

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

**INDEPENDENT AUDITORS' REPORT**

**FINANCIAL STATEMENTS - MARCH 31, 2012**

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Table of Contents

March 31, 2012

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|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report .....                | 1           |
| Financial Statements:                             |             |
| Balance Sheet .....                               | 2           |
| Statement of Board Equity .....                   | 3           |
| Statement of Current Revenues, Expenditures ..... | 4           |
| Statement of Cash Flows .....                     | 5           |
| Schedules:  |             |
| 1. Board and Administration Expenditures .....    | 6           |
| 2. Instructional Expenditures .....               | 7           |
| 3. Other Program Expenditures .....               | 8           |
| 4. Operations and Maintenance Expenditures .....  | 11          |
| 5. Student Transportation Expenditures .....      | 12          |
| 6. Other Revenues and Expenditures .....          | 13          |
| Notes to the Financial Statements .....           | 14          |
| Supplementary information .....                   | 18          |

**INDEPENDENT AUDITORS' REPORT**

To the Trustees of **Mamu Tshishkutamashutau / Innu Education Inc.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Mamu Tshishkutamashutau / Innu Education Inc.** which comprise the statement of revenues, expenditures and Board equity as at March 31, 2012, and the statement of cash flows for the nine months 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 the **Mamu Tshishkutamashutau / Innu Education Inc.** as at March 31, 2012 and its financial performance and its cash flows for the nine months then ended in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

September 19, 2012

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

**Balance Sheet**

**March 31, 2012**

**2012**

June 30  
2011

**Assets**

Current assets:

|                      |                |          |
|----------------------|----------------|----------|
| Cash                 | \$ 10,568      | 337,669  |
| Receivables (Note 3) | 799,334        | 935,886  |
| Prepaid expenses     | <u>120,467</u> | <u>-</u> |

Total current assets 930,369      1,273,555

Property, plant and equipment (Note 4) 753,236      711,257

**\$ 1,683,605**      **1,984,812**

**Liabilities and Board Equity**

Current liabilities:

|  |               |               |
|--|---------------|---------------|
| Bank current account overdraft                       | \$ 564,816    | -             |
| Operating line of credit                             | 150,000       | -             |
| Payables and accruals (Note 5)                       | 1,458,009     | 1,114,869     |
| Current portion of capital lease obligation (Note 6) | <u>11,609</u> | <u>18,887</u> |

Total current liabilities 2,184,434      1,133,756

Capital lease obligations (Note 6) -      6,714

Board equity (deficit), per accompanying statement ( 500,829)      844,342

**\$ 1,683,605**      **1,984,812**

**See accompanying notes**

**Approved:**

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.****Statement of Board Equity****Nine months ended March 31, 2012****2012**Year ended  
June 30  
2011**Contributed surplus:**

|  |                |                |
|--|----------------|----------------|
| Balance, beginning of year                       | \$ 405,135     | 405,135        |
| Equipment contributions received during the year | <u>-</u>       | <u>-</u>       |
| Balance, end of year                             | <u>405,135</u> | <u>405,135</u> |

**Board equity (deficit):**

|   |                            |                       |
|---|----------------------------|-----------------------|
| Balance, beginning of year:<br>As previously reported | 404,305                    | (119,698)             |
| Correction of prior year accounting error (Note 8)    | <u>34,902</u>              | <u>52,283</u>         |
| As restated   | 439,207                    | ( 67,415)             |
| Current year surplus (deficit)                        | <u>(1,345,171)</u>         | <u>506,622</u>        |
| Balance, end of year                                  | <u>( 905,964)</u>          | <u>439,207</u>        |
| <b>Total Board Equity (deficit)</b>                   | <b><u>\$( 500,829)</u></b> | <b><u>844,342</u></b> |

See accompanying notes

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Statement of Current Revenues, Expenditures

Year ended  
June 30  
2011

Nine months ended March 31, 2012

2012

### Revenues:

|   |                  |                   |
|---|------------------|-------------------|
| Elementary/secondary instructional services | \$ 4,141,441     | 5,179,467         |
| Administration: Instructional services      | 338,067          | 1,132,615         |
| Financial assistance allowances             | 13,860           | 18,969            |
| Guidance and counseling                     | 81,461           | 134,091           |
| Advice and assistance, Provincial schools   | 800              | 1,244             |
| Student transportation                      | 129,143          | 210,550           |
| Operation and maintenance                   | 364,894          | 2,220,479         |
| Post-secondary education supports           | 46,900           | 46,713            |
| Special education funding                   | 120,000          | 73,050            |
| First Nation Student Success program        | 978,727          | 669,693           |
| New Paths for Education                     | 63,151           | 94,350            |
| Parental and Community Engagement           | 20,460           | 19,645            |
| Education Partnerships program              | -                | 60,000            |
| Innu Trust Fund                             | ( 415)           | 468,143           |
| Other (Schedule 6)                          | 86,840           | 27,730            |
|   | <u>6,385,329</u> | <u>10,356,739</u> |

### Expenditures:

|  |                  |                  |
|--|------------------|------------------|
| Board and administration (Schedule 1)                  | 793,216          | 1,209,557        |
| Instructional (Schedule 2)                             | 4,233,253        | 5,978,897        |
| Financial assistance allowances (Schedule 3)           | -                | 14,487           |
| Guidance and counseling (Schedule 3)                   | 56,934           | 131,328          |
| Advice and assistance, Provincial schools (Schedule 3) | -                | 1,519            |
| Post-secondary education supports (Schedule 3)         | 90,433           | 106,309          |
| Special education program (Schedule 3)                 | 180,535          | 115,414          |
| First Nation Student Success program (Schedule 3)      | 846,731          | 676,761          |
| New Paths for Education (Schedule 3)                   | 63,682           | 86,995           |
| Education Partnerships program (Schedule 3)            | -                | 60,000           |
| Parental and Community Engagement (Schedule 3)         | 20,237           | 19,864           |
| Operations and maintenance (Schedule 4)                | 1,169,094        | 1,104,730        |
| Student transportation (Schedule 5)                    | 201,088          | 270,771          |
| Other (Schedule 6)                                     | 75,297           | 73,485           |
|  | <u>7,730,500</u> | <u>9,850,117</u> |

Excess (deficiency) of revenue over expenditures

\$ (1,345,171)      506,622

See accompanying notes

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.****Statement of Cash Flows**Year ended  
June 30  
2011**Nine months ended March 31, 2012****2012****Operating activities:**Excess (deficiency) of revenues over expenses **\$(1,345,171)** 506,622

## Items not affecting cash:

Amortization of property, plant and equipment **199,733** 198,361Amortization of property, plant and equipment under capital lease **7,533** 10,044**(1,137,905)** 715,027

## Changes in non-cash working capital:

Receivables **136,552** (300,168)Prepaid expenses **( 120,467)** -Payables and accruals **343,140** (475,140)**359,225** (775,308)Cash flow from operating activities **( 778,680)** ( 60,281)**Investing activities:**Purchase of property, plant and equipment **( 249,245)** (125,992)**Financing activities:**Repayment of obligations under capital lease **( 13,992)** ( 17,143)Increase (decrease) in cash flow **(1,041,917)** (203,416)

