Grand River Employment and Training Inc.
Consolidated Financial Statements
March 31, 2020

Independent Auditor's Report

To the Board of Directors of Grand River Employment and Training Inc.:

Opinion

We have audited the consolidated financial statements of Grand River Employment and Training Inc. (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, 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.

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 Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Organization’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 Organization’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 consolidated 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

MNP LLP

Cambridge, Ontario

Chartered Professional Accountants

August 6, 2020

Licensed Public Accountants

Grand River Employment and Training Inc.
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	*2019*
Assets		
Current		
Cash and cash equivalents *(Note 4)*	**4,492,143**	5,342,493
Funds held in trust	**30,920**	195,893
Investments *(Note 5)*	**406,436**	-
Accounts receivable *(Note 6)*	**400,236**	313,710
Prepaid expenses and deposits	**3,447**	25,740
Inventory *(Note 7)*	**109,619**	56,231
	5,442,801	5,934,067
Capital assets *(Note 8)*	**2,594,757**	3,011,035
	8,037,558	8,945,102
Liabilities		
Current		
Accounts payable and accruals *(Note 10)*	**1,003,834**	1,136,014
Trust liabilities	**30,920**	195,893
Deferred revenue *(Note 11)*	**546,813**	1,212,676
Current portion of long-term debt	**-**	180,851
	1,581,567	2,725,434
Deferred contributions related to capital assets *(Note 12)*	**703,459**	827,773
	2,285,026	3,553,207
Net Assets		
Invested in capital assets *(Note 13)*	**1,891,298**	2,002,411
Unrestricted	**3,861,234**	3,389,484
	5,752,532	5,391,895
	8,037,558	8,945,102

Approved on behalf of the Board of Directors

Director **Director**

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

Grand River Employment and Training Inc.
Consolidated Statement of Operations
For the year ended March 31, 2020

	2020	*2019*
Revenues		
Program funding - Indigenous Skills and Employment Training Strategy ("ISETS")	**6,163,581**	5,786,368
Government contributions	**3,986,201**	4,388,482
Financial services admin fee	**128,346**	108,259
Interest income	**64,349**	32,901
Food services and catering	**87,391**	92,049
Rental income	**144,729**	179,735
Sponsorship	**25,534**	267,345
Program revenue and product sales	**351,649**	418,684
Amortization of deferred contributions related to capital assets *(Note 13)*	**124,314**	172,472
Other	**122,037**	10,989
	11,198,131	11,457,284
Expenses		
Administrative	**48,092**	13,580
Advertising	**316,492**	324,708
Amortization	**521,370**	549,353
Bank charges and interest	**21,917**	33,822
Fees for service	**340,788**	78,721
Impairment loss on inventory	**-**	39,054
Insurance	**112,710**	103,648
Office and general	**325,606**	272,939
Professional fees	**142,530**	195,498
Program *(Note 7)*	**4,344,819**	4,093,171
Rent	**51,153**	54,801
Repairs and maintenance	**118,692**	264,746
Salaries and benefits	**3,976,653**	3,695,514
Telephone	**111,327**	111,768
Training and education	**187,473**	71,955
Travel	**63,444**	82,502
Utilities	**154,428**	150,951
	10,837,494	10,136,731
Excess of revenues over expenses before other item	**360,637**	1,320,553
Gain on disposal of capital assets	**-**	114,367
Excess of revenues over expenses	**360,637**	1,434,920

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

Grand River Employment and Training Inc.
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2020

	Invested in capital assets (Note 13)	Unrestricted	2020	2019
Net assets, beginning of year	**2,002,411**	**3,389,484**	**5,391,895**	3,956,975
Excess (deficiency) of revenues over expenses	**(397,056)**	**757,693**	**360,637**	1,434,920
Net change in investment in capital assets	**285,943**	**(285,943)**	**-**	-
Net assets, end of year	**1,891,298**	**3,861,234**	**5,752,532**	5,391,895

