

**FIRST NATIONS LAND MANAGEMENT
RESOURCE CENTRE INC.**

**Financial Statements
Year Ended March 31, 2008**

Auditors' Report

Financial Statements

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AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statement of First Nations Land Management Resource Centre Inc. as at March 31, 2008.

The schedules of expenditures by activity, class, recipient and Developmental First Nations as required to be presented to Indian and Northern Affairs Canada pursuant to the funding agreement between Indian and Northern Affairs Canada and First Nations Land Management Resource Centre Inc. The schedules have been compiled by the management of First Nations Land Management Resource Centre Inc. from their records. For the purposes of understanding our involvement with these schedules, please note that:

- We have audited and separately reported on the financial statements;
- Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole;
- The attached schedules are presented for the purpose of forming an opinion for Indian and Northern Affairs Canada and does not form part of the financial statements; and
- The schedules have been subjected to the auditing procedures applied to the audit of the financial statements taken as a whole.

During the course of the aforementioned audit, we encountered no discrepancies in these schedules.

This report has been prepared in accordance with the applicable Assurance and Related Services Guideline issued by the Canadian Institute of Chartered Accountants.

BDO Dunwoody LLP
Chartered Accountants
Kelowna, British Columbia

June 19, 2008

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Statement of Financial Position

As at March 31, 2008

	2008	2007
ASSETS		
Current		
Cash	\$ 35,201	\$ 2,036,369
Accounts receivable	133,866	50,606
Receivable from INAC	1,387,710	-
Holdback receivable from INAC	422,108	749,021
Prepaid expenses	35,836	82,908
	2,014,721	2,918,904
Capital assets (Note 4)	254,396	296,670
	\$ 2,269,117	\$ 3,215,574
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,666,799	\$ 1,638,397
Due to INAC (Note 6)	327,634	1,052,736
	1,994,433	2,691,133
NET ASSETS		
Invested in capital assets (Note 5)	254,396	296,670
Net assets (deficiency)	20,288	227,771
	274,684	524,441
	\$ 2,269,117	\$ 3,215,574
Contingent liabilities (Note 7)		
Commitments (Note 8)		
Approved by the Board of Directors:		
_____	Chief Austin Bear	
_____	Councillor Bill McCue	
_____	Rennie Goose	
_____	Barry Seymour	

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Financial Activities and Net Assets
Year Ended March 31, 2008**

	Budget	2008	2007
Revenue			
Department of Indian Affairs and Northern Original funding agreement (Note 8)	7,490,211		
Amendment to reduce funding	<u>1,074,016</u>		
Revised Funding	6,416,195	\$ 6,416,195	\$ 6,484,218
Canadian International Development Agency	-	13,500	-
	<u>6,416,195</u>	<u>6,429,695</u>	<u>6,484,218</u>
Expenditures			
I. CORE			
Framework Agreement Implementation			
1. Internal governance of the Lands Advisory Board and Resource Centre			
a) Lands Advisory Board			
Strategic Regional Meetings and related activities	73,550	50,500	81,891
Annual General Meetings and related activities	198,271	199,945	89,327
Five year summative evaluation and related activities	-	111,176	178,586
	<u>271,821</u>	<u>361,621</u>	<u>349,804</u>
b) Resource Centre			
Technical assistance to Lands Advisory Board	209,688	214,158	80,241
Board of Directors Meetings	22,000	21,032	22,684
Resource Centre operations	192,911	240,661	235,142
Resource Centre administration	504,000	470,058	492,081
	<u>928,599</u>	<u>945,909</u>	<u>830,148</u>
Total internal governance	<u>1,200,420</u>	<u>1,307,530</u>	<u>1,179,952</u>
2. Intergovernmental relations			
Technical assistance	209,688	304,715	233,707
Political, legal and financial assistance:			
Meetings with Canada	91,550	63,009	230,678
Bijuralism	-	53,077	266,799
Five year funding renewal meetings & workshops	690,159	862,520	-
LAB participation in the Corporate Risk Profile/ Risk Management Strategy	-	84,527	-
Meetings with private sector, provincial and municipal governments	32,250	6,198	16,108
Private sector - Canada Economic Development Meetings with First Nation organizations and institutions	41,075	31,205	14,209
Total intergovernmental relations	<u>1,064,722</u>	<u>1,405,251</u>	<u>761,501</u>

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Financial Activities and Net Assets
Year Ended March 31, 2008**

	Budget	2008	2007
Developmental First Nations			
3. LAB and RC Support to First Nations			
a) Operational First Nations			
Political, legal and financial assistance	102,160	81,911	106,981
Technical assistance	343,888	338,605	449,557
Workshops	54,670	24,831	247,426
First Nation registry regulations training	-	9,091	-
Capacity development	-	24,315	-
Contracts for law, regulations and system design	285,000	302,295	145,829
Dispute resolution	55,550	9,000	5,699
	841,268	790,048	955,492
b) Developmental First Nations			
Political, legal and financial assistance	249,700	144,893	238,336
Technical assistance	637,450	519,627	435,922
Workshops	26,420	28,496	47,710
Dispute resolution	21,100	-	1,500
Verifier	180,000	167,686	147,200
	1,114,670	860,702	870,668
Total LAB and RC support to First Nations	1,955,938	1,650,750	1,826,160
Total core expenditures	4,221,080	4,363,531	3,767,613
II. NON-CORE			
4. Developmental Funding to First Nations	2,195,115	2,273,647	2,447,121
Total core and non-core expenditures	6,416,195	6,637,178	6,214,734
Excess of revenues over expenditures (expenditures over revenues) for the year	-	(207,483)	269,484
Net assets (deficiency), beginning of year	-	227,771	(41,713)
Net assets, end of year	-	\$ 20,288	\$ 227,771

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Cash Flows
Year Ended March 31, 2008**

	2008	2007
Operating activities		
Receipts from Indian Affairs and Northern Development	\$ 5,355,398	\$ 7,197,959
Other operating receipts	13,500	-
Other operating payments	(7,293,010)	(6,568,494)
	(1,924,112)	629,465
Investing activity		
Purchase of capital assets	(34,782)	(36,731)
Financing activity		
(Decrease) in investment in capital assets	(42,274)	(61,237)
(Decrease) increase in cash	(2,001,168)	531,497
Cash, beginning of year	2,036,369	1,504,872
Cash, end of year	\$ 35,201	\$ 2,036,369

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements Year Ended March 31, 2008

1. 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 First Nation empowered entity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. Economic Dependence

The First Nation Land Management Resource Centre Inc. receives a substantial portion of its revenue pursuant to funding arrangements with Indian and Northern Affairs Canada (INAC).

3. Significant accounting policies

(a) Capital assets

Capital assets are recorded at cost as an addition to capital assets with a corresponding increase in investment 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.

(b) Revenue recognition

The First Nations Land Management Resource Centre Inc. receives its revenues pursuant to annual funding agreements primarily with the Minister of Indian Affairs and Northern Development. Revenue is recognized as it becomes receivable under the terms of the funding agreements.

(c) Financial instruments

It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments unless otherwise noted. The fair values of the company's financial instruments approximate their carrying values, unless otherwise noted.

(d) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Notes to Financial Statements
Year Ended March 31, 2008**

4. Capital assets

	Cost	Accumulated amortization	Net 2008	Net 2007
Office equipment	\$ 626,833	\$ 385,231	\$ 241,602	\$ 270,464
Leasehold improvements	228,555	215,761	12,794	26,206
	\$ 855,388	\$ 600,992	\$ 254,396	\$ 296,670

5. Invested in capital assets

	2008	2007
Balance, beginning of year	\$ 296,670	\$ 357,907
Asset additions funded from operations	34,782	36,731
Amortization	(77,056)	(97,968)
Balance, end of year	\$ 254,396	\$ 296,670

6. Due to INAC

	2008	2007
Balance, beginning of year	\$ 1,052,736	\$ 1,598,872
Repayment	(749,021)	(1,598,872)
Excess of developmental funding over developmental expenditures	-	1,005,993
Interest earned on contribution funding	21,219	33,550
Adjustment for previous years developmental claims	2,700	13,193
Balance, end of year	\$ 327,634	\$ 1,052,736

7. Contingent liabilities

The funding agreement between the First Nations Land Management Resource Centre Inc. and the Minister of Indian Affairs and Northern Development states that any surplus identified as part of the Flexible Transfer Payment (FTP) shall be retained by the Resource Centre. However, any surplus identified as part of the Contribution Funding 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, exceeds eligible expenditures for delivery of a service funded after all program terms and conditions have been fulfilled.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2008

8. Commitments

The Resource Centre has entered into a lease for office premises in Ottawa at a minimum annual rent of \$53,780 per year with an expiry date of February 2012. In addition, the Resource Centre leases photocopiers for \$38,972 per year with an expiry date of March 2010.

9. Budget

The original funding agreement signed with INAC provided for core and non-core funding totaling \$7,490,211. During the year certain Developmental First Nations were identified as being unable to fully utilize contribution funding available for the community approval process plan. INAC requested that the projected excess of budgeted funding available to Developmental First Nations over expected expenditures incurred by them, be returned. The original funding agreement was amended and the annual developmental budget was reduced accordingly by \$2,080,096.

In addition, the LAB/RC received an increase in core funding from INAC of \$1,006,080 to help cover costs of work that had not been previously budgeted for including the five year funding renewal meetings and workshops held with Operational and Developmental First Nations and related activities. The original funding agreement was amended and the annual core budget was increased by \$1,006,080.

10. Comparative figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.