

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Financial Statements
Year Ended March 31, 2020**

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 - 7
Supplementary Unaudited Schedules	
Part D-1 Schedule by Class	8
Part D-2(a,b) Schedule by Recipient	9 - 10
Part D-2(c) Schedule of First Nations Funding	11
Notes to Supplementary Financial Information	12



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of First Nations Land Management Centre Inc. [the Resource Centre], which comprise the statement of financial position as at March 31, 2020, and the statement of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Resource Centre as at March 31, 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Resource Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 8 through 12 of the Resource Centre's financial statements.

Responsibility of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Resource Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Resource Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Resource Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Resource Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Resource Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Resource Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia
July 22, 2020

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Statement of Financial Position
As at March 31, 2020

	2020	2019
Current		
Cash	\$ 5,124,601	\$ 5,862,100
Accounts receivable	290,990	232,829
Prepaid expenses	47,062	114,435
	5,462,653	6,209,364
Capital Assets (Note 3)	34,357	40,616
	\$ 5,497,010	\$ 6,249,980
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,203,580	\$ 980,461
Deferred contributions from ISC	4,288,136	5,257,966
	5,491,716	6,238,427
FUND BALANCES		
Invested in capital assets (Note 6)	34,357	40,616
Unrestricted net assets	(29,063)	(29,063)
	5,294	11,553
	\$ 5,497,010	\$ 6,249,980

Commitments (Note 7)

Approved by the Board of Directors:

 Austin Bear

 Councillor Bill McCue

 Chief Leah George-Wilson

 Grand Chief Joe Hall

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Operations
Year Ended March 31, 2020**

	Operating Fund	Capital Asset Fund	Total 2020	Total 2019
Revenues				
Indigenous Services Canada	\$ 15,649,795	\$ -	\$ 15,649,795	\$ 9,829,439
Province of Ontario	-	-	-	139,113
	15,649,795	-	15,649,795	9,968,552
Expenditures				
Amortization	-	20,167	20,167	22,168
Audit and accounting	31,355	-	31,355	35,393
Automation	93,170	-	93,170	79,260
Bank charges and interest	5,493	-	5,493	5,289
Communications	132,210	-	132,210	119,279
First Nations funding	6,173,227	-	6,173,227	2,071,591
Equipment	71,008	-	71,008	40,407
Equipment leasing and maintenance	42,650	-	42,650	38,959
Insurance	7,649	-	7,649	5,511
Legal	99,092	-	99,092	150,824
Office	34,315	-	34,315	39,435
Workshop meeting costs	200,819	-	200,819	121,992
Professional services	1,380,117	-	1,380,117	1,379,683
Rent and occupancy	24,924	-	24,924	26,437
Salaries, honoraria and contract positions	4,901,006	-	4,901,006	4,345,913
Translation	27,954	-	27,954	44,297
Travel	2,410,898	-	2,410,898	1,447,062
Total expenditures	15,635,887	20,167	15,656,054	9,973,500
Excess of revenues over expenditures, (expenditures over revenues) for the year	\$ 13,908	\$ (20,167)	\$ (6,259)	\$ (4,948)

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Statement of Changes in Fund Balances
Year Ended March 31, 2020**

	Operating Fund	Capital Asset Fund	Total 2020	Total 2019
Balance, beginning of year	\$ (29,063)	\$ 40,616	\$ 11,553	\$ 16,501
Excess of (expenditures over revenues), revenues over expenditures	13,908	(20,167)	(6,259)	(4,948)
Interfund Transfer	(15,155)	20,449	5,294	11,553
Purchase of capital assets	(13,908)	13,908	-	-
Balance, end of year	\$ (29,063)	\$ 34,357	\$ 5,294	\$ 11,553

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
Operating activities		
Receipts	\$ 15,444,926	\$ 9,775,292
Other operating payments	(16,211,611)	(7,786,722)
Interest received	43,094	35,957
	(723,591)	2,024,527
Investing activities		
Purchase of capital assets	(13,908)	(17,220)
	(13,908)	(17,220)
Increase (decrease) in cash	(737,499)	2,007,307
Cash, beginning of year	5,862,100	3,854,793
Cash, end of year	\$ 5,124,601	\$ 5,862,100
Cash consists of:		
Cash	\$ 5,124,601	\$ 5,862,100
	\$ 5,124,601	\$ 5,862,100

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Notes to Financial Statements
Year Ended March 31, 2020**

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 revenue pursuant to an annual funding agreement with Indigenous and Services Canada ("ISC"). 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 for and a plan for spending the amount is submitted to ISC 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, 2020

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

(f) 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.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian 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 Indigenous Services Canada (ISC) pursuant to a funding arrangement in compliance with Part VI of the *Framework Agreement*.