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

Grand River Employment and Training Inc.
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	*2019*
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	**360,637**	1,434,920
Amortization of capital assets	**521,370**	549,353
Amortization of deferred capital contributions related to capital assets	**(124,314)**	(172,472)
Gain on disposal of capital assets	**-**	(114,367)
	757,693	1,697,434
Changes in working capital accounts		
Accounts receivable	**(86,526)**	(62,613)
Inventory	**(53,388)**	38,131
Prepaid expenses and deposits	**22,293**	(18,584)
Accounts payable and accruals	**(132,180)**	(55,082)
Deferred revenue	**(665,863)**	(126,664)
	(157,971)	1,472,622
Financing		
Repayment of long-term debt	**(180,851)**	(138,303)
Investing		
Purchases of capital assets	**(105,092)**	(283,398)
Proceeds on disposal of capital assets	**-**	114,367
Purchases of investments	**(406,436)**	-
	(511,528)	(169,031)
Increase (decrease) in cash and cash equivalents	**(850,350)**	1,165,288
Cash and cash equivalents, beginning of year	**5,342,493**	4,177,205
Cash and cash equivalents, end of year	**4,492,143**	5,342,493

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

1. Incorporation and nature of the organization

Grand River Employment and Training Inc. ("GRETI" or "Organization") was incorporated as a not-for-profit organization without share capital under the laws of the Province of Ontario on October 27, 1992. The Organization provides various apprenticeship skills training, and other career services to the Six Nations community. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Organization is comprised of several divisions that operate within GRETI. These divisions include: Grand River Employment and Training ("GREAT"); Kayanase; Ogwehoweh Skills and Trades Training Centre ("OSTTC"); GRETI Finance; and, Sade:konih.

2. Change in accounting policies

Accounting Standards Improvements for Not-for-Profit Organizations

Effective April 1, 2019, the Organization adopted the Accounting Standard Board's (AcSB) recommendations related to accounting standards improvements for not-for-profit organizations:

- Section 4433 *Tangible Capital Assets Held by Not-for-Profit Organizations*
- Section 4434 *Intangible Assets Held by Not-for-Profit Organizations*

Pursuant to the recommendations, this change was applied prospectively and the prior periods have not been restated. There was no significant impact on the Organization by adopting these accounting standards improvements.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Reporting Entity

These consolidated financial statements include the assets, liabilities, revenues and expenses of the following entities:

- Grand River Employment and Training ("GREAT")
- Grand River Employment and Training Inc. ("GRETI")
  - Kayanase
  - Ogwehoweh Skills and Trades Training Centre ("OSTTC")
  - GRETI Finance
  - Sade:konih

All inter-entity balances have been eliminated upon consolidation.

Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. Under the basis, revenues are recognized as they become available and measurable, and are recognized as they become measurable as a result of receipt of goods or services and the creation of legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Funds held in trust

Funds held in trust is comprised of the cash funds of different programs, referred to as "clients". GRETI serves as the administrator of these clients and provides payroll services and accounting services. This also includes the payment of the accounts payable of the clients through the funds held.

3. Significant accounting policies *(Continued from previous page)*

Investments

Investments consist of guaranteed investment certificates exceeding three months and are measured at amortized cost.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. When fair value cannot be reasonably determined, capital assets have been recorded at nominal value.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. Amortization is not taken on capital assets until they are ready for their intended use.

	Method	Rate
Buildings	straight-line	10-20 years
Automotive	straight-line	5 years
Computer equipment	straight-line	3 years
Equipment	straight-line	3-10 years
Furniture and fixtures	straight-line	5-15 years
Leasehold improvements	straight-line	1-15 years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in excess of revenues over expenses in the year the impairment occurs.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Organization's buildings and equipment. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Employee future benefits

The Organization has a defined contribution plan providing pension and post-employment benefits for its employees. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year. During the year, the Organization contributed $178,159 (2019 - $163,726) to the defined contribution plan on behalf of its employees included in the plan.

3. Significant accounting policies *(Continued from previous page)*

Revenue recognition

The Organization 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. Endowment contributions are recognized as direct increases in net assets.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Interest income is recorded as it is earned.

All other revenues are recognized when the service is performed, collection of relevant receivable is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

Use of estimates

The preparation of consolidated financial statements in conformity 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. Accruals are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end. Repayment of funding is estimated at year-end based on the expected fulfillment of certain conditions stipulated within the relevant funding agreement.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the year in which they become known.

Allocation of expenses

The Organization records a number of its expenses by program. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. Audited program statements are prepared as required to support funder requirements and provide additional details of the program expenses.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments, accounts receivable, accounts payable and accruals at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets' the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

4. Cash and cash equivalents

	2020	*2019*
Cash	**4,460,283**	5,113,122
Short term investments	**31,860**	229,371
	4,492,143	5,342,493

5. Investments

Investments are held in the form of Guaranteed Investment Certificates ("GIC"), bearing interest between 2.18% - 2.40% and maturing between July 2020 and July 2023.

