property and equipment	Core	Programming Funds BE Programs	Other Programs	2017	2016
Balance, beginning of year	\$ 2,781,960	\$ 1,896,064	\$ -	\$ 111,355	\$ 4,789,379	\$ 4,603,054
Excess (deficiency) of revenue over expenses	-	(99,111)	-	-	(99,111)	186,325
Purchase of property and equipment	463,737	(463,737)	-	-	-	-
Amortization	(185,096)	185,096	-	-	-	-
Deferred contributions for La Loche building	(159,914)	159,914	-	-	-	-
Repayment of long-term debt	51,503	(51,503)	-	-	-	-
Balance, end of year	\$ 2,952,190	\$ 1,626,723	\$ -	\$ 111,355	\$ 4,690,268	\$ 4,789,379

See accompanying notes to financial statements.

# DUMONT TECHNICAL INSTITUTE INC.

## Statement of Cash Flows

Year ended June 30, 2017, with comparative information for and 2016

	2017	2016
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ (99,111)	\$ 186,325
Items not involving cash:		
Amortization	185,096	198,880
Investment increase to fair value	(1,375)	(34,429)
Change in non-cash operating working capital:		
Accounts receivable	186,127	(129,348)
Prepaid expenses	(96,959)	36,288
Accounts payable and accrued liabilities	(35,795)	(30,671)
Deferred revenue	232,486	(208,484)
	370,469	18,561
Financing:		
Repayment of long-term debt	(51,503)	(50,096)
Deferred contributions for La Loche building	159,914	-
	108,411	(50,096)
Investing:		
Purchase of property and equipment	(463,737)	(125,553)
Increase (decrease) in cash	15,143	(157,088)
Cash and cash equivalents, beginning of year	844,456	1,001,544
Cash and cash equivalents, end of year	\$ 859,599	\$ 844,456

See accompanying notes to financial statements.

# DUMONT TECHNICAL INSTITUTE INC.

## Notes to Financial Statements

Year ended June 30, 2017

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### 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, 2017

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## 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.

Contributions restricted for the purchase of capital assets are deferred and recognized into revenue at a rate corresponding with the amortization rate for the capital asset.

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, 2017

## 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%

Assets under construction or development are not subject to amortization until the project is substantially complete and available for use. 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. Contributions for assets purchased are deferred and amortized on the same basis as the assets to which they relate.

The carrying amount of an item of property and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

### (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.

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 2. Significant accounting policies (continued):

### (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.

The rental income and expense allocated are as follows:

	2017	2016
Facility rental income	\$ 272,127	\$ 272,127
Allocated as follows:		
Basic Education programs	169,003	169,003
Other programs	103,124	103,124
	\$ 272,127	\$ 272,127

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

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### 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.

#### 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.

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 4. Investments:

		2017	2016
	Cost	Market Value	Market Value
Imperial Short Term Bond Pool	\$ 706,203	\$ 697,205	\$ 699,748
Imperial Canadian Bond Pool	544,810	584,529	586,241
Imperial Money Market Pool	74,703	74,707	63,145
Imperial International Bond Pool	46,599	57,283	63,215
	\$ 1,372,315	\$ 1,413,724	\$ 1,412,349

## 5. Property and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 771,376	\$ -	\$ 771,376	\$ 543,942
Furniture and equipment	1,007,665	822,903	184,762	209,330
Buildings	3,189,125	1,019,062	2,170,063	2,241,378
Computer equipment	321,407	273,778	47,629	60,453
La Loche building under construction	159,914	-	159,914	-
	\$ 5,449,487	\$ 2,115,743	\$ 3,333,744	\$ 3,055,103

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 6. Deferred revenue:

Deferred revenue is comprised of the following:

	2017	2016
Ministry of Economy - Basic Education programs	\$ 345,412	\$ 170,855
Advanced Education - Skills Training	148,081	-
Advanced Education - Employee Assistance for People with Disabilities	32,370	46,368
Gabriel Dumont Institute Training & Employment Inc.	3,994	60,770
Other	2,424	21,802
	\$ 532,281	\$ 299,795

## 7. Long-term debt:

	2017	2016
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 4.02%) against which a building has been pledged as collateral.	\$ 221,640	\$ 273,143
Current portion	53,552	51,503
	\$ 168,088	\$ 221,640

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

2018	\$ 53,552
2019	55,276
2020	57,535
2021	55,277
	\$ 221,640

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

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## 8. Deferred contributions for La Loche building:

During the year, the Institute entered into an agreement (the "Agreement") with the Minister of Advanced Education of the Government of Saskatchewan (the "Minister") for the La Loche Program Centre Addition Project. This Agreement allocated up to \$880,000 of Government of Canada funding through the Post Secondary Institutions Strategic Investment Fund towards this project. Project costs are estimated at \$1,653,700.

Construction of the La Loche Program Centre Addition has commenced and \$159,914 of construction costs have been incurred (note 5). Deferred contributions for the La Loche Program Centre Addition consist of costs incurred to date and funded by the Minister. Upon completion of the addition, the contribution funding received will be amortized to income on the same basis as the La Loche Program Centre Addition costs are amortized to expense.

## 9. Commitments:

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

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2018	\$	188,596
2019		14,262
2020		11,814
2021		10,400
2022		7,327
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		\$ 232,399

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

# DUMONT TECHNICAL INSTITUTE INC.

Notes to Financial Statements (continued)

Year ended June 30, 2017

## 10. 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.

	2017	2016
Tuition and fees	\$ 1,789,867	\$ 1,321,354
Rent (included in facility rental and other income)	160,672	162,426
Administrative services expense	(178,141)	(165,748)
Facilities expense	(199,938)	(201,991)
Public relations expense	(9,476)	(8,308)
Service provision & expense reimbursement	19,457	2,509
	\$ 1,582,441	\$ 1,110,242

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	2017	2016
Gabriel Dumont Institute Training & Employment Inc.	\$ 1,980	\$ 17,884
Gabriel Dumont Institute of Native Studies and Applied Research, Inc.	69	-
	\$ 2,049	\$ 17,884

Accounts payable and accrued liabilities	2017	2016
Gabriel Dumont Institute of Native Studies and Applied Research, Inc.	\$ 31,700	\$ 30,786
Gabriel Dumont Institute Training & Employment Inc.	9,552	12,298
	\$ 41,252	\$ 43,084



# **DUMONT TECHNICAL INSTITUTE INC.**

Notes to Financial Statements (continued)

Year ended June 30, 2017

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## **11. Economic dependence:**

Approximately 64% (2016 - 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.

## **12. 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 \$222,649 (2016 - \$226,215).