

Financial Statements of

**ONTARIO FIRST NATIONS
TECHNICAL SERVICES
CORPORATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Ontario First Nations Technical Services Corporation

Opinion

We have audited the financial statements of Ontario First Nations Technical Services Corporation (the "Corporation"), which comprise:

- the statement of financial position as at end of March 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in debt and financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at end of March 31, 2024, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditor's report.

We are independent of the Corporation 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 the financial statements in accordance with Canadian public sector accounting standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 the 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 Corporation's internal control.



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- 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 Corporation'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 Corporation 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

July 31, 2024

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Statement of Financial Position

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents (note 3)	\$ 6,423,438	\$ 5,046,466
Amounts receivable	1,089,072	885,751
	<u>7,512,510</u>	<u>5,932,217</u>
Liabilities:		
Accounts payable and accrued liabilities	501,718	671,322
Deferred revenue (note 5)	3,633,405	2,435,200
Deferred lease inducement	8,227	8,227
	<u>4,143,350</u>	<u>3,114,749</u>
Net financial assets	3,369,160	2,817,468
Non-financial assets:		
Prepaid expenses	64,598	134,669
Tangible capital assets (note 4)	497,560	610,218
	<u>562,158</u>	<u>744,887</u>
Accumulated surplus (note 6)	\$ 3,931,318	\$ 3,562,355

See accompanying notes to financial statements.

On behalf of the Board:



Director

Wendy Landry



Director

Kerry Black, PhD, P.Eng

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Indigenous Services Canada	\$ 9,726,368	\$ 9,623,849
Canada Mortgage and Housing Corporation	404,525	571,816
Other	1,093,446	1,024,921
	<u>11,224,339</u>	<u>11,220,586</u>
Operating expenditures:		
Salaries and benefits	3,223,620	3,050,369
Travel	460,091	435,669
Board, committees and meetings	128,245	153,597
Professional services	178,049	151,689
Rent	279,825	264,851
General and office	362,848	238,529
Bad debt expense	-	93,688
Copier, fax, telephone and postage	112,919	101,761
Computer support	173,314	190,265
Training	149,333	295,607
Insurance	144,363	162,409
Contributions	1,605	3,200
Unrecoverable sales tax	102,609	118,143
Amortization of tangible capital assets	111,027	117,597
	<u>5,427,848</u>	<u>5,377,374</u>
Project expenses (Schedule 1)	5,427,528	5,881,766
Annual surplus (deficit)	368,963	(38,554)
Accumulated surplus, beginning of year	3,562,355	3,600,909
Accumulated surplus, end of year	<u>\$ 3,931,318</u>	<u>\$ 3,562,355</u>

See accompanying notes to financial statements.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Statement of Changes in Debt and Financial Assets

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus (deficit)	\$ 368,963	\$ (38,554)
Acquisition of tangible capital assets	(114,579)	(113,345)
Amortization of tangible capital assets	129,112	142,516
Loss on disposal of tangible capital assets	98,125	30,755
Change in prepaid expenses	70,071	(7,590)
Net changes in debt and financial assets	551,692	13,782
Net financial assets, beginning of year	2,817,468	2,803,686
Net financial assets, end of year	\$ 3,369,160	\$ 2,817,468

See accompanying notes to financial statements.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ 368,963	\$ (38,554)
Items not involving cash:		
Amortization of tangible capital assets	129,112	142,516
Loss on disposal of tangible capital assets	98,125	30,755
Changes in non-cash operating working capital items:		
Amounts receivable	(203,321)	318,401
Prepaid expenses	70,071	(7,590)
Accounts payable and accrued liabilities	(169,604)	94,952
Deferred revenue	1,198,205	(83,565)
	1,491,551	456,915
Capital activities:		
Purchase of tangible capital assets	(114,579)	(113,345)
Increase in cash and cash equivalents during the year	1,376,972	343,570
Cash and cash equivalents, beginning of year	5,046,466	4,702,896
Cash and cash equivalents, end of year	\$ 6,423,438	\$ 5,046,466

See accompanying notes to financial statements.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements

Year ended March 31, 2024

Ontario First Nations Technical Services Corporation (the "Corporation") was incorporated on February 13, 1995 as a corporation without share capital under the Corporations Act (Ontario). The Corporation was mandated by Ontario First Nations' Chiefs-in-Assembly to provide advisory level technical services to Ontario's Tribal Councils, Large First Nations and Unaffiliated First Nations in the areas of Capital Project Planning and Development, Quality Assurance, Training, Operations and Maintenance, Fire Protection, Architectural Support Services, Housing Inspections and Housing Program. The Corporation's underlying objectives are to foster greater First Nation Autonomy in the acquisition of capital facilities and infrastructure development.

The Corporation commenced operations on April 1, 1995. Prior to April 1, 1995, the effective operations of the Corporation were carried out and administered under the offices of the Indian Associations Co-ordinating Committee of Ontario Inc. ("Chiefs of Ontario").

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards.

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at amortized cost as they are managed and evaluated on an amortized cost basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and accumulated surplus.

(b) Tangible capital assets:

(i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining basis over their estimated useful lives as follows:

Asset	Basis	Rate
Office furniture	Declining balance	20%
Computer equipment and software	Straight-line basis	3 year
Leasehold improvements	Straight-line basis	Lease term

Amortization is charged from the date of acquisition.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Tangible capital assets (continued):

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt and also recorded as revenue.