## Cash and cash equivalents:

Beginning **337,669** 541,085Ending **\$( 704,248)** 337,669

## Cash and cash equivalents consist of:

Cash on hand **\$ 10,568** -Bank current account (overdraft) **( 564,816)** 337,669Operating line of credit **( 150,000)** -**\$( 704,248)** 337,669

## Other information:

Interest paid **\$ 10,268** 12,839**See accompanying notes**

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

Schedule 1

**Board and Administration Expenditures**

Year ended  
June 30  
2011

**Nine months ended March 31, 2012**

**2012**

|  | <b>2012</b>              | 2011                    |
|--|--------------------------|-------------------------|
| Board office staff costs:                  |                          |                         |
| Salaries and wages                         | <b>\$ 242,156</b>        | 336,196                 |
| Employee benefits                          | <b>32,529</b>            | 52,790                  |
| WHSCC costs                                | <b>8,434</b>             | 12,534                  |
| Board costs:                               |                          |                         |
| Honoraria                                  | <b>168,975</b>           | 226,625                 |
| Travel                                     | <b>68,764</b>            | 110,650                 |
| Meetings                                   | <b>-</b>                 | 11,353                  |
| Director of Administration contract        | <b>18,232</b>            | 33,906                  |
| Travel:                                    |                          |                         |
| Teacher                                    | <b>6,763</b>             | 40,008                  |
| Director                                   | <b>11,403</b>            | 6,581                   |
| Assistant director                         | <b>10,261</b>            | 13,053                  |
| Community director - Sheshatshiu           | <b>9,314</b>             | 7,630                   |
| Community director - Natuashish            | <b>7,627</b>             | 6,807                   |
| Staff - Sheshatshiu                        | <b>4,900</b>             | 1,404                   |
| Staff - Natuashish                         | <b>42,502</b>            | 13,334                  |
| Curriculum development and staffing costs: |                          |                         |
| Annual teacher recruitment                 | <b>18,147</b>            | 31,500                  |
| Charles J. Andrew teaching services        | <b>-</b>                 | 79,000                  |
| Teacher orientation                        | <b>4,599</b>             | 16,239                  |
| Staff relocation                           | <b>-</b>                 | 8,294                   |
| Professional development                   | <b>6,572</b>             | 34,219                  |
| Curriculum development and support         | <b>3,019</b>             | 2,444                   |
| Administrative expenses:                   |                          |                         |
| Government penalties and interest          | <b>-</b>                 | 24,897                  |
| Office supplies                            | <b>11,304</b>            | 23,281                  |
| Support services                           | <b>22,628</b>            | 5,361                   |
| Professional fees                          | <b>31,253</b>            | 21,802                  |
| Office rental                              | <b>20,616</b>            | 26,000                  |
| Telecommunications                         | <b>21,512</b>            | 34,817                  |
| Bank charges and interest                  | <b>8,847</b>             | 9,431                   |
| Amortization                               | <b>10,708</b>            | 11,543                  |
| Interest on capital leases                 | <b>1,421</b>             | 3,408                   |
| Provision for bad debts                    | <b>730</b>               | 4,450                   |
|  | <b><u>\$ 793,216</u></b> | <b><u>1,209,557</u></b> |

See accompanying notes



## Instructional Expenditures

Nine months ended March 31, 2012

|                                  | 2012                |                  |                  | Year ended<br>June 30<br>2011 |
|----------------------------------|---------------------|------------------|------------------|-------------------------------|
|                                  | Sheshatshiu         | Natuashish       | Total            | Total                         |
| Regular teaching staff costs:    |                     |                  |                  |                               |
| Salaries and wages               | \$ 1,569,382        | 1,165,564        | 2,734,946        | 3,766,179                     |
| Employee benefits                | 259,586             | 196,117          | 455,703          | 538,763                       |
| WHSCC costs                      | 56,505              | 44,193           | 100,698          | 129,275                       |
| Substitute teaching staff costs: |                     |                  |                  |                               |
| Salaries and wages               | 43,153              | 34,163           | 77,316           | 88,428                        |
| Employee benefits                | 3,666               | 2,265            | 5,931            | 6,218                         |
| WHSCC costs                      | 1,342               | 1,123            | 2,465            | 3,150                         |
| Classroom assistant costs:       |                     |                  |                  |                               |
| Salaries and wages               | 250,470             | 213,969          | 464,439          | 632,171                       |
| Employee benefits                | 37,835              | 20,124           | 57,959           | 76,009                        |
| WHSCC costs                      | 8,758               | 9,309            | 18,067           | 23,269                        |
| School secretaries costs:        |                     |                  |                  |                               |
| Salaries and wages               | -                   | -                | -                | 39,574                        |
| Employee benefits                | -                   | -                | -                | 7,777                         |
| WHSCC costs                      | -                   | -                | -                | 1,758                         |
| Instructional materials          | 15,960              | 24,886           | 40,846           | 211,261                       |
| Innu language materials          | -                   | -                | -                | 17,572                        |
| Cultural activities and programs | 1,630               | 4,106            | 5,736            | 57,968                        |
| Nutrition program:               |                     |                  |                  |                               |
| Salaries and wages               | 13,377              | -                | 13,377           | 22,365                        |
| Employee benefits                | 2,376               | -                | 2,376            | 3,172                         |
| WHSCC costs                      | 470                 | -                | 470              | 806                           |
| Nutrition supplies               | 32,882              | 24,767           | 57,649           | 91,122                        |
| School office supplies           | 3,325               | 5,347            | 8,672            | 20,431                        |
| Student activities               | 34,410              | 39,313           | 73,723           | 99,292                        |
| Telecommunications               | -                   | -                | -                | 6,700                         |
| Photocopying                     | 2,233               | 3,015            | 5,248            | 5,739                         |
| Vehicle operating                | -                   | -                | -                | 9,929                         |
| Amortization                     | 52,369              | 55,263           | 107,632          | 119,969                       |
|                                  | <u>\$ 2,389,729</u> | <u>1,843,524</u> | <u>4,233,253</u> | <u>5,978,897</u>              |

See accompanying notes

**Other Program Expenditures**

Year ended  
June 30  
2011

**Nine months ended March 31, 2012**

**2012**

**Financial Assistance Allowances**

|                        |             |               |
|------------------------|-------------|---------------|
| Textbooks              | \$ -        | 6,213         |
| Special transportation | -           | 2,494         |
| Administration         | -           | 5,780         |
|                        | <u>\$ -</u> | <u>14,487</u> |

**Guidance and Counselling**

|                            | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>     | <u>Total</u>   |
|----------------------------|--------------------|-------------------|------------------|----------------|
| Home/school liaison costs: |                    |                   |                  |                |
| Salaries and wages         | \$ 29,102          | 20,441            | 49,543           | 65,915         |
| Employee benefits          | 4,338              | 519               | 4,857            | 6,122          |
| WHSCC costs                | 947                | 698               | 1,645            | 2,027          |
| Staff costs:               |                    |                   |                  |                |
| Salaries and wages         | -                  | -                 | -                | 40,208         |
| Employee benefits          | -                  | 889               | 889              | 7,556          |
| Materials and resources    | -                  | -                 | -                | 9,500          |
|                            | <u>\$ 34,387</u>   | <u>22,547</u>     | <u>\$ 56,934</u> | <u>131,328</u> |

**Advice and Assistance, Provincial School**

|                             |             |              |
|-----------------------------|-------------|--------------|
| Board coordination - travel | <u>\$ -</u> | <u>1,519</u> |
|-----------------------------|-------------|--------------|

**Post-Secondary Education Supports - Sheshatshiu**

|                   |                  |                |
|-------------------|------------------|----------------|
| Rent              | \$ 21,298        | 30,137         |
| Tuition           | 32,559           | 19,868         |
| Living allowances | 18,400           | 28,360         |
| Travel            | 18,176           | 27,944         |
|                   | <u>\$ 90,433</u> | <u>106,309</u> |

(Continued.....)