3. Capital assets

	Cost	Accumulated amortization	Net 2020	Net 2019
Office equipment	\$ 61,792	\$ 48,085	\$ 13,707	\$ 17,134
Computer equipment	107,121	86,471	20,650	23,482
	\$ 168,913	\$ 134,556	\$ 34,357	\$ 40,616

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020, the organization has \$ Nil (2019 - \$ Nil) drawn under the bank demand loan.

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$24,776 (2019 - \$21,460) in government remittances payable.

6. Invested in capital assets

	2020	2019
Balance, beginning of year	\$ 40,616	\$ 45,564
Asset additions funded from operations	13,908	17,220
Amortization	(20,167)	(22,168)
Balance, end of year	\$ 34,357	\$ 40,616

7. Commitments

The Resource Centre rents office space under an operating lease which expires April 30, 2024. Future minimum annual rental payments, exclusive of operating costs, are as follows:

2021	12,000
2022	12,288
2023	12,588
2024	12,900

8. Uncertainty due to COVID-19

As the impacts of COVID-19 continue, there could be further impact on the organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry and workforce. If the impacts of COVID-19 continue there could be further impact on The Resource Centre and its major funders, suppliers, and other third parties that may impact the timing and amounts realized on the Resource Centre's assets and future operations. At this time, the full potential impact of COVID-19 on The Resource Centre is not known.

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Part D-1 Schedule by Class
Year Ended March 31, 2020
(Unaudited)**

	Annual Budget (Note 1)	Total Expended Year to Date	Balance Remaining
1. Salaries, Honoraria and Contract Positions	\$ 5,578,609	\$ 4,901,006	\$ 677,603
2. Travel	3,209,195	2,410,898	798,297
3. Legal Services	57,200	75,500	(18,300)
4. Accounting Services	4,800	-	4,800
5. Other Professional Services	500,903	316,082	184,821
6. Surveys	1,138,880	834,437	304,443
7. First Nations Funding	8,465,490	6,173,227	2,292,263
8. Verifier Fees	194,606	229,598	(34,992)
	19,149,683	14,940,748	4,208,935
9. Administration, Operations and Maintenance			
Audit, accounting and other professional fees	46,407	31,355	15,052
Automation	46,494	93,170	(46,676)
Bank charges and related fees	4,326	5,493	(1,167)
Communications	85,284	132,210	(46,926)
Equipment	83,750	84,916	(1,166)
Equipment leasing and maintenance	30,983	42,650	(11,667)
Furniture	3,863	-	3,863
Insurance	12,875	7,649	5,226
Legal	23,567	23,592	(25)
Office	47,534	34,313	13,221
Rent and occupancy	17,304	24,924	(7,620)
Translation	66,886	27,954	38,932
Workshop meeting costs	223,568	200,821	22,747
	692,841	709,047	(16,206)
Total Fixed Transfer Payment Expenditures	\$ 19,842,524	\$ 15,649,795	\$ 4,192,729

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Part D-2(a,b) Schedule by Recipient
Year Ended March 31, 2020
(Unaudited)**

	Per Diem Range	No. of Months	Salary, Contracts and Hons.	Other Fees or Remun.	Travel Exp, Costs and Reimb.	Other Costs and Expenses	Total Expended Yr to Date	Annual Budget (Note 1)	Balance Remaining
Lands Advisory Board Members									
LAB chair	\$800	12	\$ 98,150	\$ 4,338	\$ 38,013	\$ -	\$ 140,501	\$ 143,213	\$ 2,712
LAB member #2	550	12	92,625	6,007	27,457	-	126,089	125,926	(163)
LAB member #3	550	12	45,925	4,820	14,527	-	65,272	92,255	26,983
LAB member #4	550	12	43,897	4,820	10,080	-	58,797	104,618	45,821
LAB member #5	550	12	35,750	4,793	5,188	-	45,731	108,153	62,422
LAB member #6	550	12	14,437	-	6,189	-	20,626	67,285	46,659
LAB member #7	550	12	18,391	3,280	11,215	-	32,886	37,343	4,457
LAB member #8	550	12	12,650	2,114	3,555	-	18,319	61,840	43,521
LAB member #9	550	12	9,075	1,663	2,755	-	13,493	64,394	50,901
LAB member #10	550	12	14,644	-	8,573	-	23,217	57,663	34,446
LAB member #11	550	12	8,250	-	1,824	-	10,074	58,576	48,502
LAB member #12	550	12	16,294	1,938	8,932	-	27,164	59,834	32,670
LAB member #13	550	12	13,063	2,114	5,504	-	20,681	54,614	33,933
LAB member #14	550	12	10,828	-	3,418	-	14,246	55,931	41,685
LAB member #15	550	12	15,056	-	5,963	-	21,019	15,000	(6,019)
LAB member #16	550	10	12,650	-	6,219	-	18,869	15,000	(3,869)
LAB elder	550	12	13,475	-	8,530	-	22,005	15,917	(6,088)
		-	475,160	35,887	167,942	-	678,989	1,137,562	458,573
First Nations		-	1,000	-	1,135,977	-	1,136,977	1,985,590	848,613
RC Staff and Contract Positions (Note 2)			3,908,285	480,674	985,848	-	5,374,807	5,618,592	243,785

