Seven Generations Education Institute

Financial Statements

For the year ended March 31, 2024

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Financial Statements
For the year ended March 31, 2024

Contents

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Independent Auditor's Report

To the Members of Seven Generations Education Institute

Opinion

We have audited the financial statements of Seven Generations Education Institute (the Entity), which comprise the Statement of Financial Position as at March 31, 2024, and the Statement of Operations, the Statement of Changes in Net Assets, and the Statement of Cash Flows for the year then ended, and Notes to Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit Organizations.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

We 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 we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
September 20, 2024

Seven Generations Education Institute
Statement of Financial Position

March 31	2024	2023
Assets		
Current assets		
Cash and bank (Note 2)	$19,104,690	$ 14,388,041
Accounts receivable (Note 3)	3,185,052	4,936,654
Due from government and other government organizations (Note 4)	1,510,330	1,107,139
Prepaid expenses	317,995	307,938
	24,118,067	20,739,772
Capital assets (Note 5)	22,045,999	23,258,313
	$46,164,066	$ 43,998,085
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,175,294	$ 3,303,611
Current portion of long-term debt (Note 8)	132,612	89,844
Deferred revenue (Note 6)	15,006,573	11,191,131
	17,314,479	14,584,586
Deferred capital contributions (Note 7)	12,846,899	13,811,005
Long-term debt (Note 8)	1,369,545	1,527,629
	31,530,923	29,923,220
Net assets (Page 6)		
Unrestricted	4,314,482	3,556,895
Invested in capital assets	9,199,100	9,447,308
Capital replacement reserve fund	258,853	258,853
Reserve for severance liabilities	338,684	338,684
Reserve for projects	406,572	406,572
Reserve for summer camp	20,600	20,600
Reserve for scholarships	73,960	25,061
Reserve for computer network	20,892	20,892
	14,633,143	14,074,865
	$46,164,066	$ 43,998,085

Commitments (Note 9)

Approved on behalf of the Board:

DocuSigned by:
0D2974BC7E274E9... Director

Signed by: Robert Bombay
26C6C853F5F142A... Director

Seven Generations Education Institute
Statement of Operations

For the year ended March 31	2024	2023
Revenue		
Grant revenue		
Government of Canada		
Indigenous Services Canada	$ 3,598,706	$ 3,598,804
Pwi-Di-Goo-Zing Ne-Yaa-Zhing	3,731,738	5,015,273
Employment and Social Development Canada	366,087	1,650,966
Province of Ontario		
Ministry of Training, Colleges and Universities	8,032,456	10,066,963
Colleges	819,022	798,613
Amortization of deferred capital contributions	964,106	1,131,041
Tuition		
First Nation Secondary School	1,183,719	862,558
Post-Secondary Education	509,381	474,605
Health Care Disciplines	426,179	501,120
Book sales	177,325	185,190
Mastercard Foundation	2,943,262	2,073,449
Rainy River District School Board	832,801	843,750
Keewatin-Patricia District School Board	151,005	134,886
Manidoo Baawaatig revenue	515,320	520,645
Projects	831,387	597,884
Interest	753,864	383,591
Other revenue	421,473	502,646
	26,257,831	29,341,984
Expenses		
Wages, benefits and contracted instructional services	14,347,449	13,189,681
Post-secondary student support	2,539,550	2,515,659
Resource materials and services	860,498	1,383,328
Telephone, communications and program applications	789,683	2,116,568
Office equipment, furnishings and supplies	783,375	930,598
Student training/personal allowances and wage subsidies	100,382	1,166,732
Other tuition fees	170,653	199,530
Student activities and awards	403,343	550,503
Student transportation	-	29,250
Travel	650,597	471,648
Staff training and workshops	238,906	132,488
Other program expenses	1,020,107	855,819
Facility and vehicle leases	497,540	455,547
Repairs and maintenance	316,292	363,649
Insurance	179,480	182,692
Utilities	254,651	283,739
Property taxes	45,299	31,949
Amortization	1,744,876	2,005,489
Professional fees	407,433	307,832
Printing, postage and office	99,050	113,474
Advertising	79,885	227,814
Miscellaneous	35,495	35,895
Directors' expenses	76,850	80,866
Bad debts (recoveries)	(70,061)	216,466
Bank charges and loan interest	128,220	81,120
	25,699,553	27,928,336
Excess of revenue over expenses for the year	$ 558,278	$ 1,413,648