## Other Program Expenditures

Year ended  
June 30

Nine months ended March 31, 2012

2012

2011

**Special Education Program**

|  | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>   | <u>Total</u>   |
|--|--------------------|-------------------|----------------|----------------|
| Special education program staff costs: |                    |                   |                |                |
| Salaries and wages                     | \$ 31,799          | 45,465            | 77,264         | 77,592         |
| Employee benefits                      | 3,914              | 5,624             | 9,538          | 7,814          |
| WHSCC costs                            | 1,127              | 1,459             | 2,586          | 3,224          |
| Instructional materials                | 6,626              | 10,524            | 17,150         | 21,730         |
| Student service travel                 | 15,346             | 12,339            | 27,685         | -              |
| Student service fees                   | 20,735             | 25,500            | 46,235         | -              |
| Amortization                           | -                  | 77                | 77             | -              |
| Administration                         | -                  | -                 | -              | 5,054          |
|  | <u>\$ 79,547</u>   | <u>100,988</u>    | <u>180,535</u> | <u>115,414</u> |

**First Nation Student Success Program**

|                          |  |  |                   |                |
|--------------------------|--|--|-------------------|----------------|
| FNSPP staff costs:       |  |  |                   |                |
| Salaries and wages       |  |  | \$ 320,816        | 242,478        |
| Employee benefits        |  |  | 42,636            | 27,651         |
| WHSCC costs              |  |  | 4,636             | 7,591          |
| Project consultants      |  |  | 37,271            | 52,687         |
| External consultants     |  |  | 6,926             | 1,704          |
| Travel                   |  |  | 23,081            | 96,925         |
| Materials                |  |  | 182,931           | 141,662        |
| Equipment                |  |  | 11,839            | 26,418         |
| Professional development |  |  | 83,458            | 33,049         |
| Community consultation   |  |  | 48,066            | 26,361         |
| Administration           |  |  | 63,162            | 9,164          |
| Amortization             |  |  | 21,909            | 11,071         |
|                          |  |  | <u>\$ 846,731</u> | <u>676,761</u> |

**New Paths for Education**

|                     | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>  | <u>Total</u>  |
|---------------------|--------------------|-------------------|---------------|---------------|
| Staff costs:        |                    |                   |               |               |
| Salaries and wages  | \$ -               | -                 | -             | 9,204         |
| Employee benefits   | -                  | -                 | -             | 598           |
| WHSCC costs         | -                  | -                 | -             | 326           |
| Materials           | 1,422              | 1,514             | 2,936         | 48,820        |
| Cultural activities | 19,130             | 22,561            | 41,691        | 15,460        |
| Innu language       | 6,590              | 6,884             | 13,474        | 5,799         |
| Child care          | 3,652              | 255               | 3,907         | 565           |
| Administration      | -                  | -                 | -             | 5,676         |
| Amortization        | -                  | 1,674             | 1,674         | 547           |
|                     | <u>\$ 30,794</u>   | <u>32,888</u>     | <u>63,682</u> | <u>86,995</u> |

(Continued.....)

**Other Program Expenditures**

Year ended  
June 30  
2011

**Nine months ended March 31, 2012**

**2012**

**Education Partnerships Program**

|                            |             |               |
|----------------------------|-------------|---------------|
| Consultation fees          | \$ -        | 10,000        |
| Meetings:                  |             |               |
| Project team               | -           | 17,826        |
| Officials                  | -           | 6,022         |
| Political level            | -           | 6,000         |
| Community information kits | -           | 7,508         |
| Draft partnership strategy | -           | 4,580         |
| Legal fees                 | -           | 3,800         |
| Administration             | -           | 4,264         |
|                            | <u>\$ -</u> | <u>60,000</u> |

**Parental and Community Engagement**

|                        | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>  | <u>Total</u>  |
|------------------------|--------------------|-------------------|---------------|---------------|
| Elder visits           | \$ 4,682           | 12,634            | 17,316        | 15,689        |
| Community consultation | <u>2,921</u>       | <u>-</u>          | <u>2,921</u>  | <u>4,175</u>  |
|                        | <u>\$ 7,603</u>    | <u>12,634</u>     | <u>20,237</u> | <u>19,864</u> |

See accompanying notes

## Operations and Maintenance Expenditures

Nine months ended March 31, 2012

|   | 2012               |                   |                  | Year ended<br>June 30<br>2011 |
|---|--------------------|-------------------|------------------|-------------------------------|
|   | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>     | <u>Total</u>                  |
| Janitorial and maintenance staff costs: |                    |                   |                  |                               |
| Salaries and wages                      | \$ 150,130         | 81,739            | 231,869          | 402,274                       |
| Employee benefits                       | 17,872             | 2,383             | 20,255           | 28,360                        |
| WHSCC costs                             | 4,904              | 2,797             | 7,701            | 13,702                        |
| Office administrator staff costs:       |                    |                   |                  |                               |
| Salaries and wages                      | 52,526             | 52,148            | 104,674          | 85,492                        |
| Employee benefits                       | 6,933              | 4,743             | 11,676           | 8,359                         |
| WHSCC costs                             | 1,635              | 2,069             | 3,704            | 3,554                         |
| School building insurance               | 47,161             | -                 | 47,161           | 39,920                        |
| Teachers' residence supplies            | -                  | 39,554            | 39,554           | -                             |
| Contracted services                     | 17,319             | 234,227           | 251,546          | 46,322                        |
| Security fees                           | -                  | -                 | -                | 25,005                        |
| Telecommunications                      | 24,001             | 10,558            | 34,559           | 34,352                        |
| Fuel                                    | -                  | 109,622           | 109,622          | 113,993                       |
| Electricity                             | 40,771             | -                 | 40,771           | 46,181                        |
| Janitorial supplies                     | 22,100             | 30,363            | 52,463           | 30,045                        |
| Maintenance supplies                    | 9,550              | 51,261            | 60,811           | 52,258                        |
| Office supplies                         | -                  | 13,709            | 13,709           | 15,541                        |
| Repairs and maintenance                 | 37,769             | 53,797            | 91,566           | 110,663                       |
| Amortization                            | 4,524              | 17,796            | 22,320           | 10,932                        |
| Vehicle operating                       | 7,470              | 17,663            | 25,133           | 10,396                        |
| Contingency for capital repairs         | -                  | -                 | -                | 27,381                        |
|   | <u>\$ 444,665</u>  | <u>724,429</u>    | <u>1,169,094</u> | <u>1,104,730</u>              |

