
Consolidated financial statements of Six Nations Polytechnic Inc.

March 31, 2025

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Independent Auditor's Report

To the Board of Directors of
Six Nations Polytechnic Inc.

Opinion

We have audited the consolidated financial statements of Six Nations Polytechnic Inc. (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2025, 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, 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 ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Organization as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group 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.

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Six Nations Polytechnic Inc.
Consolidated statement of financial position
As at March 31, 2025

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash		6,373,573	6,237,298
Investments and marketable securities		150,000	150,000
Accounts receivable	3	4,065,240	3,705,378
Prepaid expenses		326,744	424,045
		10,915,557	10,516,721
Capital assets	4	28,267,496	30,112,640
Artwork collection	2	1,566,990	1,566,990
Derivative financial asset	10	543,692	52,668
		41,293,735	42,249,019
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,753,263	903,564
Deferred revenue	6	4,594,093	4,123,462
Current portion of long-term debt	10	892,963	876,860
		7,240,319	5,903,886
Long-term debt	10	22,357,473	23,249,047
Deferred capital contributions	7	5,830,317	6,054,487
		35,428,109	35,207,420
Net assets			
Invested in capital assets	8	(221,065)	33,414
Unrestricted		6,086,691	7,008,185
		5,865,626	7,041,599
		41,293,735	42,249,019

The accompanying notes are an integral part of the consolidated financial statements.

Six Nations Polytechnic Inc.
Consolidated statement of operations
Year ended March 31, 2025

	Notes	2025 \$	2024 \$
Revenue			
Ministry of Colleges and Universities ("MCU")	12	7,615,100	7,081,647
MCU - Literacy and Basic Skills		—	219,384
Post-Secondary Partnership Program	12	2,515,486	1,715,546
Tuition		4,404,636	4,094,465
Other funding	9 and 12	2,358,794	3,660,793
Other income		988,466	791,363
		17,882,482	17,563,198
Expenses			
Salaries and benefits		8,243,569	7,507,310
Instruction fees		2,405,079	2,472,789
Facility and supplies		2,117,157	1,710,323
General and administrative	9	1,444,035	1,236,855
Interest expense		703,101	731,936
Tuition and program fees		934,161	944,284
Program development		708,160	549,894
Student services		705,452	680,413
Professional development		55,553	430,101
Education materials		145,984	125,175
Awards and bursaries		13,284	87,561
Cultural support		67,724	1,028
		17,543,259	16,477,669
Excess of revenue over expenses before the following		339,223	1,085,529
Other expenses (income)			
Amortization of capital assets		2,617,090	2,382,927
Amortization of deferred capital contributions	7	(610,870)	(505,895)
Gain on derivative financial asset		(491,024)	(4,862)
Gain on disposal of capital assets		—	(73,200)
		1,515,196	1,798,970
Deficiency of revenue over expenses		(1,175,973)	(713,441)

The accompanying notes are an integral part of the consolidated financial statements.

Six Nations Polytechnic Inc.**Consolidated statement of changes in net assets**

Year ended March 31, 2025

	Invested in capital assets \$	Unrestricted \$	2025 Total \$
Net assets, beginning of year	33,414	7,008,185	7,041,599
(Deficiency) excess of revenue over expenses	(1,515,196)	339,223	(1,175,973)
Net change in invested in capital assets	1,260,717	(1,260,717)	—
Net assets, end of year	(221,065)	6,086,691	5,865,626
	Invested in capital assets \$	Unrestricted \$	2024 Total \$
Net assets, beginning of year	244,305	7,510,735	7,755,040
(Deficiency) excess of revenue over expenses	(1,798,970)	1,085,529	(713,441)
Net change in invested in capital assets	1,588,079	(1,588,079)	—
Net assets, end of year	33,414	7,008,185	7,041,599

The accompanying notes are an integral part of the consolidated financial statements.

Six Nations Polytechnic Inc.
Consolidated statement of cash flows
Year ended March 31, 2025

	2025	2024
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(1,175,973)	(713,441)
Items not involving cash		
Amortization of capital assets	2,617,090	2,382,927
Amortization of deferred capital contributions	(610,870)	(505,895)
Gain on derivative financial asset	(491,024)	(4,862)
Gain on disposal of capital assets	—	(73,200)
	339,223	1,085,529
Changes in non-cash operating working capital		
Accounts receivable	(359,862)	(1,310,283)
Inventories	—	17,718
Prepaid expenses	97,301	(337,715)
Accounts payable and accrued liabilities	849,699	(125,113)
Deferred revenue	470,631	(2,728,966)
	1,396,992	(3,398,830)
Financing activities		
Repayment of long-term debt	(875,471)	(862,300)
Capital contributions received	386,700	1,519,367
	(488,771)	657,067
Investing activities		
Purchase of capital assets	(771,946)	(2,331,146)
Proceeds on disposal of capital assets	—	86,000
	(771,946)	(2,245,146)
Net change in cash	136,275	(4,986,909)
Cash, beginning of year	6,237,298	11,224,207
Cash, end of year	6,373,573	6,237,298

The accompanying notes are an integral part of the consolidated financial statements.

