



FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Financial Statements
For the year ended March 31, 2003

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BDO Dunwoody LLP
Chartered Accountants
and Consultants

Landmark Technology Centre
Suite 300 - 1632 Dickson Avenue
Kelowna BC V1Y 7T2
Telephone: (250) 763-6700
Fax: (250) 763-4457
Toll Free: 1-800-928-3307


Auditors' Report

To the First Nations Land Management Resource Centre Inc.

We have audited the statement of financial position of the First Nations Land Management Resource Centre Inc. as at March 31, 2003 and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2003 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


CHARTERED ACCOUNTANTS
Kelowna, British Columbia
July 29, 2003

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Accounts receivable	\$ 511,111	\$ 525,223
Prepaid expenses	138,625	50,000
	649,736	575,223
Capital assets (Note 1)	317,408	202,446
	\$ 967,144	\$ 777,669
Liabilities and Equity		
Current		
Bank indebtedness (Note 2)	\$ 203,463	\$ 351,497
Accounts payable and accrued liabilities	647,010	428,420
	850,473	779,917
Contingent liability (Note 3)		
Commitments (Note 5)		
Equity		
Deficit	(200,737)	(204,694)
Equity in capital assets (Note 4)	317,408	202,446
	116,671	(2,248)
	\$ 967,144	\$ 777,669

Approved on behalf of the Finance Committee of the Board:

_____ Chief Austin Bear

_____ Chief Bill McCue

_____ Rennie Goose

_____ Chief Barry Seymour

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Statement of Financial Activities

For the year ended March 31	Budget	2003	2002
Revenue			
Department of Indian Affairs and Northern Development	\$ 3,903,122	\$ 3,903,122	\$ 3,397,435
Interest	-	8,458	19,359
	<u>3,903,122</u>	<u>3,911,580</u>	<u>3,416,794</u>
Expenditures			
Transitional			
Ratification process	1,527,362	1,155,585	993,038
Annual meeting of Lands Advisory Board	140,000	53,619	87,879
Technical support for Lands Advisory Board	90,000	419,509	119,803
Technical support for 10 "transitional" First Nations	292,000	279,435	432,090
Technical support for new First Nations	180,000	460,398	-
Facilitate eight community votes	180,000	155,600	29,965
Technical support to the Implementation Partnership with Indian and Northern Affairs Development	403,000	339,922	575,963
Administrative costs	315,000	409,012	349,730
Office relocation	-	62,962	116,609
Operational			
Technical support to four "operational" First Nations	180,000	20,872	130,974
Training and capacity building support to 14 First Nations	435,760	436,988	530,573
Signing ceremony	<u>160,000</u>	<u>113,721</u>	<u>-</u>
	<u>3,903,122</u>	<u>3,907,623</u>	<u>3,366,624</u>
Excess of revenues over expenditure for the year	-	3,957	50,170
Deficit, beginning of year	-	(204,694)	(254,864)
Deficit, end of year	<u>\$ -</u>	<u>\$ (200,737)</u>	<u>\$ (204,694)</u>

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Statement of Cash Flows

For the year ended March 31	2003	2002
Operating activities		
Receipts from Department of Indian Affairs and Northern Development	\$ 3,917,234	\$ 3,166,489
Interest income	8,458	19,359
Operating expenditures	(3,717,803)	(3,493,226)
	207,889	(307,378)
Investing activities		
Purchase of capital assets	(174,817)	(150,544)
Financing activities		
Increase in equity in capital assets	114,962	118,750
Increase in cash	148,034	(339,172)
Bank indebtedness, beginning of year	(351,497)	(12,325)
Bank indebtedness, end of year	\$ (203,463)	\$ (351,497)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Significant Accounting Policies

March 31, 2003

Operations The First Nations Land Management Resource Centre Inc. is a band empowered entity created to facilitate the implementation of the *Framework Agreement on First Nation Land Management*. The Resource Centre is incorporated under Part 2 of the Canada Corporations Act. The company is a band empowered entity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

Basis of Accounting These financial statements were prepared using the accrual basis of accounting.

Capital Assets Capital assets are recorded at cost as an addition to capital assets with a corresponding increase in equity in capital assets. These acquisitions which are not funded through capital financing are also charged as an expense to operations and matched with the applicable revenue source in the year of expenditure. Amortization is recorded as a reduction of equity in capital assets and is based on the estimated useful life of the asset as follows:

Office equipment	- 20% diminishing balance basis
Leasehold improvements	- 5 year straight line basis

Amortization is provided for at one-half of the above rates in the year of acquisition.

Revenue recognition The First Nations Land Management Resource Centre Inc. receives the majority of its revenues pursuant to annual funding agreements with the Department of Indian Affairs and Northern Development (DIAND). Revenue is recognized as it becomes receivable under the terms of the funding agreements. Unexpended balances or unallowable expenditures are to be reimbursed to the Department.

Financial instruments The company's financial instruments consist of accounts receivable, prepaid expenses, bank indebtedness, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Notes to Financial Statements

March 31, 2003

1. Capital assets

	Cost	Accumulated amortization	Net 2003	Net 2002
Office equipment	\$ 283,689	\$ 86,577	\$ 197,112	\$ 117,686
Leasehold improvements	154,591	34,295	120,296	84,760
	\$ 438,280	\$ 120,872	\$ 317,408	\$ 202,446

2. Bank Indebtedness

The company has available to it, through the Royal Bank of Canada, a \$200,000 credit line (subsequently increased to \$750,000) to assist with operations. The bank indebtedness represents cheques issued in excess of funds on deposit, as the outstanding balance of the credit line at March 31, 2003 was nil (2002 - \$80,000). The credit line bears interest at the Royal Bank's prime rate per annum and is secured by a general security agreement covering all assets of the First Nations Land Management Resource Centre Inc.

3. Contingent liability

The contribution agreement between the First Nations Land Management Resource Centre Inc. and the Minister of Indian Affairs and Northern Development states that any surplus owing to the Minister under the arrangement is a debt due and payable within 120 days of the fiscal year end. Surplus is defined as the amount by which funds, provided by the Minister and other sources, exceeds eligible expenditures for delivery of a service funded after all program terms and conditions have been fulfilled.

4. Equity in capital assets

	2003	2002
Balance, beginning of year	\$ 202,446	\$ 83,696
Asset additions funded from operations	174,816	150,544
Amortization	(59,854)	(31,794)
Balance, end of year	\$ 317,408	\$ 202,446

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.
Notes to Financial Statements

March 31, 2003

5. Commitments

The Resource Centre has entered into a lease for office premises in Ottawa at a minimum annual rent of \$84,780 per year with an expiry date of March, 2007. In addition, the Resource Centre leases a photocopier at \$1,655 per month. Subsequent to the year end, the Resource Centre entered a three year agreement to lease a photocopier at \$9,540 per quarter.