See accompanying notes

**Student Transportation Expenditures**

**Nine months ended March 31, 2012**

|                                     | <b>2012</b>        |                   |                | Year ended<br>June 30<br>2011 |
|-------------------------------------|--------------------|-------------------|----------------|-------------------------------|
|                                     | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>   | <u>Total</u>                  |
| Student transportation staff costs: |                    |                   |                |                               |
| Salaries and wages                  | \$ 53,839          | 20,984            | 74,823         | 128,388                       |
| Employee benefits                   | 10,659             | 1,462             | 12,121         | 19,169                        |
| WHSCC costs                         | 1,712              | 689               | 2,401          | 4,599                         |
| Operational costs:                  |                    |                   |                |                               |
| Gas, diesel and lubricants          | 14,180             | 378               | 14,558         | 18,991                        |
| Repairs and maintenance             | 33,898             | 12,437            | 46,335         | 30,113                        |
| Supplies                            | 68                 | -                 | 68             | 360                           |
| Insurance                           | 2,481              | 1,527             | 4,008          | 8,980                         |
| Telecommunications                  | 554                | -                 | 554            | 170                           |
| Tires and tubes                     | -                  | -                 | -              | 288                           |
| Electricity                         | -                  | -                 | -              | 1,650                         |
| Licences and registration           | 907                | 882               | 1,789          | 265                           |
| Storage                             | 400                | -                 | 400            | 2,549                         |
| Miscellaneous                       | 1,087              | -                 | 1,087          | 907                           |
| Amortization                        | <u>22,566</u>      | <u>20,378</u>     | <u>42,944</u>  | <u>54,342</u>                 |
|                                     | <u>\$ 142,351</u>  | <u>58,737</u>     | <u>201,088</u> | <u>270,771</u>                |

See accompanying notes

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

Schedule 6

**Other Revenues and Expenditures**Year ended  
June 30  
2011**Nine months ended March 31, 2012****2012****Other revenues:**

|  |                         |                      |
|--|-------------------------|----------------------|
| Kamataukatshiuht Festival              | <b>\$ 45,489</b>        | 12,062               |
| School programs and activities:        |                         |                      |
| Medical Lexicon project                | <b>35,000</b>           | -                    |
| Rentals                                | <b>5,600</b>            | -                    |
| Innu Nation - Natuashish student trips | -                       | 10,000               |
| Miscellaneous                          | <b>751</b>              | <b>5,668</b>         |
|  | <b><u>\$ 86,840</u></b> | <b><u>27,730</u></b> |

**Other expenditures:**

|  |                         |                      |
|--|-------------------------|----------------------|
| School programs and activities:                    |                         |                      |
| Medical Lexicon project                            | <b>\$ 28,265</b>        | -                    |
| Kamataukatshiuht Festival                          | <b>44,520</b>           | 52,036               |
| Beyond the Hurt Program - professional development | -                       | 10,237               |
| First Nations Suicide Prevention Association Works | -                       | 10,383               |
| NL Arts Council circus camp                        | -                       | 2,835                |
| Innu Dictionary project                            | <b>1,300</b>            | -                    |
| Miscellaneous                                      | <b>1,212</b>            | <b>( 2,006)</b>      |
|  | <b><u>\$ 75,297</u></b> | <b><u>73,485</u></b> |

See accompanying notes

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

March 31, 2012

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### 1. Nature of Business

Mamu Tshishkutamashutau / Innu Education Inc. was incorporated under the Corporations Act of Newfoundland and Labrador on June 2, 2009. The organization operates two schools on behalf of the Mushuau Innu First Nation and Sheshatshiu Innu First Nation band members ordinarily residing in Natuashish and Sheshatshiu, Newfoundland and Labrador.

During 2012 the entity changed its fiscal year end from June 30 to March 31. This was done with the approval of the Board.

### 2. Summary of significant accounting policies:

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### Revenue recognition

The major source of funding from the Board comes from Indian and Northern Affairs Canada. Funding agreements are entered into based on fiscal years ending March 31. The Board recognizes revenues from the funding agency as funds are allocated to the Board under the funding agreement and related amendments. Funding from other sources are recognized in the same manner, except in cases where funds are targeted for a specific expenditure. In those cases, revenues are recognized when expenditures are incurred.

#### Property, plant and equipment

Purchases of property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. The Board provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

|                    |         |               |
|--------------------|---------|---------------|
| Computer equipment | 3 years | Straight line |
| Computer software  | 3 years | Straight line |
| Service vehicles   | 5 years | Straight line |
| School buses       | 8 years | Straight line |
| Bussing equipment  | 5 years | Straight line |
| Equipment          | 5 years | Straight line |

Contributions recognized as capital assets include contributed school buses, computer software and computer equipment in the 2009-2010 fiscal year having a fair value of \$405,135.



# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

March 31, 2012

### 2. Summary of significant accounting policies (continued):

#### Assets under capital lease

Leases are classified as either capital or operating leases. At the time the Board enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Amortization is based on its estimated useful life using the same methods and rates as property, plant and equipment noted above.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

### 3. Receivables:

|                                    | <u>2012</u>       | <u>June 30<br/>2011</u> |
|------------------------------------|-------------------|-------------------------|
| Indian and Northern Affairs Canada | \$ 557,233        | 728,845                 |
| Sales tax rebate                   | 179,395           | 91,888                  |
| Insurance overpayment              | 23,288            | 23,288                  |
| Rent                               | 4,100             | -                       |
| Employee payroll overpayment       | 1,136             | 1,865                   |
| Innu Trust Fund                    | 10,000            | 90,000                  |
| Employee advances                  | 4,794             | -                       |
| Travel advances                    | 5,130             | -                       |
| Miscellaneous                      | <u>14,258</u>     | <u>-</u>                |
|                                    | <u>\$ 799,334</u> | <u>935,886</u>          |

### 4. Property, plant and equipment:

|                               | <u>2012</u>         |                                     |                           | <u>June 30<br/>2011</u>   |
|-------------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
|                               | <u>Cost</u>         | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> | <u>Net Book<br/>Value</u> |
| Computer equipment            | \$ 435,040          | 268,339                             | 166,701                   | 177,483                   |
| Computer software             | 109,714             | 55,155                              | 54,559                    | 74,583                    |
| Service vehicles              | 175,536             | 49,453                              | 126,083                   | 70,946                    |
| School buses                  | 465,000             | 128,854                             | 336,146                   | 343,646                   |
| Bussing equipment             | 2,961               | 1,184                               | 1,777                     | 2,221                     |
| Equipment and furnishings     | 50,137              | 8,180                               | 41,957                    | 8,832                     |
| Equipment under capital lease | <u>50,218</u>       | <u>24,205</u>                       | <u>26,013</u>             | <u>33,546</u>             |
|                               | <u>\$ 1,288,606</u> | <u>535,370</u>                      | <u>753,236</u>            | <u>711,257</u>            |

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

March 31, 2012

---

| 5. Payables and accruals:                      | <u>2012</u>         | June 30<br><u>2011</u> |
|--|---------------------|------------------------|
| Trade  | \$ 299,788          | 179,998                |
| Payroll deductions                             | 479,302             | 218,542                |
| Staff summer pay                               | 480,233             | 675,894                |
| Administrative accrued vacation and sick leave | 30,030              | 40,435                 |
| Accrued wages                                  | <u>168,656</u>      | <u>-</u>               |
|  | <u>\$ 1,458,009</u> | <u>1,114,869</u>       |

At the end of the year, the Board employee pension benefits payable for January, February and March 2012, totaling \$197,081, were outstanding.