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

Seven Generations Education Institute
Statement of Changes in Net Assets

For the year ended March 31, 2024

	Reserve for Projects	Reserve for Severance Liabilities	Reserve for Summer Camp	Reserve for Scholarships	Unrestricted	Invested in Capital Assets	Capital Replacement Reserve Fund	Reserve for Computer Network	Total
Balance, March 31, 2022	$ 406,572	$ 338,684	$ 20,600	$ 25,061	$ 2,141,688	$ 9,448,867	$ 258,853	$ 20,892	$12,661,217
Excess (deficiency) of revenue over expenses for the year (Page 5)	-	-	-	-	2,288,096	(874,448)	-	-	1,413,648
Purchase of capital assets	-	-	-	-	(872,889)	872,889	-	-	-
Balance, March 31, 2023	406,572	338,684	20,600	25,061	3,556,895	9,447,308	258,853	20,892	14,074,865
Excess (deficiency) of revenue over expenses for the year (Page 5)	-	-	-	-	1,339,047	(780,769)	-	-	558,278
Transfers	-	-	-	48,899	(48,899)	-	-	-	-
Purchase of capital assets	-	-	-	-	(532,561)	532,561	-	-	-
Balance, March 31, 2024	$ 406,572	$ 338,684	$ 20,600	$ 73,960	$ 4,314,482	$ 9,199,100	$ 258,853	$ 20,892	$14,633,143

Seven Generations Education Institute
Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in):		
Cash flows from operating activities		
Excess of revenue over expenses for the year	$ 558,278	$ 1,413,648
Adjustments for		
Amortization of capital assets	1,744,876	2,005,489
Amortization of deferred capital contributions	(964,106)	(1,131,041)
	1,339,048	2,288,096
Changes in non-cash working capital items		
Accounts receivable	1,751,602	(25,180)
Due from government and other government Organizations	(403,191)	724,819
Prepaid expenses	(10,058)	(12,276)
Accounts payable	(1,128,317)	1,692,030
Deferred revenue	3,815,442	254,420
	4,025,478	2,633,813
	5,364,526	4,921,909
Cash flows from investing activities		
Purchase of capital assets	(532,561)	(872,889)
Cash flows from financing activities		
Repayment of long-term debt	(115,316)	(100,763)
Net increase in cash and bank during the year	4,716,649	3,948,257
Cash and bank, beginning of year	14,388,041	10,439,784
Cash and bank, end of year	$19,104,690	$ 14,388,041

1. Summary of Significant Accounting Policies

Nature of Operations

Seven Generations Education Institute ("the Institute") was incorporated by Letters Patent under the laws of the Province of Ontario on February 17, 1987, without share capital as the Rainy Lake Ojibway Education Authority. Its purpose is to establish, operate and maintain schools for First Nations students. It began operating under its current name effective July 1, 1999.

The Institute was designated a charitable organization effective April 1, 2006. As a Registered Charity, the Institute is exempt from taxes under paragraph 149(1)(f) of the *Income Tax Act*.

Basis of Accounting

These financial statements were prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash and Bank

Cash and bank consist of cash on hand, bank balances and investments in money market instruments, if any, with maturities of three months or less.

Financial Instruments

The Institute's financial instruments consist of cash and bank, accounts receivable, due from government and other government organizations, and accounts payable and accrued liabilities.

In accordance with Canadian accounting standards for not-for-profit organizations, financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains or losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value and charged to the financial instrument for those measured at amortized cost.

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed capital assets are recorded at a nominal amount. Amortization based on the estimated useful life of the asset is calculated on a declining balance basis as follows:

Buildings	-	5 % diminishing balance basis
Office equipment	-	20 % diminishing balance basis
Computer equipment	-	30 % diminishing balance basis
Tools	-	100 % diminishing balance basis
Paddles	-	100 % diminishing balance basis
Canoes	-	15 % diminishing balance basis
Automobiles	-	30 % diminishing balance basis

Cultural works of art are not amortized.

Software technology is amortized on a straight line basis over its estimated useful life. When the useful life of software technology is determined to be indefinite, no amortization is recognized.

Net Assets

Unrestricted net assets

The Institute's unrestricted net assets relate to net assets available for use without restrictions.

Invested in capital assets

The Institute's net assets invested in capital assets are equal to the unamortized cost of capital assets less deferred capital contributions. Net assets invested in capital assets represent net assets that are not available for other purposes because they have been invested in capital assets.

Capital replacement reserve fund

The Institute's capital replacement reserve fund represents net assets that have been internally restricted by Board resolution for the purpose of future capital asset repairs and replacement. The Institute's investments and funds on deposit are restricted for purposes of this reserve fund.

Reserves

The Institute's reserves include reserve for projects, reserve for severance liabilities, reserve for summer camp, reserve for scholarships and reserve for computer network. These reserves represent net assets that have been internally restricted by Board resolution but do not have specifically restricted cash and bank, investments or funds on deposit held for the purpose of the reserve.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Grant revenue

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.

