



**FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.**  
**Financial Statements**  
For the year ended March 31, 2004

---

**Contents**

<b>Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Financial Activities	<b>4</b>
Statement of Changes in Financial Position	<b>5</b>
Significant Accounting Policies	<b>6</b>
Notes to Financial Statements	<b>7 - 8</b>



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

Landmark Technology Centre  
300 - 1632 Dickson Avenue  
Kelowna BC Canada V1Y 7T2  
Telephone: (250) 763-6700  
Telefax: (250) 763-4457  
www.bdo.ca

---

## 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, 2004 and the statements of financial activities and changes in financial position 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, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

**CHARTERED ACCOUNTANTS**  
Kelowna, British Columbia  
June 30, 2004

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

March 31	2004	2003
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 243,793	\$ -
Accounts receivable	1,343,561	511,111
Prepaid expenses	60,412	138,625
	1,647,766	649,736
<b>Capital assets (Note 1)</b>	<b>425,453</b>	<b>317,408</b>
<b>Other asset (Note 2)</b>	<b>45,494</b>	<b>-</b>
	<b>\$ 2,118,713</b>	<b>\$ 967,144</b>

**Liabilities and Equity**

<b>Current</b>		
Bank indebtedness (Note 3)	\$ -	\$ 203,463
Accounts payable and accrued liabilities	1,809,693	647,011
	1,809,693	850,474
<b>Equity</b>		
Deficit	(116,433)	(200,738)
Equity in capital assets (Note 4)	425,453	317,408
	309,020	116,670
	<b>\$ 2,118,713</b>	<b>\$ 967,144</b>

Approved on behalf of the Finance Committee of the Board:

_____ Chief Austin Bear	_____ Rennie Goose
_____ Chief Bill McCue	_____ Chief Barry Seymour

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

For the year ended March 31	Budget	2004	2003
			(Note 7)
<b>Revenue</b>			
Department of Indian Affairs and Northern Development	\$ 6,795,000	\$ 6,188,981	\$ 3,903,122
Interest	-	13,456	8,458
Additional funding for core expenses	-	95,102	-
	<u>6,795,000</u>	<u>6,297,539</u>	<u>3,911,580</u>
<b>Expenditures</b>			
<b>Framework Agreement Implementation</b>			
Lands advisory board	185,600	207,504	124,838
Resource centre services	645,400	582,764	580,237
<b>Community Ratification Process</b>			
Ratification funding to developmental First Nations (Non-Core)	3,095,000	2,487,778	1,176,457
Lands advisory board support to developmental First Nations	72,326	38,832	115,146
Resource centre support to developmental First Nations	982,741	890,468	895,434
<b>Community Operational Land Management</b>			
Lands Advisory Board support to operational First Nations	30,000	2,432	-
Resource Centre support to operational First Nations	665,000	815,258	550,709
<b>Resource Centre</b>			
Administration	1,118,933	564,820	385,663
Office relocation	-	72,168	62,962
Staffing	-	551,210	16,179
	<u>6,795,000</u>	<u>6,213,234</u>	<u>3,907,625</u>
<b>Excess of revenues over expenditures for the year</b>	-	84,305	3,955
<b>Deficit, beginning of year</b>	-	(200,738)	(204,693)
<b>Deficit, end of year</b>	\$ -	\$ (116,433)	\$ (200,738)

---

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

For the year ended March 31	2004	2003
<b>Operating activities</b>		
Receipts from Department of Indian Affairs and Northern Development	\$ 5,494,528	\$ 3,917,234
Interest income	13,456	8,458
Operating expenditures	(4,970,567)	(3,717,803)
	537,417	207,889
<b>Investing activities</b>		
Purchase of capital assets	(198,206)	(174,817)
<b>Financing activities</b>		
Increase in equity in capital assets	108,045	114,962
<b>Increase in cash</b>	<b>447,256</b>	<b>148,034</b>
<b>Bank indebtedness, beginning of year</b>	<b>(203,463)</b>	<b>(351,497)</b>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ 243,793</b>	<b>\$ (203,463)</b>

---

## FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC. Significant Accounting Policies

---

March 31, 2004

---

- 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.
- 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    |
- Revenue Recognition** The First Nations Land Management Resource Centre Inc. receives its revenues pursuant to annual funding agreements with the Department of Indian Affairs & Northern Development (DIAND). Revenue is recognized as it becomes receivable under the terms of the funding agreements. Unexpended balances under the Comprehensive Funding Agreement (CFA) are to be reimbursed to DIAND. Any unallowable expenditures under the CFA or the Flexible Transfer Payment are also to be reimbursed to DIAND.
- 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.
- 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**

March 31, 2004

---

**1. Capital assets**

	Cost	Accumulated amortization	Net 2004	Net 2003
Office equipment	\$ 414,677	\$ 139,098	\$ 275,579	\$ 197,112
Leasehold improvements	221,808	71,934	149,874	120,296
	<b>\$ 636,485</b>	<b>\$ 211,032</b>	<b>\$ 425,453</b>	<b>\$ 317,408</b>

---

**2. Other asset**

	2004	2003
Web site development	<b>45,494</b>	-

---

**3. Bank Indebtedness**

The company has available to it, through the Royal Bank of Canada, a \$750,000 credit line 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, 2004 was nil (2003 - \$203,463). 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.

---

**4. Equity in capital assets**

	2004	2003
Balance, beginning of year	\$ 317,408	\$ 202,446
Asset additions funded from operations	198,206	174,816
Amortization	(90,161)	(59,854)
Balance, end of year	<b>\$ 425,453</b>	<b>\$ 317,408</b>

---

# FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

## Notes to Financial Statements

March 31, 2004

---

### 5. Contingent liability

The funding agreement between the First Nations Land Management Resource Centre Inc. and the Minister of Indian Affairs & 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 Comprehensive Funding Arrangement (CFA) 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 terms and conditions have been fulfilled.

---

### 6. Commitments

a) The Resource Centre leases office premises in Ottawa at a minimum annual rent of \$90,432 per year. The aggregate minimum lease payments to the expiry date are as follows:

<u>Year</u>	<u>Amount</u>
2005	\$ 90,432
2006	96,084
2007	96,084
	<u>\$ 282,600</u>

b) The Resource Centre leases equipment at a minimum annual rent of \$38,160 per year. The aggregate minimum lease payments to the expiry date are as follows:

<u>Year</u>	<u>Amount</u>
2005	\$ 38,160
2006	38,160
	<u>\$ 425,453</u>

c) The Resource Centre leases equipment at a minimum annual rent of \$19,855 per year.

---

### 7. Comparative Amounts

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