At the time of our engagement in July 2012, these pension benefits had been paid.

| 6. Obligations under capital lease:  | <u>2012</u>   | June 30<br><u>2011</u> |
|--|---------------|------------------------|
| 9.93% capital lease over equipment; repayable in monthly instalments of \$856 including interest; maturing October, 2012 | \$ 5,804      | 12,801                 |
| 9.93% capital lease over equipment; repayable in monthly instalments of \$856 including interest; maturing October, 2012 | <u>5,805</u>  | <u>12,800</u>          |
|  | <u>11,609</u> | 25,601                 |
| Current portion  | <u>11,609</u> | <u>18,887</u>          |
|  | <u>\$ -</u>   | <u>6,714</u>           |

# **MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

## **Notes to the Financial Statements**

**March 31, 2012**

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### **7. Contracts:**

At balance sheet date, the Board had the following contracts:

- (a) Contract with Aboriginal Cleaners Limited for the provision of commercial cleaning services. The contract was signed on September 6, 2011. Services were to commence on September 6, 2011 and the contract expires August 21, 2012. The total amount of the contract is \$269,000.
- (b) Contract with Calvin Patey Consulting Inc. to provide consulting services to the Board and to the Directors of Education. The contract was signed on January 31, 2011 with services commencing immediately. The completion date of the contract is to be determined.

### **8. Correction of prior year accounting error:**

- (a) In 2010, a portion of revenue related to funding from Indian and Northern Affairs Canada was incorrectly reported as deferred revenue. This was corrected in 2011.
- (b) In 2011, an amount receivable related to funding from Indian and Northern Affairs Canada was not recorded. This was corrected in the current year and the comparative figures for the year ended June 30, 2011 have been restated to reflect this correction.

**MAMU TSHISHKUTAMASHUTAU/INNU EDUCATION INC.**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**FINANCIAL STATEMENTS - MARCH 31, 2012**

# MAMU TSHISHKUTAMASHUTAU/INNU EDUCATION INC.

## Table of Contents

**March 31, 2012**

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|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Comments on Supplementary Financial Information ..... | 19          |
| Balance Sheet .....   | 20          |
| Statement of Board Equity .....   | 21          |
| Statement of Current Revenues, Expenditures and Board Deficiency .....      | 22          |
| Schedules:  |             |
| Schedule 1 - Board and Administration Expenditures .....                    | 23          |
| Schedule 2 - Instructional Expenditures .....                               | 24          |
| Schedule 3 - Other Program Expenditures .....                               | 25          |
| Schedule 4 - Operations and Maintenance Expenditures .....                  | 29          |
| Schedule 5 - Student Transportation Expenditures .....                      | 30          |
| Schedule 6 - Other Revenues and Expenditures .....                          | 31          |
| Notes to the Supplementary Financial Statements .....                       | 32          |

**INDEPENDENT AUDITORS' COMMENTS ON  
SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Trustees of the **Mamu Tshishkumatashutau/Innu Education Inc.**

The audited financial statements of the **Mamu Tshishkumatashutau/Innu Education Inc.** for the nine months ended March 31, 2012 and our report are presented in the preceding section of this report. The financial information presented hereafter for the year ended March 31, 2012 was derived from the accounting records tested by us as a part of the auditing procedures followed in our examination of the overall financial statements for the year ended June 30, 2011 and the nine months ended March 31, 2012, and, in our opinion, it is fairly presented in all material respects in relation to the financial information for the year, taken as a whole.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

December 21, 2012

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Balance Sheet

March 31, 2012

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### Assets

#### Current assets:

|                      |                |
|----------------------|----------------|
| Cash                 | \$ 10,568      |
| Receivables (Note 3) | 799,334        |
| Prepaid expenses     | <u>120,467</u> |

Total current assets 930,369

Property, plant and equipment (Note 4) 753,236

\$ 1,683,605

### Liabilities and Board Equity

#### Current liabilities:

|  |               |
|--|---------------|
| Bank current account overdraft                       | \$ 564,816    |
| Operating line of credit (Note 5)                    | 150,000       |
| Payables and accruals (Note 6)                       | 1,468,009     |
| Current portion of capital lease obligation (Note 7) | <u>11,609</u> |

Total current liabilities 2,194,434

Capital lease obligations (Note 7) -

Total liabilities 2,194,434

Board equity (deficit), per accompanying statement ( 510,829)

\$ 1,683,605

See accompanying notes

Approved:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

**Statement of Board Equity**

**Year ended March 31, 2012**

---

**Contributed surplus:**

|  |                |
|--|----------------|
| Balance, beginning of year                       | \$ 405,135     |
| Equipment contributions received during the year | <u>-</u>       |
| Balance, end of year                             | <u>405,135</u> |

**Board equity (deficit):**

|   |                           |
|---|---------------------------|
| Balance, beginning of year:<br>As previously reported | (478,675)                 |
| Correction of prior year accounting errors (Note 9)   | <u>24,902</u>             |
| As restated   | (453,773)                 |
| Current year surplus (deficit)                        | <u>(462,191)</u>          |
| Balance, end of year                                  | <u>(915,964)</u>          |
| <b>Total Board Equity (deficit)</b>                   | <b><u>\$(510,829)</u></b> |

See accompanying notes



# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Statement of Current Revenues, Expenditures and Board Deficiency

**Year ended March 31, 2012**

---

Revenues:

|   |                  |
|---|------------------|
| Elementary/secondary instructional services | \$ 5,136,475     |
| Administration: Instructional services      | 1,132,615        |
| Financial assistance allowances             | 21,960           |
| Guidance and counseling                     | 128,861          |
| Advice and assistance, Provincial schools   | 1,228            |
| Student transportation                      | 204,143          |
| Operation and maintenance                   | 1,294,894        |
| Post-secondary education supports           | 46,900           |
| Special education funding                   | 120,000          |
| First Nation Student Success program        | 978,727          |
| New Paths for Education                     | 63,151           |
| Parental and Community Engagement           | 20,461           |
| Education Partnerships program              | -                |
| Innu Trust Fund                             | 219,308          |
| Other (Schedule 6)                          | <u>86,840</u>    |
|   | <u>9,455,563</u> |

