

**FIRST NATIONS UNIVERSITY
OF CANADA INC.**

FINANCIAL STATEMENTS

March 31, 2016

FIRST NATIONS UNIVERSITY OF CANADA INC.

Index to Financial Statements

March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
First Nations University of Canada Inc.

We have audited the accompanying financial statements of First Nations University of Canada Inc., which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in fund balances and cash flows 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.

Auditor's 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 the auditor's 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 auditor considers 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, the financial statements present fairly, in all material respects, the financial position of First Nations University of Canada Inc. as at March 31, 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 17 to the financial statements, which explains that certain comparative information for the year ended March 31, 2015 has been restated.



Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

June 26, 2016
Regina, Saskatchewan

FIRST NATIONS UNIVERSITY OF CANADA INC.

Statement of Financial Position

As at March 31, 2016

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| | 2016 | 2015 |
|---|----------------------|----------------------|
| | | (Restated - Note 17) |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,408,702 | \$ - |
| Short-term investments (Note 5) | 1,012,500 | 1,750,000 |
| Accounts receivable (Note 3) | 1,179,784 | 1,495,449 |
| Prepaid expenses and inventory | 225,546 | 144,199 |
| | 3,826,532 | 3,389,648 |
| CAPITAL ASSETS (Note 4) | 28,484,570 | 29,755,710 |
| INVESTMENTS (Note 5) | 2,558,116 | 2,744,820 |
| TOTAL ASSETS | \$ 34,869,218 | \$ 35,890,178 |
| LIABILITIES AND FUND BALANCES | | |
| CURRENT LIABILITIES | | |
| Bank overdraft | \$ - | \$ 25,080 |
| Accounts payable and accrued liabilities (Notes 8 and 13) | 1,029,576 | 1,259,619 |
| Deferred revenue | 414,237 | 310,814 |
| Current portion of long-term debt (Note 9) | 443,188 | 418,585 |
| | 1,887,001 | 2,014,098 |
| Long-term debt (Note 9) | 11,091,117 | 11,534,305 |
| Deferred contributions (Note 10) | 14,382,203 | 14,887,155 |
| TOTAL LIABILITIES | 27,360,321 | 28,435,558 |
| FUND BALANCES | | |
| Maintained permanently as endowments | 565,550 | 565,550 |
| Externally restricted trust and research funds (Note 11) | 377,950 | 314,232 |
| Internally restricted trust and research funds (Note 11) | 1,161,604 | 1,188,692 |
| Invested in capital assets | 2,568,062 | 2,915,665 |
| Unrestricted funds | 2,835,731 | 2,470,481 |
| | 7,508,897 | 7,454,620 |
| | \$ 34,869,218 | \$ 35,890,178 |

Commitments and contingencies (Notes 14 and 15)

See accompanying notes to financial statements

ON BEHALF OF THE BOARD OF GOVERNORS

..... Governor

..... Governor

FIRST NATIONS UNIVERSITY OF CANADA INC.
Statement of Operations and Changes in Fund Balances