Restricted contributions used for the purchase of capital assets are deferred and amortized into revenue on a declining balance basis, at a rate consistent with the amortization rate for the related capital asset.

Revenue from other operations

Tuition revenue is recognized on an accrual basis as the education services, in relation to the tuition fees billed, are provided. The revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from rental income is recognized on an accrual basis as rental services are provided where the amounts are measurable and collection is reasonably assured.

Miscellaneous revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of Estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The significant estimates used in the preparation of these financial statements include the allowance for doubtful accounts receivable, the useful lives of capital assets and the amounts of accrued liabilities.

2. Cash and Bank

	2024	2023
Internally restricted by Board resolution	$ 1,889,905	$ 1,798,746
Externally restricted - deferred revenue	15,006,573	11,191,131
Unrestricted cash and bank balances	2,208,212	1,398,164
	$19,104,690	$ 14,388,041

Certain surplus funds are set aside by Board resolution for specific purposes and referred to as reserve funds. The Institute's cash and bank balances internally restricted by Board resolution represent the assets that are maintained in respect of those reserve funds.

3. Accounts Receivable

	2024	2023
Canadore College	$ 1,474,895	$ 2,143,804
Sault College	797,696	1,658,872
Durham College	280,594	133,158
Keewaytinook Okimakanak	53,975	12,278
Rainy River District School Board	20,400	21,500
Keewatin-Patricia District School Board	121,268	214,332
Kenora Chiefs Advisory	226	10,358
Lakehead University	426,179	501,120
Grand Council Treaty #3	-	95,679
Nokiiwin Tribal Council Inc.	-	36,500
Shooniyaa Wa-Biitong	2,833	9,237
Northwestern Health Unit - Kenora	14,464	-
Other	27,718	316,735
	3,220,248	5,153,573
Allowance for doubtful accounts	(35,196)	(216,919)
	$ 3,185,052	$ 4,936,654

4. Due from Government and Other Government Organizations

	2024	2023
Federal government		
Indigenous Services Canada	$ 409,072	$ -
Heritage Canada	14,500	14,500
Employment and Social Development Canada	23,486	47,006
HST recoverable	78,797	179,634
	525,855	241,140
Provincial government		
Ministry of Training, Colleges and Universities	-	193,705
Ministry of Education	131,055	33,045
	131,055	226,750
Other government organizations		
Animakee We Zhing #37	-	6,849
Big Grassy First Nation	2,653	2,626
Couchiching First Nation	160,010	171,000
Gakijiwanong Anishinaabe Nation	2,740	1,147
Iskatewizaagegan #39 First Nation	50,950	36,000
Lac Seul First Nation	-	837
Mitaanjigamiing First Nation	81,696	2,837
Naicatchewenin First Nation	159,776	119,329
Nigigoonsiminikaaning First Nation	50,927	30,344
Nisaachewan First Nation	166,331	106,320
Noatkamegwanning First Nation	10,789	10,789
Northwest Angle #33	-	10,493
Ojibways of Onigaming First Nation	1,662	8,151
Rainy River First Nations	74,976	75,471
Seine River First Nation	77,030	33,988
Shoal Lake 40 First Nation	703	18,156
Waasegiizhig Nanaandawe'iyewigaming	12,317	-
Wabuskanong First Nation	860	860
Wauzhushk Onigum Nation	-	4,052
	853,420	639,249
	$ 1,510,330	$ 1,107,139

5. Capital Assets

	2024 Cost	2024 Accumulated Amortization	2023 Cost	2023 Accumulated Amortization
Buildings	$24,060,349	$ 6,546,572	$ 24,060,349	$ 5,624,794
Office equipment	2,699,583	1,727,869	2,605,199	1,496,726
Computer equipment	6,570,483	5,326,491	6,552,603	4,797,183
Tools	121,125	121,125	121,125	121,125
Paddles	1,152	1,152	1,152	1,152
Canoes	5,250	5,191	5,250	5,181
Paintings	8,921	-	8,921	-
Automobiles	527,858	323,833	412,115	261,196
Cultural works of art	24,802	-	24,802	-
Software development	2,078,709	-	1,774,154	-
	$36,098,232	$14,052,233	$ 35,565,670	$ 12,307,357
Net book value		$22,045,999		$ 23,258,313

6. Deferred Revenue

Deferred revenue is restricted by program as follows:

	2024	2023
General Operations	$ 182,520	$ -
Counselling Unit	100,073	212,629
Elementary and Secondary Education Support Services	-	155,887
Post-Secondary Student Support Program	-	276,562
Post-Secondary Education Programs	2,781,390	2,455,663
First Nations Secondary School	1,397,949	728,146
Health Care Disciplines	5,048,164	2,956,845
Youth Programs	22,487	15,974
Projects	2,244,023	801,919
First Nations Student Support Program	1,538,664	1,207,093
Mastercard Foundation	1,691,303	2,188,262
Regional Workforce Development	-	192,151
	$15,006,573	$ 11,191,131