Expenditures:

|  |                  |
|--|------------------|
| Board and administration (Schedule 1)                  | 1,149,287        |
| Instructional (Schedule 2)                             | 5,542,279        |
| Financial assistance allowances (Schedule 3)           | 12,656           |
| Guidance and counseling (Schedule 3)                   | 129,910          |
| Advice and assistance, Provincial schools (Schedule 3) | 1,519            |
| Post-secondary education supports (Schedule 3)         | 96,538           |
| Special education program (Schedule 3)                 | 188,779          |
| First Nation Student Success program (Schedule 3)      | 942,111          |
| New Paths for Education (Schedule 3)                   | 67,721           |
| Parental and Community Engagement (Schedule 3)         | 21,213           |
| Operations and maintenance (Schedule 4)                | 1,421,605        |
| Student transportation (Schedule 5)                    | 267,451          |
| Other (Schedule 6)                                     | <u>76,685</u>    |
|  | <u>9,917,754</u> |

Excess (deficiency) of revenue over expenditures \$ ( 462,191)

See accompanying notes

**Board and Administration Expenditures****Year ended March 31, 2012**

|  |                     |
|--|---------------------|
| Board office staff costs:                  |                     |
| Salaries and wages                         | \$ 330,803          |
| Employee benefits                          | 47,098              |
| WHSCC costs                                | 11,897              |
| Board costs:                               |                     |
| Honoraria                                  | 270,600             |
| Travel                                     | 107,975             |
| Meetings                                   | 11,350              |
| Director of Administration contract        | 32,128              |
| Travel:                                    |                     |
| Teacher                                    | 15,962              |
| Director                                   | 14,680              |
| Assistant director                         | 14,199              |
| Community director - Sheshatshiu           | 10,556              |
| Community director - Natuashish            | 7,687               |
| Staff - Sheshatshiu                        | 5,025               |
| Staff - Natuashish                         | 42,604              |
| Curriculum development and staffing costs: |                     |
| Annual teacher recruitment                 | 47,521              |
| Teacher orientation                        | 6,557               |
| Professional development                   | 6,572               |
| Curriculum development and support         | 4,237               |
| Administrative expenses:                   |                     |
| Office supplies                            | 17,997              |
| Support services                           | 26,859              |
| Professional fees                          | 33,716              |
| Office rental                              | 28,616              |
| Telecommunications                         | 27,026              |
| Bank charges and interest                  | 10,822              |
| Amortization                               | 13,797              |
| Interest on capital leases                 | 2,273               |
| Provision for bad debts                    | 730                 |
|  | <u>\$ 1,149,287</u> |

See accompanying notes

## Instructional Expenditures

Year ended March 31, 2012

|                                  | <u>Sheshatshiu</u>  | <u>Natuashish</u> | <u>Total</u>     |
|----------------------------------|---------------------|-------------------|------------------|
| Regular teaching staff costs:    |                     |                   |                  |
| Salaries and wages               | \$ 2,040,928        | 1,494,321         | 3,535,249        |
| Employee benefits                | 336,169             | 248,745           | 584,914          |
| WHSCC costs                      | 76,005              | 58,951            | 134,956          |
| Substitute teaching staff costs: |                     |                   |                  |
| Salaries and wages               | 71,566              | 34,163            | 105,729          |
| Employee benefits                | 5,870               | 2,265             | 8,135            |
| WHSCC costs                      | 2,486               | 1,133             | 3,619            |
| Classroom assistant costs:       |                     |                   |                  |
| Salaries and wages               | 327,753             | 287,160           | 614,913          |
| Employee benefits                | 48,105              | 26,462            | 76,567           |
| WHSCC costs                      | 11,869              | 12,208            | 24,077           |
| School secretaries costs:        |                     |                   |                  |
| Salaries and wages               | -                   | -                 | -                |
| Employee benefits                | -                   | -                 | -                |
| Instructional materials          | 22,460              | 37,461            | 59,921           |
| Cultural activities and programs | 1,630               | 10,312            | 11,942           |
| Nutrition program:               |                     |                   |                  |
| Salaries and wages               | 19,677              | -                 | 19,677           |
| Employee benefits                | 3,610               | -                 | 3,610            |
| WHSCC costs                      | 721                 | -                 | 721              |
| Nutrition supplies               | 40,213              | 30,685            | 70,898           |
| School office supplies           | 2,739               | 6,089             | 8,828            |
| Student activities               | 48,111              | 88,196            | 136,307          |
| Photocopying                     | 2,762               | 3,695             | 6,457            |
| Vehicle operating                | -                   | 30                | 30               |
| Amortization                     | 69,530              | 68,199            | 137,729          |
|                                  | <u>\$ 3,132,204</u> | <u>2,410,075</u>  | <u>5,542,279</u> |

See accompanying notes

**Other Program Expenditures****Year ended March 31, 2012****Financial Assistance Allowances**

|                        |  |  |  |                         |
|------------------------|--|--|--|-------------------------|
| Textbooks              |  |  |  | \$ 6,213                |
| Special transportation |  |  |  | 663                     |
| Administration         |  |  |  | <u>5,780</u>            |
|                        |  |  |  | <b><u>\$ 12,656</u></b> |

**Guidance and Counselling**

|                            | <u>Sheshatshiu</u>      | <u>Natuashish</u>    | <u>Total</u>          |
|----------------------------|-------------------------|----------------------|-----------------------|
| Home/school liaison costs: |                         |                      |                       |
| Salaries and wages         | \$ 37,179               | 26,653               | 63,832                |
| Employee benefits          | 5,549                   | 624                  | 6,173                 |
| WHSCC costs                | 1,268                   | 950                  | 2,218                 |
| Staff costs:               |                         |                      |                       |
| Salaries and wages         | 19,656                  | 20,552               | 40,208                |
| Employee benefits          | 3,592                   | 4,387                | 7,979                 |
| Materials and resources    | <u>6,200</u>            | <u>3,300</u>         | <u>9,500</u>          |
|                            | <b><u>\$ 73,444</u></b> | <b><u>56,466</u></b> | <b><u>129,910</u></b> |

**Advice and Assistance, Provincial School**

|                             |  |  |                        |
|-----------------------------|--|--|------------------------|
| Board coordination - travel |  |  | <b><u>\$ 1,519</u></b> |
|-----------------------------|--|--|------------------------|

**Post-Secondary Education Supports - Sheshatshiu**

|                   |  |                         |
|-------------------|--|-------------------------|
| Rent              |  | \$ 21,299               |
| Tuition           |  | 32,559                  |
| Living allowances |  | 20,000                  |
| Travel            |  | <u>22,680</u>           |
|                   |  | <b><u>\$ 96,538</u></b> |

See accompanying notes

(Continued.....)