1. Description of organization

Six Nations Polytechnic Inc. (the "Organization") operates a post-secondary school of instruction to advance education to students attending the school through scholarships, bursaries, awards and other forms of financial assistance. It also operates a resource library for Indigenous knowledge and languages to educate and increase the public's appreciation of Indigenous culture. It has been in operation since 1993, incorporated without share capital on October 29, 2001 and on September 19, 2014 was designated a Charitable Organization under the provisions of the Income Tax Act of Canada.

The lands upon which the Organization's building is situated form part of the Six Nations Indian Reserve, No. 40, and have been set aside under band council resolution for the use and benefit of Six Nations Polytechnic Inc. for as long as required for educational purposes in accordance with Section 18(2) of the Indian Act and this land will revert back to the Six Nations Indian Reserve when no longer required for such purposes. The Organization does not have title to the land, and accordingly has not reflected its value in its books and records. No amounts are due to band council for the utilization of the land.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The Organization's significant accounting policies are as follows:

Basis of presentation

These consolidated financial statements include the accounts of Six Nations Polytechnic Inc. and all of its wholly-owned subsidiaries, as follows:

Six Nations Polytechnic Brantford Campus Inc.

Six Nations Polytechnic Ohsweken Campus Inc.

All significant intercompany balances and transactions have been eliminated upon consolidation. The consolidated financial statements do not include any other assets, liabilities, revenue or expenses of the Organization.

Revenue recognition

The Organization follows the deferral method of accounting for contributions which include donations, government grants and special events revenue.

Contributions from grants, donations and special events that are unrestricted are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants approved but not received at the end of an accounting period are accrued.

Revenue derived from grants and donations which are restricted are recognized when the related expenses have been made or the external restrictions have been fulfilled, depending on the nature of the restriction. Funds received for which the related expenditures have not been made or the external restrictions have not been fulfilled are recorded as deferred revenue.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate of the related capital asset.

Tuition revenue is recognized as revenue as the corresponding instruction is delivered.

Both investment income and other income are recognized as earned.

2. Significant accounting policies (continued)

Cash

Cash balances consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by actual invoice amounts.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for the derivative interest rate swap, which is carried at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in excess of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to excess of revenue over expenses the period the reversal occurs.

Income taxes

The Organization uses the taxes payable method of accounting for income taxes. Under this method, the Organization reports as an expense of the period only the cost of current income taxes payable determined in accordance with the rules established by tax authorities. For the year ended March 31, 2025, Six Nations Polytechnic Brantford Campus Inc. did not generate any taxable income, therefore there are no taxes payable for the Organization.

Capital assets

Capital assets are stated at cost, less accumulated amortization. In the year of acquisition, the Company applies the half-year rule for amortization of capital assets. Amortization is provided using the declining balance method and following annual rates:

Assets	Rate
Building	10%
Machinery and equipment	30%
Vehicles	30%
Computers	30%

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

2. Significant accounting policies (continued)

Capital assets (continued)

Software in development represents eligible costs incurred to develop and implement software; amortization will commence in the year the software development is completed and ready for use.

Collections

The collection consists of artwork and artifacts related to Indigenous language and culture. The artwork and artifacts are used for the purposes of educating and increasing the public's appreciation of Indigenous culture.

The collection is measured at fair value estimated using market or appraisal values at the time of receipt. The collection is not subject to amortization. The value of a collection that is recorded on the consolidated statement of financial position will be written down whenever events or changes in circumstances indicate that its net carrying amount may exceed its fair value. The net carrying amount of the collection or collection item shall be written down to its fair value or replacement cost and the write-down will be recognized as an expense in the consolidated statement of earnings.

Based on the most recent appraisal completed in 2020 by an accredited Personal Property Appraiser, the fair market value of the Collection is \$1,566,990 and is presented on the consolidated statement of financial position as a separate line item.

Impairment of long-lived assets

Long-lived assets, such as capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from the use and eventual disposition of the item. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of capital assets, certain accrued liabilities, as well as revenue and deferred revenue relating to grant funding. Actual results could differ from those estimates.

3. Accounts receivable

	2025	2024
	\$	\$
Accounts receivable	3,463,767	3,117,193
Harmonized Sales Tax recoverable	601,473	588,185
	4,065,240	3,705,378

4. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
	\$	\$	\$	\$
Land	7,213,431	—	7,213,431	7,213,431
Building	24,225,018	8,772,134	15,452,884	16,716,229
Machinery and equipment	1,541,875	1,266,349	275,526	373,342
Vehicles	27,300	341	26,959	—
Computers	2,880,468	2,146,947	733,521	640,381
Leasehold improvements	8,362,960	3,797,785	4,565,175	4,695,858
Software in development	—	—	—	473,399
	44,251,052	15,983,556	28,267,496	30,112,640

5. Credit facilities

The Organization maintains an operating line of credit totaling \$1,000,000, which bears interest at a rate of daily compounded CORRA plus 1.19% per annum. This represents a change in the year ended March 31, 2025; as at March 31, 2024, the facility's interest rate was based on CDOR prime plus 1%. As at March 31, 2025, no amounts were drawn on this facility (nil in 2024).

Additionally, the Organization has access to a committed revolving credit facility of \$500,000. The interest rate on this facility is determined at the time of each drawdown. As at March 31, 2025, no amounts were drawn on this facility (nil in 2024).

6. Deferred revenue

The Organization has deferred revenue of \$4,594,093 (\$4,123,462 in 2024) for funds received that will be used to offset expenses in future years when they are incurred.

7. Deferred capital contributions

- (a) Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2025	2024
	\$	\$
Balance, beginning of year	6,054,487	5,454,926
Add: contributions received for capital purposes	386,700	1,519,367
Less: amortization of deferred capital contributions	(610,870)	(505,895)
Less: amount recognized as revenue in current year	—	(413,911)
	5,830,317	6,054,487

7. Deferred capital contributions (continued)

(b) The deferred contributions related to capital assets consist of the following:

	2025	2024
	\$	\$
Unamortized deferred capital contributions used to purchase capital assets	5,781,817	6,005,987
Unspent contributions	48,500	48,500
	5,830,317	6,054,487

8. Invested in capital assets

Net assets invested in capital assets is calculated as follows:

	2025	2024
	\$	\$
Capital assets	28,267,496	30,112,640
Amounts financed by		
Unamortized deferred capital contributions	(5,781,817)	(6,005,987)
Long-term debt net of derivative financial asset	(22,706,744)	(24,073,239)
	(221,065)	33,414

9. Related party transactions

The President of the Organization is a member of the Six Nations Language Commission and the Indigenous Institute Consortium. There are many transactions between Six Nations Language Commission, the Six Nations Council and the Indigenous Institute Consortium with the Organization including tuition transfers and research grants.

During the year, Six Nations Polytechnic Inc. earned revenue of \$123,268 (\$136,947 in 2024) from the Six Nations Community Development Trust Fund and \$40,788 (\$272,475 in 2024) from the Indigenous Institute Consortium.

Six Nations Polytechnic Inc. incurred expenses of nil (\$31,870 in 2024) to a Board Member of Six Nations Polytechnic Inc. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Long-term debt

	2025 \$	2024 \$
TD bank loan, interest at 2.959% per annum, repayable in monthly blended payments of principal and interest of \$84,975, repayable by May 2031	16,025,436	16,560,907
Related party loan, interest at 2.97% per annum, repayable in quarterly principal payments of \$85,000 and monthly interest payments, repayable by May 2046	7,225,000	7,565,000
	23,250,436	24,125,907
Current portion	(892,963)	(876,860)
Long-term portion of long-term debt	22,357,473	23,249,047

The TD bank loan is subject to a floating rate of interest based on CORRA + 1.19% per annum. This represents a change in the year ended March 31, 2025; as at March 31, 2024, the facility's interest rate was based on CDOR plus 0.85%. The Organization has utilized an interest rate swap arrangement to provide a fixed rate of 2.959% over the term and amortization period. The fair value of the interest rate swap as at March 31, 2025 is an asset position of \$543,692 (\$52,668 in 2024).

The TD bank loan is secured by guarantees, first ranking general security agreement and first priority lien on the Brantford campus property owned by the Organization.

The related party loan is secured by an unlimited guarantee of payment by the Organization, second ranking general security agreement and second ranking lien on the Brantford campus property owned by the Organization.

Under the terms of the loans payable, the Organization must satisfy certain financial covenants. As at March 31, 2025, the Organization is in compliance with the covenants.

Principal repayments required over the next five fiscal years and thereafter are as follows:

	\$
2026	892,963
2027	909,548
2028	926,632
2029	944,228
2030	962,352
Thereafter	18,614,713
	23,250,436

11. Financial instruments

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk primarily through its floating interest rate credit facilities. There has been no change to the risk exposures from 2024.

A portion of the Organization's debt is at floating rates. As a result, the Organization is exposed to interest rate risk. The Organization mitigates the interest rate risk on its term facility through an interest rate swap fixing the interest on the loan.

11. Financial instruments (continued)

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when due. The Organization monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2025, the most significant financial liabilities are: long-term debt, deferred revenue, unspent portion of deferred capital contributions, and accounts payable and accrued liabilities.

12. Indigenous Services Canada funding

	2025 \$	2024 \$
Funding received		
Government grants from 2024-2025	3,194,699	4,193,946
Government grants from 2023-2024	2,389,395	4,786,675
	5,584,094	8,980,621
Expenditures		
Instructor fees	1,289,086	1,755,683
General and administrative	912,636	925,810
Education materials	16,361	15,441
Cultural support	—	1,028
Salaries and benefits	2,290,670	2,281,052
Program development	163,816	297,433
Facilities and supplies	472,145	764,485
Tuition and program development	151,382	277,562
Student services	54,814	10,885
Professional development	11,673	261,847
	5,362,583	6,591,226
Excess of funding received over expenditures included in deferred revenue	221,510	2,389,395

13. Comparative figures

Certain comparative figures have been reclassified in order to conform with the current year's financial statement presentation. There has been no change in the prior year's reported deficiency of revenue over expenses.