

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Financial Statements
Year Ended March 31, 2009**

Auditors' Report

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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of the First Nations Land Management Resource Centre Inc. as at March 31, 2009 and the statements of financial activities and net assets, 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, 2009 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.

BDO DUNWOODY LLP
CHARTERED ACCOUNTANTS
Kelowna, British Columbia

July 17, 2009

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Financial Position
As at March 31, 2009**

	2009	2008
ASSETS		
Current		
Cash	\$ 2,575	\$ 35,201
Accounts receivable	193,773	133,866
Receivable from INAC	422,100	1,387,710
Holdback receivable from INAC	388,400	422,108
Prepaid expenses	34,131	35,836
	1,040,979	2,014,721
Capital assets (Note 4)	253,315	254,396
	\$ 1,294,294	\$ 2,269,117
LIABILITIES		
Current		
Bank demand loan (Note 5)	\$ 316,000	\$ -
Accounts payable and accrued liabilities	548,169	1,666,799
Due to INAC	-	327,634
	864,169	1,994,433
NET ASSETS		
Invested in capital assets (Note 6)	253,315	254,396
Net assets	176,810	20,288
	430,125	274,684
	\$ 1,294,294	\$ 2,269,117

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, 2009**

	Budget	2009	2008
Revenues			
Department of Indian Affairs and Northern Development			
Original funding agreement (Note 9)	\$ 3,215,000		
Amendment	<u>669,000</u>		
Revised funding	3,884,000	\$ 3,884,000	\$ 6,416,195
Canadian International Development Agency	-	-	13,500
	<u>3,884,000</u>	<u>3,884,000</u>	<u>6,429,695</u>
Expenditures			
I. CORE			
Framework Agreement Implementation			
A. LAB & Resource Centre Policy, Planning & Administration			
1) Lands Advisory Board			
Strategic regional meetings and related activities	63,250	22,002	50,500
LAB meetings, annual general meeting and related activities	191,000	133,359	199,945
Five year summative evaluation and related activities	-	-	111,176
	<u>254,250</u>	<u>155,361</u>	<u>361,621</u>
2) Resource Centre			
Technical assistance to LAB and RC operations	555,750	517,883	454,819
Resource Centre Board Meetings	26,300	43,248	21,032
Resource Centre administration	509,400	484,267	470,058
Capacity building, training, professional development	100,000	100,164	11,497
	<u>1,191,450</u>	<u>1,145,562</u>	<u>957,406</u>
Total internal governance	<u>1,445,700</u>	<u>1,300,923</u>	<u>1,319,027</u>
3) Intergovernmental Relations			
Technical assistance	-	-	304,715
Political, legal and financial assistance:			
Meetings with Canada	38,750	205,237	63,009
Bijuralism	-	-	53,077
Meetings with First Nation organizations and institutions	20,950	26,664	31,205
Framework Agreement authority renewal	70,000	70,135	862,520
LAB participation in the Corporate Risk Profile/ Risk Management Strategy	-	-	84,527
Meetings with private sector, provincial and municipal governments	-	2,403	6,198
Total intergovernmental relations	<u>129,700</u>	<u>304,439</u>	<u>1,405,251</u>

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Statement of Financial Activities and Net Assets

Year Ended March 31, 2009

(continued)

	Budget	2009	2008
B. LAB and RC support services to First Nations operating under a community land code			
Political, legal and financial assistance	223,600	240,438	394,489
Technical assistance	675,450	586,163	338,605
Workshops	133,500	205,725	45,457
	1,032,550	1,032,326	778,551
C. LAB & RC support services to Developmental First Nations preparing to Ratify the Framework Agreement			
Political, legal and financial assistance	200,250	212,093	144,893
Technical assistance	527,250	418,008	519,627
Verifier	200,000	156,103	167,686
Equipment	135,000	130,976	-
Contract - CAPP process	65,000	59,745	-
Workshops	79,500	53,793	28,496
	1,207,000	1,030,718	860,702
Total LAB and RC support to First Nations	2,239,550	2,063,044	1,639,253
D. LAB and RC support services to Pre-Developmental First Nations			
Technical assistance	46,550	24,204	-
Political, legal and financial assistance	22,500	34,868	-
Total LAB and RC support to Pre- Dev First Nations	69,050	59,072	-
Total core expenditures	3,884,000	3,727,478	4,363,531
II. NON-CORE			
4. Developmental Funding to First Nations	-	-	2,273,647
Total core and non-core expenditures	3,884,000	3,727,478	6,637,178
Excess of revenues over expenditures (expenditures over revenues) for the year	-	156,522	(207,483)
Net assets, beginning of year	-	20,288	227,771
Net assets, end of year	\$ -	\$ 176,810	\$ 20,288

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Cash Flows
Year Ended March 31, 2009**

	2009	2008
Operating activities		
Receipts from Indian Affairs and Northern Development	\$ 4,883,318	\$ 5,355,398
Other operating receipts	-	13,500
Other operating payments	(5,169,407)	(7,293,010)
	(286,089)	(1,924,112)
Investing activity		
Purchase of capital assets	(61,456)	(34,782)
Financing activity		
Decrease in investment in capital assets	(1,081)	(42,274)
Decrease in cash	348,626	2,001,168
Cash, beginning of year	35,201	2,036,369
Cash (bank indebtedness), end of year	\$ (313,425)	\$ 35,201
Cash (bank indebtedness) consists of:		
Cash	\$ 2,575	\$ 35,201
Bank demand loan	(316,000)	-
	\$ (313,425)	\$ 35,201

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2009

1. Operations

The First Nations Land Management Resource Centre Inc. is a First Nation 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 Nations Land Management Resource Centre Inc. receives a substantial portion of its revenue pursuant to a funding arrangement 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 investment 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 revenue pursuant to an annual funding agreement with the Minister of Indian Affairs and Northern Development. Revenue is recognized as it becomes receivable under the terms of the funding agreement.

(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, 2009**

4. Capital assets

	Cost	Accumulated amortization	Net 2009	Net 2008
Office equipment	\$ 688,290	\$ 439,698	\$ 248,592	\$ 241,602
Leasehold improvements	228,555	223,832	4,723	12,794
	\$ 916,845	\$ 663,530	\$ 253,315	\$ 254,396

5. Bank demand loan

Prime plus 0%, revolving demand loan, secured by a general security agreement. The maximum available credit is \$750,000.

6. Invested in capital assets

	2009	2008
Balance, beginning of year	\$ 254,396	\$ 296,670
Asset additions funded from operations	61,456	34,782
Amortization	(62,537)	(77,056)
Balance, end of year	\$ 253,315	\$ 254,396

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. Surplus is defined as the amount by which funds, provided by the Minister, exceed eligible expenditures for delivery of a service funded after all program terms and conditions have been fulfilled.

8. Commitments

The Resource Centre has entered into a lease for office premises in Ottawa at a minimum rent of \$59,156 per year with an expiry date of February, 2012. In addition, the Resource Centre leases photocopiers for \$34,624 per year with an expiry date of January, 2010 and June, 2011.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2009

9. Budget

During the year the LAB/RC received an increase in core funding from INAC of \$669,000 to help cover costs of work that had not been previously budgeted for including acquisition of equipment for Developmental First Nations, expenses related to capacity building, training, professional development, 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 \$669,000.

10. Comparative figures

The 2008 comparative figures have been restated to conform to the financial statement presentation adopted for 2009.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Year Ended March 31, 2009

Auditor's Report on Schedules

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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, 2009.

The schedules of expenditures by activity, class and recipient 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. 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 do 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

July 17, 2009

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Part D-1 Schedule by Activity
Year Ended March 31, 2009**

	Budget Amendment	Revised Annual Budget	Total Expended Year to Date	Balance Remaining
Revenue				
Department of Indian Affairs and Northern Development				
Original budget	\$ 3,215,000			
Amendment	669,000	\$ 3,884,000	\$ 3,727,478	\$ 156,522
		3,884,000	3,727,478	156,522
Expenditures				
I. FLEXIBLE TRANSFER PAYMENT				
Framework Agreement Implementation				
A. LAB & Resource Centre Policy, Planning & Administration				
1) Lands Advisory Board				
Strategic regional meetings and related activities		63,250	22,002	41,248
LAB meetings, annual general meeting and related activities		191,000	133,359	57,641
		254,250	155,361	98,889
2) Resource Centre				
Technical assistance to LAB and RC operations		555,750	517,883	37,867
Resource Centre Board Meetings		26,300	43,248	(16,948)
Resource Centre administration		509,400	484,267	25,133
Capacity building, training, professional development				
Original budget	-			
Amendment	100,000	100,000	100,164	(164)
		1,191,450	1,145,562	45,888
3) Intergovernmental Relations				
Political, legal and financial assistance:				
Meetings with Canada		38,750	205,237	(166,487)
Meetings with First Nation organizations and institutions		20,950	29,067	(8,117)
Framework Agreement authority renewal				
Original budget	-			
Amendment	70,000	70,000	70,135	(135)
		129,700	304,439	(174,739)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Part D-1 Schedule by Activity
Year Ended March 31, 2009**

(continued)	Budget Amendment	Revised Annual Budget	Total Expended Year to Date	Balance Remaining
B. LAB and RC support services to First Nations operating under a community land code				
Political, legal and financial assistance				
Original budget	169,600			
Amendment	<u>54,000</u>	223,600	240,438	(16,838)
Technical assistance		675,450	586,163	89,287
Workshops				
Original budget	-			
Amendment	133,500	133,500	205,725	(72,225)
		<u>1,032,550</u>	<u>1,032,326</u>	<u>224</u>
C. LAB & RC support services to Developmental First Nations preparing to Ratify the Framework Agreement				
Political, legal and financial assistance				
Original budget	168,250			
Amendment	<u>32,000</u>	200,250	212,093	(11,843)
Technical assistance		527,250	418,008	109,242
Verifier		200,000	156,103	43,897
Equipment				
Original budget	-			
Amendment	<u>135,000</u>	135,000	130,976	4,024
Contract - CAPP process				
Original budget	-			
Amendment	<u>65,000</u>	65,000	59,745	5,255
Workshops				
Original budget	-			
Amendment	79,500	79,500	53,793	25,707
		<u>1,207,000</u>	<u>1,030,718</u>	<u>176,282</u>
D. LAB and RC support services to Pre-Developmental First Nations				
Technical assistance		46,550	34,868	11,682
Political, legal and financial assistance		22,500	24,204	(1,704)
		<u>69,050</u>	<u>59,072</u>	<u>9,978</u>
Total Flexible Transfer Payment Expenditures				
Original budget	3,215,000			
Amendment	669,000	3,884,000	3,727,478	156,522
Excess of revenue over expenditures for the year		\$ -	\$ -	\$ -

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Part D-2 Schedule by Class
Year Ended March 31, 2009

	Budget Amendment	Revised Annual Budget	Total Expended Year to Date	Balance Remaining
1. Salaries, Honoraria and Contract Positions				
Original budget	\$ 1,802,750			
Amendment	<u>10,500</u>	\$ 1,813,250	\$ 1,834,117	\$ (20,867)
2. Travel				
Original budget	532,950			
Amendment	<u>174,650</u>	707,600	656,808	50,792
3. Legal Services				
Original budget	81,600			
Amendment	<u>19,200</u>	100,800	89,690	11,110
4. Financial Services				
Original budget	12,800	12,800	10,673	2,127
5. Other Professional Services				
Original budget	261,050			
Amendment	<u>321,000</u>	582,050	494,823	87,227
		3,216,500	3,086,111	130,389
6. Administration, Operations and Maintenance				
Automation		59,100	45,754	13,346
Bank charges and interest		2,000	8,957	(6,957)
Communications		85,163	60,529	24,634
Equipment				
Original budget	48,300			
Amendment	<u>135,000</u>	183,300	180,742	2,558
Furniture		11,250	11,691	(441)
Equipment leasing and maintenance		79,900	65,830	14,070
Insurance		3,800	3,555	245
Office		40,720	30,799	9,921
Audit, accounting and other professional fees		36,000	60,856	(24,856)
Rent and occupancy		128,000	131,456	(3,456)
Translation		10,000	9,080	920
Other				
Original budget	19,617			
Amendment	<u>8,650</u>	28,267	32,118	(3,851)
		667,500	641,367	26,133
Total Flexible Transfer Payment Expenditures				
Original budget	\$ 3,215,000			
Amendment	<u>669,000</u>	\$ 3,884,000	\$ 3,727,478	\$ 156,522

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Part D-3(a,b) Schedule by Recipient
Year Ended March 31, 2009

Per Diem Range	Salary		Other Fees or Remuneration	Travel		Other Costs and Expenses	Total Expended Year to Date	Revised Annual Budget	Balance Remaining
	Contracts Services and Honorariums			Expenses Costs and Reimburs.					
Lands Advisory Board Members									
	\$750	\$ 83,500	\$ -	\$ 34,698	\$ -	\$ -	\$ 118,198	\$ 79,600	\$ (38,598)
	750	110,305	-	43,804	-	-	154,109	93,800	(60,309)
	750	91,500	-	36,669	-	-	128,169	68,200	(59,969)
	750	77,055	-	29,463	-	-	106,518	59,000	(47,518)
	750	60,000	-	11,310	-	-	71,310	59,000	(12,310)
	750	-	-	-	-	-	-	28,500	28,500
	750	2,250	-	3,735	-	-	5,985	26,850	20,865
	750	3,750	-	1,206	-	-	4,956	27,300	22,344
	750	22,687	-	11,959	-	-	34,646	25,600	(9,046)
	750	8,250	-	3,520	-	-	11,770	24,800	13,030
		459,297	-	176,364	-	-	635,661	492,650	(143,011)
First Nation Chiefs or Representatives	750	37,675	-	182,535	-	-	220,210	185,450	(34,760)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Part D-3(a,b) Schedule by Recipient
Year Ended March 31, 2009

(continued)	Per Diem Range	Salary		Travel Expenses	Other Costs and Reimburs.	Other Costs and Expenses	Total Expended Year to Date	Revised Annual Budget	Balance Remaining
		Contracts Services and Honorariums	Other Fees or Remuneration						
RC Staff and Contract Positions									
Executive director	123,000 - 144,700								
Director governmental services	109,800 - 129,300								
Director op and dev support - East	98,000 - 115,400								
Manager capacity building & training	88,632 - 101,855								
Operation support coordinator	82,700 - 94,100								
Environmental support/training standards officer	70,200 - 78,900								
Manager admin and info services	75,900 - 81,100								
Manager of finance	72,000 - 90,900								
Executive assistant (ON)	50,200 - 54,100								
Manager of communications	88,632 - 101,855								
Director op and dev support - West	98,000 - 115,400								
Developmental support (BC)	57,400 - 79,200								
Developmental support (BC)	57,400 - 79,200								
Administrative assistant (BC)	37,600 - 40,600								
Developmental support (SK)	57,400 - 79,200								
Developmental support (SK)	57,400 - 79,200								
Developmental support (ON)	57,400 - 79,200								
Developmental support (ON)	57,400 - 79,200								
Executive assistant (SK)	45,600 - 51,900								
Health benefits	90,000								
Training and other	87,592								
Payroll costs	30,000								
		1,337,145	-	219,776	-	-	1,556,921	1,805,000	248,079

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Part D-3(a,b) Schedule by Recipient
Year Ended March 31, 2009

(continued)	Per Diem Range	Salary		Travel		Total Expended Year to Date	Revised Annual Budget	Balance Remaining
		Contracts Services and Honorariums	Other Fees or Remuneration	Expenses Costs and Reimburs.	Other Costs and Expenses			
Legal Advisors	to 1,600	89,690	-	16,586	-	106,276	118,600	12,324
Financial Services	to 1,600	10,673	-	-	-	10,673	17,750	7,077
Other Professional Services	Various	369,825	-	30,441	-	400,266	397,050	(3,216)
Verifiers	to 1,000	124,998	-	31,106	-	156,104	200,000	43,896
<u>Administration, Operations and Maintenance</u>		-	-	-	641,367	641,367	667,500	26,133
Total Flexible Transfer Payment Expenditures		\$ 2,429,303	\$ -	\$ 656,808	\$ 641,367	\$ 3,727,478	\$ 3,884,000	\$ 156,522