(c) Revenue recognition:

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Government transfers are recognized as revenue in financial statements when the transfer is authorized, any eligibility criteria are met, and a receivable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

From time to time, the Corporation is required to use a portion of funds received to purchase capital assets on behalf of First Nations. The Corporation has no title to these assets. The expenditures are expensed as incurred. The funds received are recognized as revenue when the funds have been spent.

(d) Deferred lease inducements:

Inducements received at the commencement of the Brantford office lease were deferred and amortized on a straight-line basis over the term of the lease.

(e) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. Economic dependence:

The Corporation receives the major portion of its revenues pursuant to funding arrangements with Indigenous Services Canada ("ISC"). The nature and extent of this revenue is of such significance that the Corporation is economically dependent on this source of revenue.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Cash and cash equivalents:

The Corporation considers petty cash, deposits in banks and redeemable interest-bearing investments with maturities of one (1) year or less as cash and cash equivalents. Interest of \$323,172 (2023 - \$146,677) is included in other revenue on the statement of operations. The instruments bear interest between 5.40% and 5.75%.

4. Tangible capital assets:

Cost	Opening balance, April 1, 2023	Additions	Disposals	Ending balance, March 31, 2024
Office furniture	\$ 332,857	\$ 41,385	\$ (112,465)	\$ 261,777
Computer equipment and software	195,696	73,194	(123,381)	145,509
Leasehold improvements	604,690	—	—	604,690
Work-in-progress	16,356	—	(16,356)	—
	<u>\$ 1,149,599</u>	<u>\$ 114,579</u>	<u>\$ (252,202)</u>	<u>\$ 1,011,976</u>

Accumulated amortization	Opening balance, April 1, 2023	Additions	Disposals	Ending balance, March 31, 2024
Office furniture	\$ 217,401	\$ 33,703	\$ (75,424)	\$ 175,680
Computer equipment and software	90,921	32,713	(76,430)	47,204
Leasehold improvements	231,059	62,696	(2,223)	291,532
	<u>\$ 539,381</u>	<u>\$ 129,112</u>	<u>\$ (154,077)</u>	<u>\$ 514,416</u>

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Tangible capital assets (continued):

Net book value	2024	2023
Office furniture	\$ 86,097	\$ 115,456
Computer equipment and software	98,304	104,775
Leasehold improvements	313,159	373,631
Work-in-progress	–	16,356
	\$ 497,560	\$ 610,218

(a) Contributed tangible capital assets:

The Corporation did not receive any contributed tangible capital assets during the year.

(b) Tangible capital assets disclosed at nominal values:

There are no tangible capital assets recognized at a nominal value.

(c) Write-down of tangible capital assets:

The Corporation has not recorded write-downs of tangible capital assets during the year. Included in office expenses is the loss on disposal of computer equipment of \$30,755.

(d) Amortization of tangible capital assets

The Corporation has included \$18,084 (2023 - \$nil) of amortization within project expenses.

5. Deferred revenue:

	Opening balance, April 1, 2023	Funding received	Funding receivable	Revenue recognized	Ending balance, March 31, 2024
ISC	\$ 1,731,447	\$ 10,283,718	\$ 360,418	\$ 9,726,368	\$ 2,649,215
Other	703,753	1,734,948	43,460	1,497,971	984,190
	\$ 2,435,200	\$ 12,018,666	\$ 403,878	\$ 11,224,339	\$ 3,633,405

6. Internally restricted reserves:

Included in accumulated surplus is \$2,200,000 (2023 - \$2,200,000) internally restricted funds that have been established by the Board of Directors cover approximately six months of operations and to support future cashflow needs of the Corporation.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Commitments:

The Corporation has entered into agreements to lease office space. Annual minimum rental costs over the terms of the leases are as follows:

2025	\$	307,084
2026		180,120
2027		149,916
2028		149,916
2029		149,916
	\$	936,952

8. Capital disclosures:

The Corporation has an agreement with ISC for funding. The agreement contains a cumulative deficit covenant, whereby the Corporation may not have a cumulative deficit over a calculated threshold at a point in time during of the agreement. The Corporation is in compliance with this covenant at March 31, 2024.

9. Pension plan:

The Corporation sponsors a defined contribution pension plan for its employees. Pension expense for the year amounted to \$219,185 (2023 - \$213,691) and is included in benefits expense.

10. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at March 31, 2024 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2023.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Financial risks (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

There have been no significant changes to the liquidity risk exposure from 2023.

11. Comparative information

Certain prior year information have been reclassified to conform with current year presentation.

ONTARIO FIRST NATIONS TECHNICAL SERVICES CORPORATION

Schedule 1 – Project Expenses

Year ended March 31, 2024, with comparative information for the year 2023

	2024	2023
Indigenous Services Canada Projects		
CRPT	\$ 1,605,195	\$ 1,882,590
HUB	1,593,900	2,032,720
FINYES	470,167	305,590
Solid Waste – Management Strategy	288,152	261,700
Technical Youth Career Outreach Project (TYCOP)	195,642	70,931
Other ISC Projects	189,306	–
Fuel Systems Management	137,838	38,589
LEDSP Contaminated Sites	111,941	–
Modernization of Governance and Management	63,860	142,951
PIEVC Global Forum	62,428	4,044
Capacity Building	62,313	31,127
Indigenous Project Management Course	58,183	155,090
GIS Data and Governance	–	242,040
	4,838,934	5,167,373
Other Projects		
CMHC	404,524	571,816
Other projects	184,070	142,577
	588,594	714,393
Total Project Expenses	\$ 5,427,528	\$ 5,881,766