	2020	*2019*
GIC	**400,000**	-
Accrued interest	**6,436**	-
	406,436	-

6. Accounts receivable

	2020	*2019*
Accounts receivable	**421,389**	324,612
Less: allowance for doubtful accounts	**(21,153)**	(10,902)
	400,236	313,710

7. Inventory

The cost of inventories recognized as an expense and included in program expenses amounted to $34,380 (2019 - $56,331).

8. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	**783,039**	**-**	**783,039**	783,739
Buildings	**9,451,062**	**8,110,334**	**1,340,728**	1,760,079
Automotive	**248,571**	**225,542**	**23,029**	33,440
Computer equipment	**214,054**	**214,054**	**-**	30,885
Equipment	**1,287,718**	**1,077,473**	**210,245**	270,097
Furniture and fixtures	**361,027**	**319,480**	**41,547**	52,756
Leasehold improvements	**214,984**	**18,815**	**196,169**	80,039
	12,560,455	**9,965,698**	**2,594,757**	3,011,035

Buildings and leasehold improvements include construction in progress with a carrying value of $nil and $nil, respectively (2019 - $80,973 and $59,000, respectively).

9. Line of credit

The Organization has a line of credit with Royal Bank of Canada with an authorized limit of $200,000 (2019 - $200,000) at prime plus 1.25%. At March 31, 2020, this credit facility was not utilized (2019 - not utilized).

10. Accounts payable and accruals

Included in accounts payable and accruals is $43,192 (2019 - $32,285) in government remittances payable.

11. Deferred revenue

Deferred revenue consists of funding revenue received for which unexpended funds are eligible to be carried forward and applied to the same or similar expenditures in the following year.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	Balance, beginning of year	Contributions received	Contributions recognized	Balance, end of year
Indigenous Skills and Employment Training Strategy ("ISETS")	**345,577**	**6,095,295**	**6,086,054**	**354,818**
First Nations and Inuit Child Care Initiative	**77,027**	**500**	**77,527**	**-**
Skills Partnership Fund ("SPF")	**714,510**	**794,784**	**1,458,054**	**51,240**
Minister of Advanced Education and Skills Development	**31,484**	**1,980,036**	**1,980,197**	**31,323**
Indigenous Services Canada	**-**	**284,496**	**228,192**	**56,304**
Other	**44,078**	**325,548**	**316,498**	**53,128**
	1,212,676	**9,480,659**	**10,146,522**	**546,813**

12. Deferred contributions related to capital assets

Deferred contributions related to capital assets consist of the unamortized amount of contributions and grants received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2020	*2019*
Balance, beginning of year	**827,773**	1,000,245
Less: amortization of deferred capital contributions	**(124,314)**	(172,472)
	703,459	827,773

13. Invested in capital assets

Invested in capital assets is calculated as follows:

	2020	*2019*
Capital assets	**2,594,757**	3,011,035
Amounts financed by:		
Deferred contributions related to capital assets	**(703,459)**	(827,773)
Current portion of long-term debt	**-**	(180,851)
	1,891,298	2,002,411

Change in net assets invested in capital assets is calculated as follows:

	2020	*2019*
Excess of expenses over revenues:		
Amortization of deferred contributions related to capital assets	**124,314**	172,472
Amortization of capital assets	**(521,370)**	(549,353)
	(397,056)	(376,881)

Net change in investment in capital assets:		
Purchases of capital assets	**105,092**	283,396
Repayment of long-term debt	**180,851**	138,302
	285,943	421,698

14. Commitments

The Organization has entered into a photocopier lease agreement with estimated minimum annual payments as follows:

2021	35,332
2022	26,499
	61,831

15. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from the prior period.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

16. Economic dependence

The Organization receives a significant portion of its revenues from Indigenous Skills and Employment Training Strategy as well as other government funding. This grant funding can be cancelled if the Organization does not meet certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within the guidelines. As at the date of these consolidated financial statements, the Organization believes that it is in compliance with these guidelines.

17. COVID-19

During the year there was an outbreak of COVID-19 (Coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine measures.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, the nature and duration of travel restrictions, business closures or disruptions and quarantine measures that are currently, or may be put, into place by Canada and other countries to fight the spread of the virus.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The comparative figures contain the consolidated financial results of all entities listed in Note 3 while previously only GREAT and GRETI financial results were consolidated.