Year ended March 31, 2016

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| | General | Restricted Trust | Research | Endowment | Total 2016 | Total 2015 |
|--|-------------------|---------------------|----------------|------------|-------------------|-------------------------|
| | | | | | | (Restated - Note 17) |
| REVENUES | | | | | | |
| Administration fees | \$ 124,872 | \$ - | \$ - | \$ - | \$ 124,872 | \$ 57,505 |
| Amortization of deferred contributions (Note 10) | 524,049 | - | - | - | 524,049 | 523,572 |
| Donations | 67,948 | 23,370 | - | - | 91,318 | 55,967 |
| Facility lease | 526,301 | - | - | - | 526,301 | 567,694 |
| Federal government grant | 6,999,720 | - | - | - | 6,999,720 | 7,000,000 |
| Interest | 25,276 | - | - | - | 25,276 | 199,716 |
| Investment income | 4,771 | - | - | - | 4,771 | 241,244 |
| Miscellaneous | 13,268 | - | - | - | 13,268 | 81,094 |
| Provincial government grant | 3,810,400 | - | - | - | 3,810,400 | 3,754,500 |
| Research projects | - | - | 571,255 | - | 571,255 | 270,401 |
| Parking lot revenue | 85,610 | - | - | - | 85,610 | 101,856 |
| Special projects | 482,580 | - | - | - | 482,580 | 465,319 |
| Student academic fees | 4,924,990 | - | - | - | 4,924,990 | 5,090,788 |
| Total revenues | 17,589,785 | 23,370 | 571,255 | - | 18,184,410 | 18,409,656 |
| EXPENSES | | | | | | |
| Academic instruction | 6,814,704 | - | - | - | 6,814,704 | 7,093,400 |
| Administration | 2,344,085 | - | - | - | 2,344,085 | 2,478,645 |
| Amortization of capital assets | 1,766,835 | - | - | - | 1,766,835 | 1,753,728 |
| Parking lot expenses | 44,312 | - | - | - | 44,312 | 99,855 |
| Computing and communications | 830,109 | - | - | - | 830,109 | 1,213,047 |
| Interest on long-term debt | 761,281 | - | - | - | 761,281 | 786,623 |
| Library | 414,545 | - | - | - | 414,545 | 500,069 |
| Physical plant | 2,301,791 | - | - | - | 2,301,791 | 2,430,252 |
| Research projects | - | - | 476,421 | - | 476,421 | 268,825 |
| Scholarships, bursaries, grants | - | 154,293 | - | - | 154,293 | 119,295 |
| Special projects | 459,452 | - | - | - | 459,452 | 472,623 |
| Student services | 1,762,305 | - | - | - | 1,762,305 | 1,816,905 |
| Total expenses | 17,499,419 | 154,293 | 476,421 | - | 18,130,133 | 19,033,267 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | | | | | | |
| | \$ 90,366 | \$ (130,923) | \$ 94,834 | \$ - | \$ 54,277 | \$ (623,611) |
| Fund balances, beginning of year, as previously reported | 5,713,610 | 2,017,706 | 50,768 | - | 7,782,084 | 8,405,695 |
| Restatement of prior period (Note 17) | (327,464) | (565,550) | - | 565,550 | (327,464) | (327,464) |
| Fund balances, beginning of year, as restated | 5,386,146 | 1,452,156 | 50,768 | 565,550 | 7,454,620 | 8,078,231 |
| Interfund transfers (Note 12) | (72,719) | 72,719 | - | - | - | - |
| Fund balances, end of year | \$ 5,403,793 | \$ 1,393,952 | \$ 145,602 | \$ 565,550 | \$ 7,508,897 | \$ 7,454,620 |

See accompanying notes to financial statements

FIRST NATIONS UNIVERSITY OF CANADA INC.**Statement of Cash Flows**

Year Ended March 31, 2016

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| | 2016 | 2015 |
|---|---------------------|----------------------|
| CASH FLOWS FROM (USED IN) | | (Restated - Note 17) |
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 54,277 | \$ (623,611) |
| Items not involving cash: | | |
| Amortization of capital assets | 1,766,835 | 1,753,728 |
| Amortization of deferred contributions | (524,049) | (523,572) |
| Change in non-cash operating items: | | |
| Accounts receivable | 315,665 | (446,261) |
| Prepaid expenses and inventory | (81,347) | (25,396) |
| Accounts payable | (230,043) | 5,904 |
| Deferred revenue | 103,423 | (47,877) |
| | 1,404,761 | 92,915 |
| CASH FLOWS FROM (USED IN) | | |
| INVESTING ACTIVITIES | | |
| Sale of investments | 937,500 | - |
| Purchase of investments | (13,296) | (1,866,922) |
| Purchase of capital assets | (495,695) | (447,227) |
| | 428,509 | (2,314,149) |
| CASH FLOWS FROM (USED IN) | | |
| FINANCING ACTIVITIES | | |
| Receipt of deferred contributions | 19,097 | 18,681 |
| Repayment of long-term debt | (418,585) | (395,348) |
| | (399,488) | (376,667) |
| INCREASE (DECREASE) IN (BANK OVERDRAFT) CASH | 1,433,782 | (2,597,901) |
| (BANK OVERDRAFT) CASH, BEGINNING OF YEAR | (25,080) | 2,572,821 |
| CASH (BANK OVERDRAFT), END OF YEAR | \$ 1,408,702 | \$ (25,080) |