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Part D-2(a,b) Schedule by Recipient
Year Ended March 31, 2020
(Unaudited)**

Continued	Per Diem Range	Salary, Contracts and Hons.	Other Fees or Remun.	Travel Exp, Costs and Reimb.	Other Costs and Expenses	Total Expended Yr to Date	Annual Budget (Note 1)	Balance Remaining
Legal Advisors	to 2,200	75,500	-	9,479	-	84,979	63,378	(21,601)
Accounting Services	to 2,200	-	-	-	-	-	6,672	6,672
Other Professional Services	Various	316,082	-	15,443	-	331,525	469,490	137,965
Surveys	Various	834,437	-	50,804	-	885,241	1,125,765	240,524
Verifiers	500 to 1,000	229,598	-	45,405	-	275,003	277,144	2,141
First Nations Funding		-	-	-	6,173,227	6,173,227	8,465,490	2,292,263
Administration, Operations and Maintenance		-	-	-	709,047	709,047	692,841	(16,206)
Total Fixed Transfer Payment Expenditures		\$ 5,840,062	\$ 516,561	\$ 2,410,898	\$ 6,882,274	\$ 5,649,795	\$ 19,842,524	\$ 4,192,729

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**D-2(c) Schedule of First Nations Funding
Year Ended March 31, 2020
(Unaudited)**

	Budget (Note 1)	Annual Expended Year to Date	Total Balance Remaining
1. Developmental Funding	\$ 2,995,537	\$ 2,301,184	\$ 694,353
2. Solid Waste Funding	1,131,066	417,927	713,139
3. Land Use Planning Funding	1,404,000	539,010	864,990
4. Environmental Management Plan Funding	582,500	412,500	170,000
5. Survey Training Funding	265,165	242,843	22,322
6. First Nation Language Proposal Funding	12,200	9,150	3,050
7. Land Management Software Funding	32,475	11,258	21,217
8. Legacy Funding	1,390,047	1,631,855	(241,808)
9. Natural Resource Management Funding	652,500	607,500	45,000
Total First Nations Funding Expenditures	\$ 8,465,490	\$ 6,173,227	\$ 2,292,263

FIRST NATIONS LAND MANAGEMENT RESOURCE CENTRE INC.

**Notes to Supplementary Financial Information
Year Ended March 31, 2020
(Unaudited)**

1. Budget information

The annual budget has been calculated as follows:

Annual funding as per Funding Agreement with AANDC	\$ 6,944,862
Amendment as per Funding Agreement dated August 20, 2017	1,304,263
Amendment as per Funding Agreement dated December 5, 2018	860,000
Amendment as per Funding Agreement dated December 4, 2019	5,527,745
Surplus carried forward from March 31, 2019	5,205,654
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Annual Budget	\$ 19,842,524

2. Disclosure of Directors' Compensation

	Salary Range	No. of Months	Other Fees or Remuneration	Travel Exp, Costs and Reimb	Other Costs and Expenses
Executive Director	\$140,000-\$165,000	12	\$ 16,153	\$ 23,038	\$ -
Director Strat Planning & Comm	\$115,000-\$135,000	12	12,040	61,807	-
Director of Fin & Admin Svcs	\$115,000-\$135,000	12	11,945	27,574	-
Managing Director of Operations	\$115,000-\$135,000	12	9,105	12,851	-

3. Reconciliation of expenditures to audited financial statements

Total Fixed Transfer Payment Expenditures per supplementary financial information	\$ 15,649,795
Add: Amortization	20,167
Less: Equipment purchases	(13,908)
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Expenditures per audited financial statements	\$ 15,656,054