**Other Program Expenditures**

**Year ended March 31, 2012**

**Special Education Program**

|  | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>   |
|--|--------------------|-------------------|----------------|
| Special education program staff costs: |                    |                   |                |
| Salaries and wages                     | \$ 38,582          | 46,119            | 84,701         |
| Employee benefits                      | 4,650              | 5,694             | 10,344         |
| WHSCC costs                            | 1,127              | 1,459             | 2,586          |
| Instructional materials                | 6,626              | 10,524            | 17,150         |
| Student service travel                 | 15,346             | 12,339            | 27,685         |
| Student service fees                   | 20,735             | 25,500            | 46,235         |
| Amortization                           | -                  | 78                | 78             |
|  | <u>\$ 87,066</u>   | <u>101,713</u>    | <u>188,779</u> |

Capital assets purchased using Special Education Program Funds 2011-2012:

Kurzwell 3000 software \$ 1,395

**First Nation Student Success Program**

|                          |  |                   |
|--------------------------|--|-------------------|
| FNSPP staff costs:       |  | \$ 376,140        |
| Salaries and wages       |  | 50,276            |
| Employee benefits        |  | 6,744             |
| WHSCC costs              |  | 51,271            |
| Project consultants      |  | 6,926             |
| External consultants     |  | 29,988            |
| Travel                   |  | 182,404           |
| Materials                |  | 12,279            |
| Equipment                |  | 86,646            |
| Professional development |  | 48,091            |
| Community consultation   |  | 63,162            |
| Administration           |  | 28,184            |
| Amortization             |  | <u>28,184</u>     |
|                          |  | <u>\$ 942,111</u> |

See accompanying notes

(Continued.....)

**Other Program Expenditures****Year ended March 31, 2012****First Nation Student Success Program**

Capital assets purchased using FNSS Program Funds 2011-2012:

|                           |                         |
|---------------------------|-------------------------|
| Essential Skills software | \$ 3,135                |
| Tumble Books software     | 3,200                   |
| Polycom software          | 2,152                   |
| Legal filing cabinet      | 479                     |
| Legal filing cabinet      | 479                     |
| Reception suite 3pc desk  | 1,000                   |
| Polycom Eagle Eye camera  | 6,899                   |
| L shaped desk with hutch  | 1,349                   |
| Chair                     | 699                     |
| Macbook Pro               | 1,349                   |
| Swingline shredder        | 899                     |
| Cherry hutch with doors   | 433                     |
| Pedestal desk             | 399                     |
| Boardroom table           | 2,499                   |
| Round table               | 599                     |
| Filing cabinet            | 430                     |
| 16 Boardroom chairs       | <u>1,743</u>            |
|                           | <b><u>\$ 27,743</u></b> |

**New Paths for Education**

|                     | <u>Sheshatshiu</u>      | <u>Natuashish</u>    | <u>Total</u>         |
|---------------------|-------------------------|----------------------|----------------------|
| Staff costs:        |                         |                      |                      |
| Salaries and wages  | \$ -                    | -                    | -                    |
| Employee benefits   | -                       | -                    | -                    |
| WHSCC costs         | -                       | -                    | -                    |
| Materials           | 1,975                   | 1,072                | 3,047                |
| Cultural activities | 21,610                  | 22,561               | 44,171               |
| Innu language       | 7,489                   | 6,884                | 14,373               |
| Child care          | 3,653                   | 255                  | 3,908                |
| Amortization        | <u>-</u>                | <u>2,222</u>         | <u>2,222</u>         |
|                     | <b><u>\$ 34,727</u></b> | <b><u>32,994</u></b> | <b><u>67,721</u></b> |

Capital assets purchased using New Paths for Education Program Funds 2011-2012:

|            |                        |
|------------|------------------------|
| IMAC 21.5" | <b><u>\$ 1,149</u></b> |
|------------|------------------------|

**See accompanying notes**

## Other Program Expenditures

Year ended March 31, 2012

Parental and Community Engagement

|                        | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>  |
|------------------------|--------------------|-------------------|---------------|
| Elder visits           | \$ 5,057           | 13,235            | 18,292        |
| Community consultation | <u>2,921</u>       | <u>-</u>          | <u>2,921</u>  |
|                        | <u>\$ 7,978</u>    | <u>13,235</u>     | <u>21,213</u> |

See accompanying notes

## Operations and Maintenance Expenditures

Year ended March 31, 2012

|   | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>     |
|---|--------------------|-------------------|------------------|
| Janitorial and maintenance staff costs: |                    |                   |                  |
| Salaries and wages                      | \$ 196,017         | 120,142           | 316,159          |
| Employee benefits                       | 22,468             | 4,011             | 26,479           |
| WHSCC costs                             | 6,513              | 4,396             | 10,909           |
| Office administrator staff costs:       |                    |                   |                  |
| Salaries and wages                      | 72,580             | 72,901            | 145,481          |
| Employee benefits                       | 9,719              | 6,384             | 16,103           |
| WHSCC costs                             | 2,370              | 3,092             | 5,462            |
| School building insurance               | 67,473             | -                 | 67,473           |
| Teachers' residence supplies            | -                  | 39,554            | 39,554           |
| Contracted services                     | 20,771             | 267,397           | 288,168          |
| Security fees                           | 2,505              | -                 | 2,505            |
| Telecommunications                      | 25,238             | 17,554            | 42,792           |
| Fuel                                    | -                  | 109,622           | 109,622          |
| Electricity                             | 49,613             | -                 | 49,613           |
| Janitorial supplies                     | 33,119             | 30,363            | 63,482           |
| Maintenance supplies                    | 9,740              | 54,669            | 64,409           |
| Office supplies                         | -                  | 19,526            | 19,526           |
| Repairs and maintenance                 | 37,232             | 61,659            | 98,891           |
| Amortization                            | 6,032              | 19,021            | 25,053           |
| Vehicle operating                       | 10,171             | 19,326            | 29,497           |
| Contingency for capital repairs         | 427                | -                 | 427              |
|   | <u>\$ 571,988</u>  | <u>849,617</u>    | <u>1,421,605</u> |

See accompanying notes



## Student Transportation Expenditures

Year ended March 31, 2012

|                                     | <u>Sheshatshiu</u> | <u>Natuashish</u> | <u>Total</u>   |
|-------------------------------------|--------------------|-------------------|----------------|
| Student transportation staff costs: |                    |                   |                |
| Salaries and wages                  | \$ 80,224          | 28,833            | 109,057        |
| Employee benefits                   | 15,076             | 2,066             | 17,142         |
| WHSCC costs                         | 2,772              | 1,000             | 3,772          |
| Operational costs:                  |                    |                   |                |
| Gas, diesel and lubricants          | 17,595             | 531               | 18,126         |
| Repairs and maintenance             | 40,424             | 12,492            | 52,916         |
| Supplies                            | 238                | -                 | 238            |
| Insurance                           | 2,481              | 2,760             | 5,241          |
| Telecommunications                  | 554                | -                 | 554            |
| Tires and tubes                     | -                  | -                 | -              |
| Electricity                         | -                  | -                 | -              |
| Licences and registration           | 907                | 882               | 1,789          |
| Storage                             | 1,000              | -                 | 1,000          |
| Miscellaneous                       | 1,087              | -                 | 1,087          |
| Amortization                        | <u>29,358</u>      | <u>27,171</u>     | <u>56,529</u>  |
|                                     | <u>\$ 191,716</u>  | <u>75,735</u>     | <u>267,541</u> |

See accompanying notes

**Other Revenues and Expenditures****Year ended March 31, 2012****Other revenues:**

|  |                         |
|--|-------------------------|
| Kamataukatshiht Festival               | <b>\$ 45,489</b>        |
| School programs and activities:        |                         |
| Medical Lexicon project                | 35,000                  |
| Rentals                                | 5,600                   |
| Innu Nation - Natuashish student trips | -                       |
| Miscellaneous                          | <u>751</u>              |
|  | <b><u>\$ 86,840</u></b> |