6. Deferred Revenue (continued)

Deferred revenue is restricted by revenue source as follows:

	Balance as at March 31, 2023	Contributions received	Revenue recognized in the year	Transfers to accounts payable and accrued liabilities	Balance as at March 31, 2024
Pwi-Di-Goo-Zing Ne-Yaa-Zhing	$ 1,662,147	$ 3,180,820	$ (3,731,738)	$ -	$ 1,111,229
Indigenous Services Canada	1,937,667	5,256,605	(3,598,706)	-	3,595,566
Third party projects	704,079	1,569,855	(831,387)	-	1,442,547
Ministry of Colleges and Universities	4,490,851	10,685,046	(8,032,456)	-	7,143,441
Employment and Social Development Canada	192,151	173,936	(366,087)	-	-
Rainy River District School Board	-	832,801	(832,801)	-	-
Mastercard Foundation	2,188,262	2,446,303	(2,943,262)	-	1,691,303
Other deferred revenue	15,974	37,335	(30,822)	-	22,487
Total deferred revenue	$ 11,191,131	$ 24,182,701	$(20,367,259)	$ -	$15,006,573

7. Deferred Capital Contributions

Deferred capital contributions relate to restricted revenue for the purchase of capital assets. Deferred capital contributions are deferred and recognized as revenue on the same basis as the amortization expense for the related capital asset purchased.

	Opening balance	Contributions received	Revenue recognized	Ending balance
Industry Canada	$ 803,108	$ -	$ (40,155)	$ 762,953
Northern Ontario Heritage Fund Corporation	5,361,182	-	(449,787)	4,911,395
Keewatin-Patricia District School Board	15,000	-	(15,000)	-
Province of Ontario - Post-Secondary Institutions Strategic Investment Fund	6,864,768	-	(343,238)	6,521,530
FedNor	310,314	-	(93,094)	217,220
Indigenous Services Canada	456,633	-	(22,832)	433,801
	$ 13,811,005	$ -	$ (964,106)	$12,846,899

8. Long-term Debt

	2024	2023
RBC non-revolving fixed rate term loan repayable in monthly blended payments of $11,050 principal plus interest at bank prime rate + 1.00%, maturing August 2024.	$ 1,502,157	$ 1,617,473
Less current portion of long-term debt	(132,612)	(89,844)
	$ 1,369,545	$ 1,527,629

Expected principal and interest payments required over the next five years and thereafter are as follows:

	Principal Repayments	Interest	Total
2025	$ 132,612	$ 120,261	$ 252,873
2026	132,612	109,236	241,848
2027	132,612	98,211	230,823
2028	132,612	87,413	220,025
2029	132,612	76,161	208,773
Thereafter	839,097	226,453	1,065,550
	$ 1,502,157	$ 717,735	$ 2,219,892

	2024	2023
Interest expense for the year on long-term debt	$ 113,471	$ 71,255

9. Commitments

The Organization has entered into building, office equipment and automotive lease agreements. The aggregate minimum annual lease payments for the next 5 years under these agreements are as follows:

Year	Amount
2025	$ 498,906
2026	$ 293,599
2027	$ 182,971
2028	$ 119,016
2029	$ 115,820

10. Economic Dependence

The Institute is dependent on continued funding from Indigenous Services Canada and the Ministry of Colleges and Universities for its ongoing operations.

11. Employee Pension Plan

The Institute maintains a defined contribution pension plan for eligible employees. The Institute's costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of the eligible employee's salary. Contributions to the plan during the year by the Institute on behalf of its employees amounted to $470,926 (2023 - $404,599).

12. Financial Instruments

The Institute is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Institute's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Institute's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Institute to credit risk consist principally of accounts receivable.

The Institute's maximum exposure to credit risk, without taking into account any collateral or other credit enhancements, is as follows:

	2024	2023
Accounts receivable	$ 3,185,052	$ 4,936,654
Due from government and other government organizations	1,510,330	1,107,139
	$ 4,695,382	$ 6,043,793

The Institute is not exposed to significant credit risk as the receivables are spread among a broad client base and payment in full is typically collected. The Institute establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management’s estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

12. Financial Risk Management (continued)

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: interest rate risk, foreign exchange risk and other price risk. The Institute is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Institute is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Institute to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Institute is exposed to interest rate risk in relation to interest expense on its long term debt since the credit facility bears interest at a variable interest rate and matures on an annual basis and is therefore at risk of annual interest rate price changes.