See accompanying notes to financial statements

1. PURPOSE OF ORGANIZATION

The First Nations University of Canada Inc. (the "University") is a First Nations controlled, post-secondary educational institution providing educational opportunities to both First Nations and non-First Nations students. It is incorporated under the *Non-profit Corporations Act of Saskatchewan*.

The University's mission is to enhance the quality of life, and to preserve, protect, and interpret the history, language, culture, and artistic heritage of First Nations.

The University is a registered charity under the *Income Tax Act (Canada)* and accordingly is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the year ended March 31, 2016 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Canada Handbook. The following summary of significant accounting policies contains a description of the accounting methods and practices that are used by the University:

a) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The statement of operations and changes in fund balances shows the total revenues and expenses of the University after elimination of interfund transactions with ancillary and internal cost recoveries. The University has classified accounts with similar characteristics into major fund as follows:

The General Fund

The General Fund accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted contributions and revenue, as well as restricted contributions for the purchase of capital assets.

The Endowment Fund

The Endowment Fund reports permanently restricted contributions and revenue that are subject to externally imposed restrictions stating that the resources contribution are to be maintained permanently.

The Restricted Fund

The Restricted Fund reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Research and Trust.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*a) Fund accounting (continued)**The Restricted Fund (continued)*

The Research Fund records revenue and expenses specifically restricted for research projects as identified by the granting agencies, research institutions and other public and private organizations.

The Trust Fund consists of restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships.

b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When an item of capital asset no longer contribute to the University's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight line basis over their estimated useful lives as follows:

| | |
|-----------------------------------|----------|
| Building | 40 years |
| Furniture, fixtures and equipment | 8 years |
| Computer equipment | 4 years |
| Leasehold improvements | 5 years |
| Library | 10 years |

Artwork is treated as a collection and, accordingly, is not being amortized.

c) Revenue recognition

The University follows the restricted fund method whereby externally restricted revenue is recognized in the fund corresponding to the purpose for which they were contributed. Restricted revenue for which no corresponding restricted fund is presented is recognized in the General Fund in accordance with the deferral method. Unrestricted revenue is recognized in the General Fund in the year they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Since there is no corresponding fund, contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. In addition, funds used or restricted for special projects are deferred until there is a related expenses, at which time the funds are recognized into revenue.

Student academic fees are recognized as revenue in the year the related classes are held.

Investment income is recognized as revenue when the revenue is earned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*d) Financial instruments*

The University initially measures its financial assets and liabilities at fair value. The University subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in the period incurred as unrealized gains or losses in the statement of operations and changes in fund balances.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess of revenues over expenses over the life of the instrument using the straight-line method.

For financial assets measured at cost or amortized cost, the University determines whether there are indications of possible impairment. When there is an indication of impairment, and the University determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenses in the period the reversal occurs.

e) Hedge accounting

The University has entered into an interest rate swap agreement to manage the risk of fluctuating interest rates on its variable rate debt.

When both at the inception of a hedging relationship and throughout its term, the University has reasonable assurance that the critical terms of the hedging item and the hedged item are the same, the University may choose to designate that hedge accounting will be applied.

Interest rate swaps in qualifying hedging relationships are not recognized until their maturity. Net amounts receivable or payable on the interest rate swap are recognized as an adjustment to the interest expense on the hedged item in the period during which they accrue.

Hedge accounting may not be electively discontinued. If an interest rate swap is discontinued, any gain or loss is recognized as an adjustment to the debt and amortized to excess of revenues over expenses as interest payments are accrued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*f) Use of estimates*

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and underlying estimations of useful lives of capital assets, the carrying amounts of accounts receivable and underlying provision for bad debts and the assessment of contingencies and accrued liabilities. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|---------------------|---------------------|
| Accounts receivable - general | \$ 332,634 | \$ 495,969 |
| GST receivable | 7,854 | 16,850 |
| Operating and travel advances | 3,746 | 10,933 |
| Student receivables | 396,220 | 482,687 |
| Tuition sponsors | 545,422 | 528,354 |
| | <u>1,285,876</u> | <u>1,534,793</u> |
| Less: Allowance for doubtful accounts | <u>(106,092)</u> | <u>(39,344)</u> |
| | <u>\$ 1,179,784</u> | <u>\$ 1,495,449</u> |

During the year, \$251,136 (2015 - \$70,428) of bad debt expense was recorded in administration expenses.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2016

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4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net Book Value | |
|-----------------------------------|---------------------|-----------------------------|----------------------|----------------------|
| | | | 2016 | 2015 |
| Land | \$ 1 | \$ - | \$ 1 | \$ 1 |
| Artwork | 1,453,296 | - | 1,453,296 | 1,453,296 |
| Building - Regina | 37,149,756 | 11,843,002 | 25,306,754 | 25,975,238 |
| Furniture, fixtures and equipment | 5,452,810 | 5,138,878 | 313,932 | 391,172 |
| Computer equipment | 2,698,367 | 2,069,678 | 628,689 | 1,002,170 |
| Leasehold improvements | 255,013 | 170,203 | 84,810 | 130,999 |
| Library | 2,866,078 | 2,168,990 | 697,088 | 802,834 |
| | \$49,875,321 | \$21,390,751 | \$ 28,484,570 | \$ 29,755,710 |

5. INVESTMENTS

Short-term investments

The University held guaranteed investments certificates with interest rates of 1.25% (2015 - ranging from 0.50% to 1.25%), with a maturity date of July 16, 2016 (2015 - dates ranging from July 2015 to March 2016). The balance at the end of year was \$1,012,500 (2015 - \$1,750,000).

Long-term investments

| | 2016 | 2015 |
|--------------------------|---------------------|---------------------|
| Pooled funds | | |
| - Endowment | \$ 1,239,777 | \$ 1,239,098 |
| - Scholarships | 549,473 | 747,097 |
| Investment held in trust | 768,866 | 758,625 |
| | \$ 2,558,116 | \$ 2,744,820 |

Pooled fund investments are held in a balanced pooled fund on behalf of the University by the University of Regina. The pooled fund has no fixed distribution rate and fund returns are based on the success of the fund manager.

On April 1, 2014, the University entered into an Advisory Services Agreement with the University of Regina. Under this Advisory Services Agreement, which expires March 31, 2017, the University of Regina provides certain administrative and financial management services to the University. In order to indemnify the University of Regina for any liabilities that may rise out of the performance of these administrative and financial management services, the University has placed a \$750,000 guaranteed investment certificate in trust with the University of Regina. This guaranteed investment certificate pays interest at a rate of 1.15% in the first year, 1.35% in the second year and 1.70% in the third year.

6. RISK MANAGEMENT

Exposure to credit risk, liquidity risk and market risk (consisting of interest rate risk, fair value risk, equity price risk and foreign exchange risk) arise in the normal course of the University's business.

Credit Risk

The University's principal financial assets are cash, short-term investments, accounts receivable and investments. The carrying amounts of the financial assets in the statement of financial position represent the University's maximum credit exposure at the statement of financial position date.

The University's credit risk is primarily attributable to accounts receivable and investments.

The amounts disclosed in the statement of financial position are net of allowance for doubtful accounts, estimated based on previous experience and an assessment of the current economic environment. With the exception of amounts receivable from the University of Regina, the University does not have significant exposure to any individual customer.

The credit risk associated with investments is minimized substantially by ensuring that these assets are held with highly rated financial management companies.

Liquidity Risk

Liquidity risk is the risk that the University is unable to meet its financial obligations as they fall due. The University manages this risk by managing its cash resources and having a line of credit available to it (Note 7).

Market Risk

The University is exposed to interest rate risk on its short-term investments and long-term debt, the details of which are discussed in Note 5 and Note 9 respectively.

The University has entered into an interest rate swap agreement in order to address the interest rate risk inherent in the long-term debt, which accrues interest at prime plus 1.25%. Under the terms of the agreement, the University receives from the counterparty a monthly payment equal to the variable amount of interest on the long-term debt and pays the counterparty a fixed rate of 5.725%. The notional value of the interest rate swap is \$11,534,205 with a term maturity of June 30, 2032. The impact of the rates on the long-term debt and on the interest rate swap is reflected in the statement of operations and changes in fund balances as interest on long-term debt of \$761,281 (2015 - \$786,623).

The fixed-rate short-term investments subjects the University to fair value risk.

The University's investments are in a pooled fund (Note 5) which consists of individual equity investments and, accordingly, are subject to equity price risk.

The University is not subject to foreign exchange risk.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2016

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7. LINE OF CREDIT

The University has an authorized line of credit to a maximum of \$500,000 bearing interest at prime, secured by a general security agreement. At March 31, 2016, no amounts were drawn against this line of credit (2015 - \$Nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$131,762 (2015 - \$144,300).

9. LONG-TERM DEBT

| | <u>2016</u> | <u>2015</u> |
|--|----------------------------|-----------------------------|
| Mortgage payable at an interest rate of CIBC prime plus 1.25% repayable in monthly installments during the year averaging of \$99,283 due June 2032. The mortgage is secured by a first mortgage on the Regina Building located at the University of Regina Campus, Saskatchewan and a general security agreement. | \$11,534,305 | \$ 11,952,890 |
| Less: current portion | (443,188) | (418,585) |
| | <u>\$11,091,117</u> | <u>\$ 11,534,305</u> |

CIBC prime at March 31, 2016 is 2.70% (2015 - 2.85%)

Required principal repayments on long-term debt in each of the next five years and thereafter, calculated using the minimum required payments and assuming the loans are refinanced on similar terms and conditions, are approximately as follows:

| | |
|------------|------------|
| 2017 | \$ 443,188 |
| 2018 | 469,237 |
| 2019 | 496,817 |
| 2020 | 526,018 |
| 2021 | 556,935 |
| Thereafter | 9,042,110 |

FIRST NATIONS UNIVERSITY OF CANADA INC.

Notes to the Financial Statements

Year ended March 31, 2016

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10. DEFERRED CONTRIBUTIONS

Deferred contributions relate to capital assets and contributions received for specified other purposes, for which no fund is maintained and for which expenses will be incurred in a future period. The amortization of deferred contributions is recorded as revenue in the statement of operations and changes in fund balances as the related capital assets are amortized or as the related expenses are incurred:

| | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| Balance, beginning of year | \$ 14,887,155 | \$ 15,392,045 |
| Additional contributions received | 19,097 | 18,682 |
| Amortization of deferred contributions | (524,049) | (523,572) |
| | <u>\$ 14,382,203</u> | <u>\$ 14,887,155</u> |

11. RESTRICTED FUND BALANCES

Externally restricted funds

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|-------------------|-------------------|
| Restricted for scholarships | \$ 232,348 | \$ 263,464 |
| Restricted for research | 145,602 | 50,768 |
| | <u>\$ 377,950</u> | <u>\$ 314,232</u> |

Internally restricted funds

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|---------------------|---------------------|
| Non-expendable | | |
| Capital maintenance | \$ 730,187 | \$ 686,718 |
| Expendable | | |
| Restricted for scholarships | 431,417 | 501,974 |
| | <u>\$ 1,161,604</u> | <u>\$ 1,188,692</u> |

Internally restricted funds include trust funds and investment income that are expendable for scholarships at the discretion of the University's Scholarship Committee.

Endowment fund consists of an endowment balance of \$400,000 in which the Board of Governors has restricted 4% interest per annum amounting to \$730,187 (2015 - \$686,718) and is shown above as the non-expendable capital maintenance. This amount is to be applied on a compound basis.

12. INTERFUND TRANSFERS

Each year, the University transfers amounts between its funds for various purposes, including reassigning fund balances to support certain activities. Transfers from the General Fund to the Trust Fund during the year were:

| | <u>2016</u> | <u>2015</u> |
|----------------------------------|------------------|-------------------|
| Donations - Scholarships | \$ 67,948 | \$ 55,967 |
| Investment income - Scholarships | 4,771 | 241,244 |
| | <u>\$ 72,719</u> | <u>\$ 297,211</u> |

13. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenues and expenses resulting from routine operating transactions with the Federation of Saskatchewan Indian Nations which is a related party to the University as they are the parent organization of the University.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed by the related parties. Included in accounts payable and accrued liabilities is \$120 (2015 - \$125) for amounts due to Federation of Saskatchewan Indian Nations.

14. COMMITMENTS

The University has entered into lease agreements for its office equipment and buildings and is committed towards payments under an Advisory Services Agreement. The following is a schedule of the future minimum payments for the next three years for these commitments.

| | |
|------|------------|
| 2017 | \$ 347,195 |
| 2018 | 63,836 |
| 2019 | 1,629 |

15. CONTINGENCIES

Two claims filed by an administrative person and a faculty member previously employed at the University were outstanding at March 31, 2016. The University believes that the claims are without merit and will be defended. As a result, no adjustment have been made to the amounts reported in these financial statements.

16. BOARD COMPENSATION

During the year, the University paid honorariums and expenses of \$37,752 (2015 - \$52,102) to board members.

17. PRIOR PERIOD ADJUSTMENTS

During the year, the University changed its revenue recognition policy from the deferral method to the restricted fund method. Under the restricted fund method, contributions that are restricted for a specified purpose are recognized in the fund corresponding to the purpose for which they are received.

The impact of this change was applied retrospectively and resulted in the following:

Increase (Decrease)**Statement of operations and changes in fund balances**

| | | |
|--------------------------------------|----|---------|
| Revenue | \$ | 297,211 |
| Expenses | | 119,295 |
| Deficiency of revenues over expenses | | 177,916 |

Statement of financial position

| | | |
|--------------------------------------|--|-------------|
| Maintained permanently as endowments | | 565,550 |
| Externally restricted funds | | 314,232 |
| Internally restricted funds | | 1,188,692 |
| Restricted for trusts and endowments | | (2,017,706) |
| Restricted for research | | (50,768) |

The comparative figures for March 31, 2015 have also been restated to report the vacation accrual not previously reported. The restatement resulted in a decrease to opening unrestricted fund balances of \$327,464 as at April 1, 2014 and an increase in accounts payable of \$327,464 as at March 31, 2015. There was no impact on the deficiency of revenues over expenses for the year ended March 31, 2015.

Certain other comparative figures were restated to conform to current year presentation.

FIRST NATIONS UNIVERSITY OF CANADA INC.

Schedule 1 - Expenses - Unaudited

Year Ended March 31, 2016

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| | Functional Area | | | | | | 2016 | 2015 (Restated - Note 17) |
|-----------------------------------|-------------------------|---------------------|----------------|------------|---------------------------------|----------------|---------------|---------------------------------|
| | Academic Instruction | Student Services | Physical Plant | Library | Computing and Communications | Administration | | |
| Salaries & benefits | \$ 6,483,959 | \$ 1,613,881 | \$ 751,541 | \$ 388,947 | \$ 414,703 | \$ 1,490,351 | \$ 11,143,382 | \$ 11,543,349 |
| Space rental and occupancy | - | - | 1,402,744 | - | 207,570 | - | 1,610,314 | 1,776,480 |
| Student activities | 46,793 | 46,773 | 192 | - | - | 3,269 | 97,027 | 104,538 |
| Supplies and service | 193,374 | 41,512 | 145,013 | 20,051 | 196,838 | 766,658 | 1,363,446 | 1,769,010 |
| Travel | 90,578 | 60,139 | 2,301 | 5,547 | 10,998 | 83,807 | 253,370 | 338,941 |
| Total | \$ 6,814,704 | \$ 1,762,305 | \$ 2,301,791 | \$ 414,545 | \$ 830,109 | \$ 2,344,085 | \$ 14,467,539 | \$ 15,532,318 |
| Amortization | | | | | | | 1,766,835 | 1,753,728 |
| Parking lot expenses | | | | | | | 44,312 | 99,855 |
| Interest on long-term debt | | | | | | | 761,281 | 786,623 |
| Scholarship, bursaries and grants | | | | | | | 154,293 | 119,295 |
| Research projects (Schedule 4) | | | | | | | 476,421 | 268,825 |
| Special projects (Schedule 5) | | | | | | | 459,452 | 472,623 |
| | | | | | | | 3,662,594 | 3,500,949 |
| Total | | | | | | | \$ 18,130,133 | \$ 19,033,267 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 2 - Research Projects Revenue - Unaudited**

Year Ended March 31, 2016

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| | 2016 | 2015 |
|--|-------------------|-------------------|
| University of Regina - Indigenous Peoples Health Research Centre | \$ 34,070 | \$ 190,026 |
| University of Regina - Canadian Institutes of Health Research | 40,000 | 56,717 |
| Saskatchewan School Board Association | 5,000 | 15,000 |
| University of Regina - Canadian Institutes of Health Research | 144,830 | 6,800 |
| Northern Ontario School of Medicine | 57,712 | 1,858 |
| University of Regina | 6,589 | - |
| University of Regina - Saskatchewan Health Research Foundation | 54,541 | - |
| Women's College of Research Institute | 124,167 | - |
| European Research Council | 63,343 | - |
| AGE-WLL NCE Inc. | 21,503 | - |
| Brock Univeristy | 7,500 | - |
| Other | 12,000 | - |
| TOTAL | \$ 571,255 | \$ 270,401 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 3 - Special Projects Revenue - Unaudited**

Year Ended March 31, 2016

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| | 2016 | 2015 |
|--|------------|------------|
| PROVINCIAL GOVERNMENT: | | |
| Sask Advanced Education & Employment | \$ 20,127 | \$ 32,449 |
| Crown Investments Corporation | 2,400 | 5,000 |
| Ministry of the Economy | 5,000 | 5,000 |
| Saskatchewan Indian Gaming Authority | - | 3,500 |
| Minister of Education | 649 | 1,000 |
| Saskatchewan Health | - | 1,000 |
| Saskatchewan Government Insurance | - | 1,000 |
| SaskEnergy | 300 | 734 |
| FEDERAL GOVERNMENT: | | |
| Aboriginal Affairs and Northern Development Canada | 25,000 | 25,000 |
| OTHER: | | |
| Regina - First Nations University Annual Pow Wow | 177,001 | 194,600 |
| Regina - First Nations University Mosaic | 17,312 | - |
| Flood 2014 - 2015 | 147,843 | 137,725 |
| Vale Potash Corporation | 5,372 | 10,099 |
| Mosaic | - | 10,000 |
| Community Initiatives Fund | 5,290 | 9,472 |
| Farm Credit Corporation | 3,000 | 6,000 |
| Student Summer Works | 3,000 | 3,500 |
| Other | 5,886 | 3,341 |
| University of Regina | 528 | 2,800 |
| Potash Corporation | 5,000 | 2,600 |
| Saskatchewan Indian Equity Foundation | - | 2,502 |
| ACTUA | - | 2,158 |
| Athabasca Basin Development | 5,000 | - |
| Athabasca Basin Security | - | 2,000 |
| Royal Bank of Canada Foundation | 5,000 | 1,971 |
| Casino Regina | 930 | 1,000 |
| First Nations University - Norval Morrisseau Symposium | - | 868 |
| BH Billiton | 5,000 | - |
| Saskatchewan School Board Association | 629 | - |
| Productions Cazabon | 40,481 | - |
| Regina Treaty Status Indian Services Inc. | 1,832 | - |
| | \$ 482,580 | \$ 465,319 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 4 - Research Projects Expenses - Unaudited**

Year Ended March 31, 2016

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| | 2016 | 2015 |
|---|-------------------|-------------------|
| EDUCATIONAL: | | |
| CIHR - Two-eyed Seeing | \$ 113,526 | \$ 126,643 |
| Natural Resource Partnership and New Venture Creation in First Nations Context | 34,507 | 45,320 |
| CIHR - Healthier Youth | 54,541 | 40,399 |
| IPHRC / CIHR Portion | 34,070 | 23,849 |
| Aboriginal Knowledge Exchange | - | 11,409 |
| Aboriginal Youth Entrepreneurship Education Program Survey | 9,614 | 8,510 |
| CIHR - Digging Deep | 25,103 | 6,800 |
| CHIOS - PAW Bridge | 39,627 | 1,869 |
| Canadian Consortium on Neurodegeneration in Aging (CCNA - Indigenous Dementia) | 57,712 | 1,858 |
| National Aboriginal Special Education Symposium | 81 | 1,209 |
| Research - Miriam McNab | - | 750 |
| Cree Concepts of Reincarnation | 200 | 200 |
| Indigenous Food System | - | 9 |
| Mosquito First Nations Oral History Project | 181 | - |
| Chemical Survey of Native Prairie Plants | 2,628 | - |
| Dene-ACQDIV | 63,343 | - |
| RRITE-Rural/Remote Indigenous Technology Needs Exploration | 21,503 | - |
| CH Aboriginal Youth Through Theatre | 17,286 | - |
| Pawatamowin: Creating Space for Indigenous Thought in Teaching Writing | 770 | - |
| Cree and Saulteaux Relationships with Minerals: Past, Present and Future | 412 | - |
| Bri Jaqueline Anaquod | 467 | - |
| Cultural Connections Project | 850 | - |
| TOTAL | \$ 476,421 | \$ 268,825 |

FIRST NATIONS UNIVERSITY OF CANADA INC.**Schedule 5 - Special Projects Expenses - Unaudited**

Year Ended March 31, 2016

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| | 2016 | 2015 |
|---|-------------------|-------------------|
| EDUCATIONAL: | | |
| First Nations University Pow Wow - Regina | \$ 169,650 | \$ 185,363 |
| Flood 2014 - 2015 | 124,345 | 137,725 |
| Aboriginal Youth Entrepreneurship Camp | 62,478 | 60,807 |
| TEL Grants - General | 20,127 | 26,161 |
| Math/Science Camp | - | 25,158 |
| First Nations Pow Wow Food Booth | 7,351 | 9,237 |
| NFNECP - National First Nations Environmental Contaminants Program | - | 7,270 |
| ADMN Natural Resources | 2,872 | 5,099 |
| First Nations University Shared Garden | - | 4,472 |
| PHYS 109 (TEL Grant) | - | 4,000 |
| Norval Morrisseau Symposium | - | 3,668 |
| Elders Special - Pow Wow | - | 1,256 |
| Aboriginal Head Start Evaluation Project | - | 1,085 |
| Elders Christmas Dinner | 931 | 1,034 |
| Seed Funding for Research in Indigenous Studies | - | 1,000 |
| PHYS 119 (TEL Grant) | - | 137 |
| INDG 229 (TEL Grant) | - | (849) |
| Native Prairie Area Project | 5,290 | - |
| Indian Studies 100 Textbook Project | 4,713 | - |
| Aboriginal Knowledge Exchange Project Accord | 65 | - |
| Wisemen Mathematics Contest | 200 | - |
| Medicine Room | 1,278 | - |
| First Nations University - Mosaic | 17,312 | - |
| 2015 Reconciliation Trip | 40,480 | - |
| 2015-16 Conference Award | 528 | - |
| Regina Treaty Status Indian Services Inc. - Strategic Plan | 1,832 | - |
| TOTAL | \$ 459,452 | \$ 472,623 |