**Other expenditures:**

|  |                         |
|--|-------------------------|
| School programs and activities:                    |                         |
| Medical Lexicon project                            | <b>\$ 28,265</b>        |
| Kamataukatshiht Festival                           | 44,520                  |
| Beyond the Hurt Program - professional development | -                       |
| First Nations Suicide Prevention Association Works | -                       |
| NL Arts Council circus camp                        | -                       |
| Innu Dictionary project                            | 1,300                   |
| Miscellaneous                                      | <u>2,600</u>            |
|  | <b><u>\$ 76,685</u></b> |

See accompanying notes

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

**March 31, 2012**

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### 1. Nature of Business

Mamu Tshishkutamashutau / Innu Education Inc. was incorporated under the Corporations Act of Newfoundland and Labrador on June 2, 2009. The organization operates two schools on behalf of the Mushuau Innu First Nation and Sheshatshiu Innu First Nation band members ordinarily residing in Natuashish and Sheshatshiu, Newfoundland and Labrador.

During 2012 the entity changed its fiscal year end from June 30 to March 31. This was done with the approval of the Board.

### 2. Summary of significant accounting policies:

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

#### Revenue recognition

The major source of funding from the Board comes from Aboriginal Affairs and Northern Development Canada. Funding agreements are entered into based on fiscal years ending March 31. The Board recognizes revenues from the funding agency as funds are allocated to the Board under the funding agreement and related amendments. Funding from other sources are recognized in the same manner, except in cases where funds are targeted for a specific expenditure. In those cases, revenues are recognized when expenditures are incurred.

#### Cash and cash equivalents

The Board's cash and cash equivalents consists of cash and bank accounts, less any outstanding transactions as at March 31, 2012.

#### Property, plant and equipment

Purchases of property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. The Board provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

|                    |         |               |
|--------------------|---------|---------------|
| Computer equipment | 3 years | Straight line |
| Computer software  | 3 years | Straight line |
| Service vehicles   | 5 years | Straight line |
| School buses       | 8 years | Straight line |
| Bussing equipment  | 5 years | Straight line |
| Equipment          | 5 years | Straight line |

Contributions recognized as capital assets include contributed school buses, computer software and computer equipment in the 2009-2010 fiscal year having a fair value of \$405,135.

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

March 31, 2012

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### 2. Summary of significant accounting policies (continued):

#### Assets under capital lease

Leases are classified as either capital or operating leases. At the time the Board enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Amortization is based on its estimated useful life using the same methods and rates as property, plant and equipment noted above.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

#### Financial instruments

The Board initially measures its financial assets and financial liabilities at fair value. The Board subsequently measures all of its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and receivables. Financial liabilities measured at amortized cost include payables and accruals, line of credit, current portion of capital lease obligation and capital lease obligation.

### 3. Receivables:

|                                    |                          |
|------------------------------------|--------------------------|
| Indian and Northern Affairs Canada | <b>\$ 557,233</b>        |
| Sales tax rebate                   | <b>179,395</b>           |
| Insurance overpayment              | <b>23,288</b>            |
| Rent                               | <b>4,100</b>             |
| Employee payroll overpayment       | <b>1,136</b>             |
| Innu Trust Fund                    | <b>10,000</b>            |
| Employee advances                  | <b>4,794</b>             |
| Travel advances                    | <b>5,130</b>             |
| Miscellaneous                      | <b><u>14,258</u></b>     |
|                                    | <b><u>\$ 799,334</u></b> |

**MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.**

**Notes to the Financial Statements**

**March 31, 2012**

**4. Property, plant and equipment:**

|                               | <u>Cost</u>         | <u>Accumulated<br/>Amortization</u> | <u>Net Book<br/>Value</u> |
|-------------------------------|---------------------|-------------------------------------|---------------------------|
| Computer equipment            | \$ 435,040          | 268,339                             | 166,701                   |
| Computer software             | 109,714             | 55,155                              | 54,559                    |
| Service vehicles              | 175,536             | 49,453                              | 126,083                   |
| School buses                  | 465,000             | 128,854                             | 336,146                   |
| Bussing equipment             | 2,961               | 1,184                               | 1,777                     |
| Equipment and furnishings     | 50,137              | 8,180                               | 41,957                    |
| Equipment under capital lease | <u>50,218</u>       | <u>24,205</u>                       | <u>26,013</u>             |
|                               | <u>\$ 1,288,606</u> | <u>535,370</u>                      | <u>753,236</u>            |

**5. Line of credit:**

The Board has a line of credit with the Royal Bank of Canada. The interest rate charged at March 31, 2012 was prime plus 1.75%.

**6. Payables and accruals:**

|  |                     |
|--|---------------------|
| Trade  | \$ 299,788          |
| Payroll deductions                             | 479,302             |
| Staff summer pay                               | 480,233             |
| Administrative accrued vacation and sick leave | 30,030              |
| Accrued wages                                  | 168,656             |
| Deferred revenue                               | <u>10,000</u>       |
|  | <u>\$ 1,468,009</u> |

At the end of the year, the Board employee pension benefits payable for January, February and March 2012, totaling \$197,081, were outstanding.

At the time of our engagement in December 2012, these pension benefits had been paid.

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

**March 31, 2012**

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### 7. Obligations under capital lease:

|  |                               |
|--|-------------------------------|
| 9.93% capital lease over equipment; repayable in monthly instalments of \$856 including interest; maturing October, 2012 | <b>\$ 5,804</b>               |
| 9.93% capital lease over equipment; repayable in monthly instalments of \$856 including interest; maturing October, 2012 | <u>5,805</u><br><b>11,609</b> |
| Current portion  | <u>11,609</u>                 |
|  | <u>\$ -</u>                   |

### 8. Contracts:

At balance sheet date, the Board had the following contracts:

- (a) Contract with Aboriginal Cleaners Limited for the provision of commercial cleaning services. The contract was signed on September 6, 2011. Services were to commence on September 6, 2011 and the contract expires August 21, 2012. The total amount of the contract is \$269,000.
- (b) Contract with Calvin Patey Consulting Inc. to provide consulting services to the Board and to the Directors of Education. The contract was signed on January 31, 2011 with services commencing immediately. The completion date of the contract is to be determined.

### 9. Correction of prior year accounting errors:

- (a) In 2011, an amount receivable of \$34,902 related to funding from Indian and Northern Affairs Canada was not recorded. This was corrected in the current year.
- (b) In 2010, an amount receivable of \$10,000 from the Innu Trust Fund was recorded in error as revenue. This amount has been earmarked for a specific expenditure which has not yet been incurred. Therefore, this amount should have been shown as deferred revenue. This was corrected in the current year.

# MAMU TSHISHKUTAMASHUTAU / INNU EDUCATION INC.

## Notes to the Financial Statements

**March 31, 2012**

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### **10. Financial assets and liabilities:**

The significant financial risk to which the Board is exposed is interest rate risk.

The Board's interest-bearing liability is its operating line of credit which has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows.