

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Financial Statements
Year Ended March 31, 2014**

Independent Auditors' Report

Financial Statements	Page
Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8



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Independent Auditor's Report

To the Members of First Nations Land Management Resource Centre Inc.

We have audited the accompanying financial statements of First Nations Land Management Resource Centre Inc., which comprise of the statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances, and cash flows for the year 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 accounting standards for not-for-profit organizations, 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.

Auditor's 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 First Nations Land Management Resource Centre Inc. as at March 31, 2014, and the results of its operations and its cash flows for the year then in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Kelowna, British Columbia
May 26, 2014

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Financial Position
As at March 31, 2014**

	2014	2013
ASSETS		
Current		
Cash	\$ 286,458	\$ -
Accounts receivable	80,548	134,619
Holdback receivable from AANDC	404,932	356,034
Prepaid expenses	8,070	20,422
	780,008	511,075
Capital Assets (Note 3)	122,226	153,982
	\$ 902,234	\$ 665,057
LIABILITIES		
Current		
Bank overdraft	\$ -	\$ 28,334
Accounts payable and accrued liabilities (Note 5)	281,563	230,604
Deferred contributions from AANDC	527,508	281,013
	809,071	539,951
FUND BALANCES		
Invested in capital assets (Note 6)	122,226	153,982
Unrestricted	(29,063)	(28,876)
	93,163	125,106
	\$ 902,234	\$ 665,057

Commitments (Note 8)

Approved by the Board of Directors:

_____ Chief Austin Bear

_____ Councillor Bill McCue

_____ Rennie Goose

_____ Councillor Jody Wilson-Raybould

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Operations
Year Ended March 31, 2014**

	Operating Fund	Capital Asset Fund	Total 2014	Total 2013
Revenues				
Aboriginal Affairs and Northern Development Canada	\$ 3,802,825	\$ -	\$ 3,802,825	\$ 3,279,324
	3,802,825	-	3,802,825	3,279,324
Expenditures				
Amortization	-	44,213	44,213	55,790
Audit and accounting	32,468	-	32,468	36,073
Automation	53,395	-	53,395	62,331
Bad debts	-	-	-	9,813
Bank charges and interest	3,400	-	3,400	15,891
Communications	87,688	-	87,688	96,321
Equipment leasing and maintenance	36,820	-	36,820	52,064
Insurance	5,300	-	5,300	5,778
Legal	64,046	-	64,046	40,050
Office	34,968	-	34,968	35,143
Other (meeting administration)	5,988	-	5,988	17,810
Professional services	582,424	-	582,424	242,263
Rent and occupancy	87,008	-	87,008	75,299
Relocation costs	-	-	-	14,685
Salaries, honoraria and contract positions	2,427,159	-	2,427,159	2,194,629
Translation	2,443	-	2,443	6,166
Travel	367,448	-	367,448	368,375
Total expenditures	3,790,555	44,213	3,834,768	3,328,481
Excess of (expenditures over revenues), revenues over expenditures for the year	\$ 12,270	\$ (44,213)	\$ (31,943)	\$ (49,157)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Changes in Fund Balances
Year Ended March 31, 2014**

	Operating Fund	Capital Asset Fund	Total 2014	Total 2013
Balance, beginning of year	\$ (28,876)	\$ 153,982	\$ 125,106	\$ 174,263
Excess of (expenditures over revenues), revenues over expenditures	12,270	(44,213)	(31,943)	(49,157)
Interfund Transfer	(16,606)	109,769	93,163	125,106
Purchase of capital assets	(12,457)	12,457	-	-
Balance, end of year	\$ (29,063)	\$ 122,226	\$ 93,163	\$ 125,106

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Statement of Cash Flows
Year Ended March 31, 2014

	2014	2013
Operating activities		
Receipts from Aboriginal Affairs and Northern Development Canada	\$ 3,807,998	\$ 3,497,426
Other operating payments	(3,480,562)	(3,179,899)
Interest on demand loan	(187)	(12,089)
	327,249	305,438
Investing activity		
Purchase of capital assets	(12,457)	(18,722)
Increase in cash	314,792	286,716
Cash (bank indebtedness), beginning of year	(28,334)	(315,050)
Cash (bank indebtedness), end of year	\$ 286,458	\$ (28,334)
Cash (bank indebtedness) consists of:		
Cash (bank overdraft)	\$ 286,458	\$ (28,334)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2014

1. Nature of operations and summary of significant accounting policies

(a) Nature and purpose of organization

The First Nations Land Management Resource Centre Inc. ("Resource Centre") is a First Nation empowered entity created by the Lands Advisory Board, which has the responsibility 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.

(b) Basis of accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Fund accounting

The organization follows the deferral method of accounting for contributions.

Revenues and expenses related to service delivery and administrative activities are reported in the Operating Fund.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to First Nations Land Management Resource Centre Inc.'s capital assets.

(d) Capital Assets

Capital assets are recorded in the Capital Asset Fund at cost.

Amortization is based on the estimated useful life of the asset as follows:

Office equipment	- 20% diminishing balance basis
Computer equipment	- 55% diminishing balance basis

Amortization is provided for at one-half of the above rates in the year of acquisition. Amortization expense is recorded in the Capital Asset Fund.

(e) Revenue recognition

The First Nations Land Management Resource Centre Inc. receives its revenue pursuant to an annual funding agreement with Aboriginal Affairs and Northern Development Canada ("AANDC"). Revenue is recognized as it becomes receivable under the terms of the funding agreement. Funding which is not spent in the year received can be deferred to the following year if it will continue to be spent for the same purpose as it was originally received and a plan for spending the amount is submitted to the AANDC within 120 days of the year end.

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2014

1. Nature of operations and summary of significant accounting policies (continued).

(f) Equipment under lease

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases; wherein, rental payments are expensed as incurred.

(g) Financial Instruments

Financial Instruments are recorded at fair value when acquired or issued. Subsequently, all financial instruments other than those stated in an active market are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(h) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting standards for not-for-profit organizations 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.

2. Economic dependence

The First Nations Land Management Resource Centre Inc. is economically dependant on funding it receives from Aboriginal Affairs and Northern Development Canada (AANDC) pursuant to a funding arrangement in compliance with Part VI of the *Framework Agreement*.

3. Capital assets

	Cost	Accumulated amortization	Net 2014	Net 2013
Office equipment	\$ 340,388	\$ 240,039	\$ 100,349	\$ 125,436
Computer equipment	79,542	57,665	21,877	28,546
	\$ 419,930	297,704	\$ 122,226	\$ 153,982

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2014

4. Bank demand loan

Prime plus .5%, revolving demand loan, secured by a general security agreement. The maximum available credit is \$750,000. At March 31, 2014, the organization has \$ Nil (2013 -\$ Nil) drawn under the bank demand loan.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$20,859 (2013 - \$11,818) in government remittances payable.

6. Invested in capital assets

	2014	2013
Balance, beginning of year	\$ 153,982	\$ 191,050
Asset additions funded from operations	12,457	18,722
Amortization	(44,213)	(55,790)
Balance, end of year	\$ 122,226	\$ 153,982

7. Related party transactions

During the year the organization paid rent to a board of director member of \$67,502 (2013-\$54,064). These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

8. Commitments

The Resource Centre rents office space under an operating lease (Note 7) which expires March 31, 2016. Future minimum annual rental payments, exclusive of operating costs, are as follows:

2015	\$ 58,164
2016	60,789

In addition the Resource Centre leases photocopiers for \$16,072 per year with expiry dates varying from January 2016 to January 2017. Future minimum lease payments under the term of these leases is approximately \$36,034.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2014

9. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is exposed to credit risk arising from its holdback receivable from AANDC. This receivable is from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding. There has been no changes in the assessment of credit risk from the previous year.