



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

The background of the report cover is a composite image. The top half shows a close-up of a tree trunk and branches against a sunset sky with orange and blue clouds. The bottom half shows a forest scene with trees displaying autumn foliage in shades of green, yellow, and red. A body of water is visible in the distance. A large red and yellow diagonal graphic element is on the left side.

2019/2020 ANNUAL REPORT

VISION QUEST



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MISSION & VALUES

Our Mission

The First Nations Financial Management Board (“FMB”) will provide the tools and guidance that will instill confidence in First Nations’ financial management and reporting systems to support economic and community development.

Our Values

We believe that the following core values are essential to guide the manner in which the FMB carries out its work:



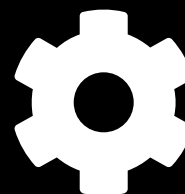
INTEGRITY

We are open and honest, and honour our commitments.



RESPONSIVE

We are responsive to the needs of our First Nations clients and our colleagues.



RELEVANCE

We strive to innovate and remain relevant to our First Nations clients.

MANDATE

The *First Nations Fiscal Management Act* (“FMA”) establishes the following mandate for the FMB (ss. 49 and 50):

- » Assist First Nations in developing the capacity to meet their financial management requirements;
- » Assist First Nations in their dealings with other governments respecting financial management, including matters of accountability and shared fiscal responsibility;
- » Assist First Nations in the development, implementation and improvement of financial relationships with financial institutions, business partners and other governments, to enable the economic and social development of First Nations;
- » Develop and support the application of general credit rating criteria to First Nations;
- » Provide review and audit services respecting First Nation financial management;
- » Provide assessment and certification services respecting First Nation financial management and financial performance;
- » Provide financial monitoring services respecting First Nation financial management and financial performance;
- » Provide co-management and third-party management services;
- » Provide advice, policy research and review and evaluative services on the development of fiscal arrangements between First Nations’ governments and other governments; and
- » Establish standards respecting:
 - the form and content of First Nation financial administration laws (FMA section 9);
 - approval of financial administration laws that comply with the standards;
 - certification of First Nation financial management systems and financial performance (FMA section 50); and
 - financial reporting (FMA section 14)

In response to our mandate, in 2019/2020 we focused on our core business of Financial Administration Laws (“FAL”), Financial Performance (“FP”) Certificates, Financial Management System (“FMS”) Certificates and Default Management. We saw client growth and service expansion occur in these areas. This year, the FMB issued more FMS Certificates than any other year in its history.

Default Management: The five clients in the pilot program were successfully transitioned away from being in default after improving their finances and developing skills in fiscal management. Success with the Default Management Prevention Pilot Project (“DMPPP”) led to Indigenous Services Canada supporting twenty additional clients to the program.

FMA Amendment: The FMA was amended in late 2018 to expand FMB’s client base to include not only First Nations communities but also Tribal Councils, not-for-profit First Nations organizations, self-governing and Modern-day Treaty First Nations.

Lead by Example: Growth in the past few years required further investment in resources and office space at the FMB to best meet client demand, and to ensure best practices continued within its organizational structure and operations.

FMB AT A GLANCE

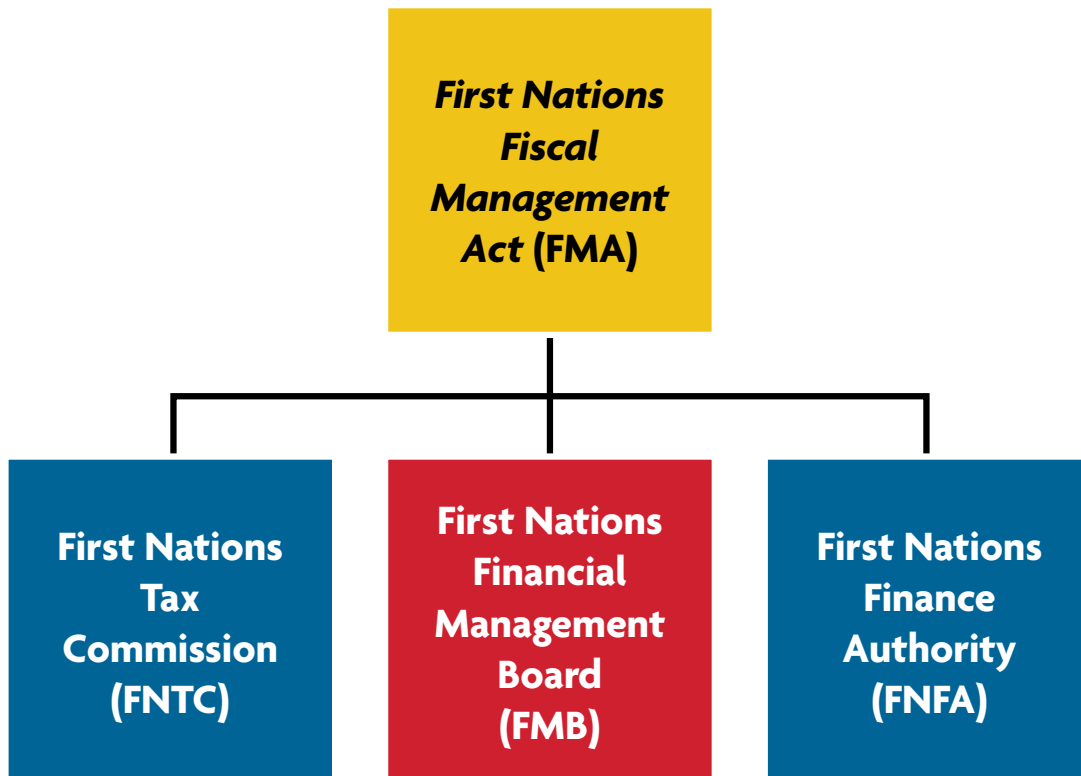
What is the FMB?

The FMB is a national non-profit First Nations institution created by the FMA. The FMB supports First Nations in their pursuit of social and economic well-being through the development of strong governance and financial management systems. The FMB provides services at no charge and working with the FMB is optional.

What is the FMA?

The FMA was created by a First Nations-led initiative. It is optional federal legislation that is outside of the *Indian Act* and provides a new pathway for First Nations to enhance social and economic development.

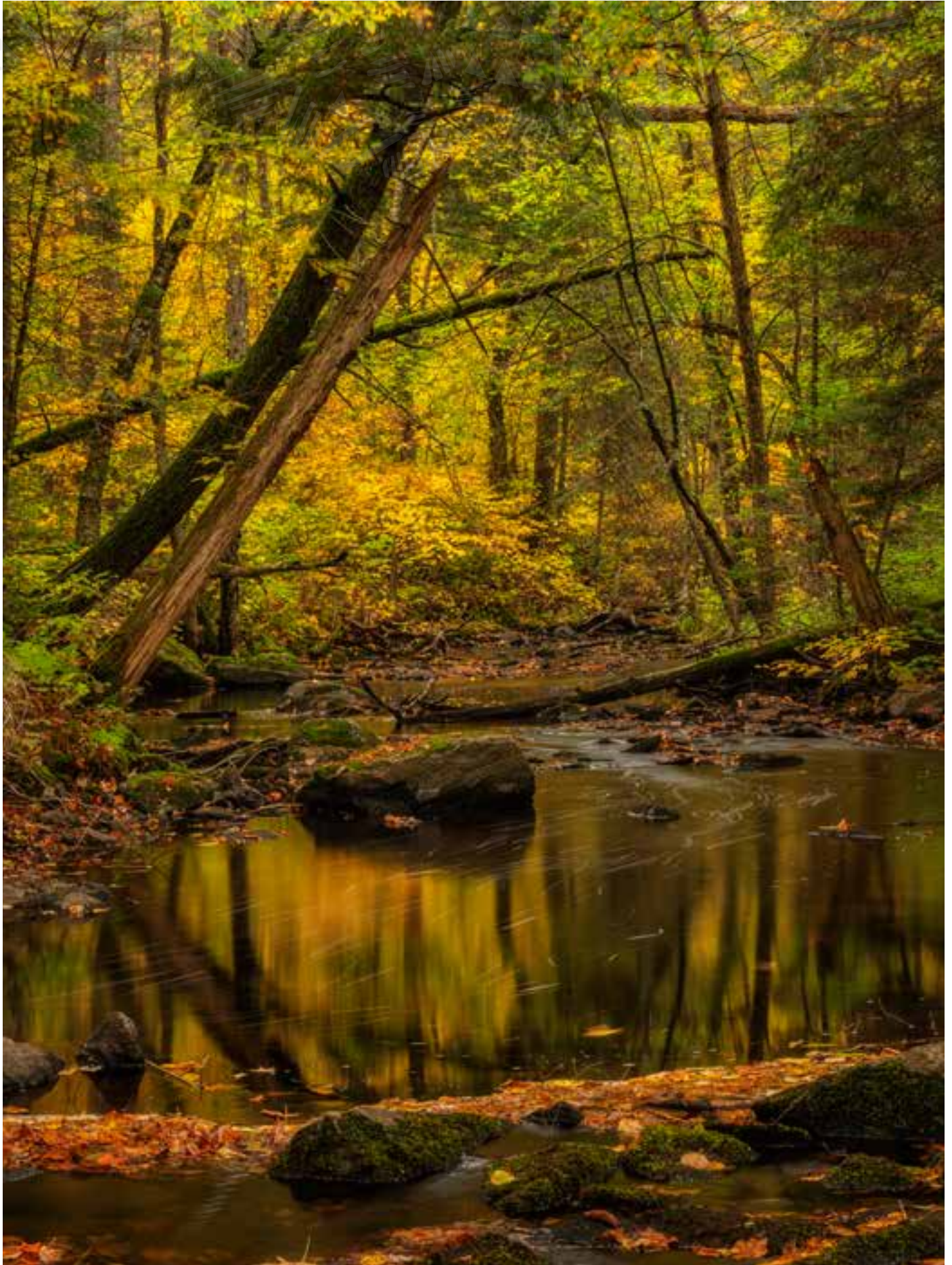
The FMA was passed in 2006 and now has nearly 300 First Nations participating, making it the most successful legislation of its kind.



Why the FMA was Developed

The FMA assists First Nations with social and economic development by:

- » Supporting First Nations in capacity development and standards & certification through the FMB
- » Providing First Nations with access to borrowing through the FNFA
- » Enabling First Nations to collect property taxation through the FNTC



MESSAGE FROM THE EXECUTIVE CHAIR

Harold G. Calla, FCPA, FCGA, CAFM
Squamish Nation, British Columbia

On behalf of the Board of Directors, I am pleased to present the 2019/2020 Annual Report of the First Nation Financial Management Board. The FMB continues to see interest grow with the FMA with 294 First Nations across the country who are now scheduled to the FMA.

The FMB reached a momentous milestone this year with 210 First Nations governments implementing Financial Administrative Laws and 15 First Nations implementing Financial Administrative Bylaws. In addition, 171 First Nations now have Financial Performance Certificates and 38 First Nations have received Financial Management Systems Certification.

The Default Management Prevention Pilot continues to succeed as those First Nations that volunteered in the Pilot a few years back are now governing their own financial affairs once again. The Pilot expanded during 2019/2020 with an additional 20 First Nations jumping onboard. It is the FMB's objective to assist all First Nations who are in default management.

In 2020/2021, the FMB will start work on expanding our client base to include Modern-day Treaty First Nations and First Nations organizations. The staff will be working hard to ensure that we are ready to provide services to those that are interested when the regulations for Modern-day Treaty/ Self-Governing First Nations and Not-for-Profit organizations receive approval from the Government of Canada.

The FMB continues to pursue advancement in initiatives such as Shared Services, Governance and the New Relationship Initiative so that all First Nations in Canada can participate and seek the benefits of the FMA.

As the 2019/2020 fiscal year closed, all First Nations - like most of the world - were starting to experience the unprecedented impacts of COVID 19. As the new fiscal year begins, First Nations will continue to experience economic impacts from loss of own source revenues which represent approximately 70-80% of its funds that resource their communities. The FMB, along with the other FMA institutions, are working together to advocate for all First Nations in Ottawa so that the Government recognizes that First Nations contribute to the Canadian economy and to ensure that First Nations are not left behind in relief and stimulus efforts.

On behalf of the team at FMB, we continue to look forward to providing services to our clients so that they can advance their own economic and governance mandates.

Wa Chexw Yuu.



MESSAGE FROM THE CHIEF OPERATING OFFICER

Brian Titus, CAFM

Tr'ondëk Hwëch'in First Nation, Yukon Territory

Over the past year the staff at the FMB have worked diligently to assist First Nations develop and implement their Financial Administrative Laws/Bylaws, Financial Performance certifications and Financial Management Systems certifications with the main objective to build financial capacity in order to benefit from the FMA.

In 2019/2020, the FMB continued to provide assistance to First Nations which have interest in 10-Year Grant agreements. Over the past year, the FMB provided opinions to the Minister of Indigenous Services Canada for 53 Financial Administration Law/Bylaws and for 49 Financial Performance opinions. It is good to see First Nations governments strategically plan their own direction to govern themselves under the 10-Year Grant program.

As well, in 2019/2020 the FMB worked extensively on a documentary called "Vision Quest". The documentary demonstrates the history of First Nations in Canada and the direction and future of First Nations working under the FMA. The documentary's objective is to educate the Canadian public and showcase what and how First Nations and Indigenous communities contribute to the Canadian economy and what it means for Canada. It will be shown on APTN in the near future.

The FMB will continue to work towards its Five-Year Strategic Plan goals "Exploring and Establishing New Horizons" with the objective to increase certification in First Nations, increase public awareness, provide tools for self-determination for First Nations that will ultimately improve lifestyles of First Nations socially and economically.

The FMB looks forward to work with all our clients and build a long respectful relationship.

Mahsi Cho.



BOARD OF DIRECTORS

The FMB welcomes two new board members who were appointed in 2019/2020: Linda Simon and Louis LeDoux.



Harold Calla, *FCPA, FCGA, CAFM*
Executive Chair
Squamish Nation, BC

- » Audit & Risk Management Committee
- » Governance & Human Resources Committee
- » Standards, Approvals & Certifications Committee
- » Executive Committee



Dillon Johnson, *B.Comm, MBA, CAFM*
Vice Chair
Tla'amin Nation, BC

- » Governance & Human Resources Committee
- » Audit & Risk Management Committee
- » Executive Committee



Deanna Muise, *FCPA, FCA, TEP*
Metis, AB

- » Governance & Human Resources Committee
- » Standards, Approvals & Certifications Committee
- » Executive Committee



Amy Comegan, *CPA, CGA, CAFM*
Anishinaabeg of Naongashiing First Nation, ON

- » Audit & Risk Management Committee
- » Governance & Human Resources Committee
- » Marketing Committee
- » Capacity Development Committee
- » Executive Committee



Caroline Davis, *FCPA, FCA*

- » Audit & Risk Management Committee
- » Standards, Approvals & Certifications Committee



Norman Grdina, *FCPA, FCGA, CAFM, CFE*

- » Standards, Approvals & Certifications Committee
- » Marketing Committee
- » Capacity Development Committee
- » Audit & Risk Management Committee
- » Executive Committee



Michael McIntyre, *CPA, CA, CAFM*
Membertou First Nation, NS

- » Audit & Risk Management Committee
- » Standards, Approvals & Certifications Committee



Leonard Odjick
Kitigan Zibi Anishinabeg, QC

- » Marketing Committee
- » Capacity Development Committee
- » Standards, Approvals & Certifications Committee
- » Executive Committee



Linda Simon, *BA, MES, MBA, CAPA*

- » Marketing Committee
- » Capacity Development Committee
- » Governance & Human Resources Committee

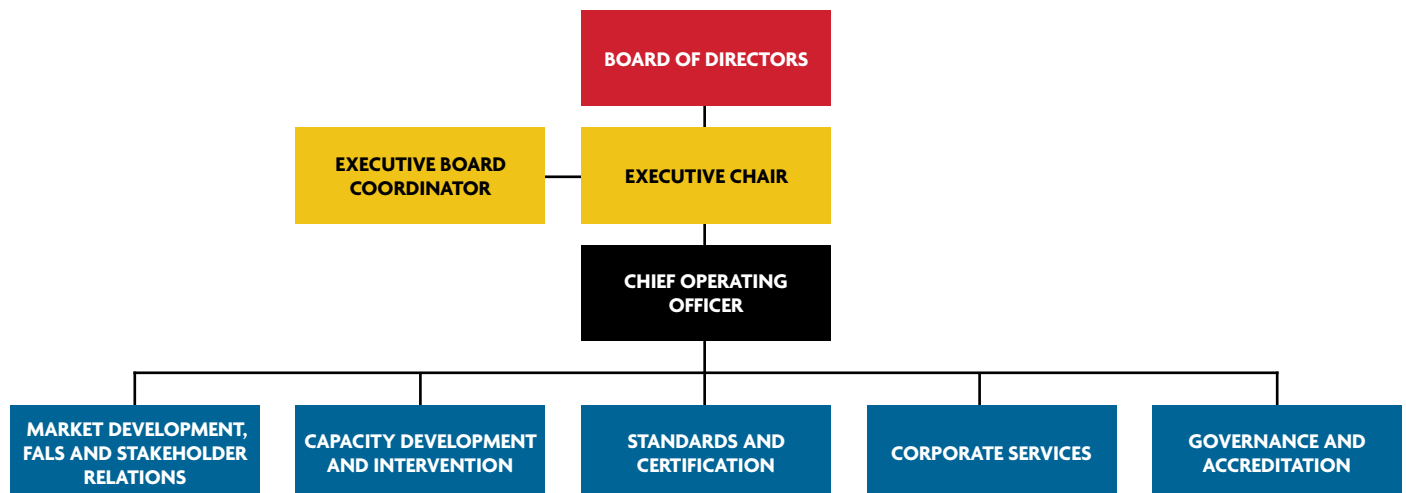
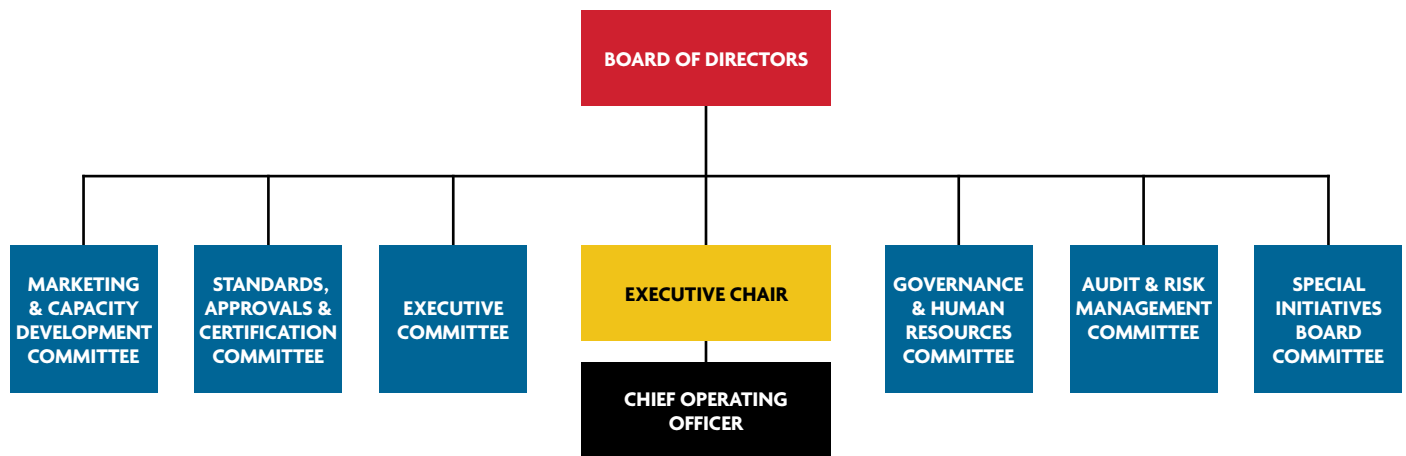


Louis LeDoux, *BEd*
Mistawasis Nêhiyawak, SK

- » Marketing Committee
- » Capacity Development Committee

Special acknowledgement and appreciation to Dana Soonias and Jim Prodger for their service ending 2019/2020.

BOARD COMMITTEES & LEADERSHIP TEAM



BUSINESS LINES

Market Development, Laws & Stakeholder Relations

- » Develop new markets for FMB services and increase the FMB client base
- » Perform outreach and develop and maintain relations with stakeholders
- » Support First Nations in developing FALs and Bylaws
- » Provide FAL compliance approval reports and recommendations to the Board
- » Provide FAL and FAB compliance opinions for recommendation for Ministerial approval

Capacity Development & Intervention

- » Support First Nations leading up to the FMS Certification process
- » Develop and deliver financial management capacity development tools and services
- » Develop strong governance and finance practices to help First Nations get out of and stay out of default management
- » Develop procedures for Intervention under the FMA

Standards & Certifications

- » Develop and maintain standards for First Nations governments and Not-for-Profit Organizations
- » Develop and maintain procedures for Certification of First Nations in accordance with FMB standards
- » Provide Certification reports and recommendations to the Board of Directors
- » Provide FP Reports for Grant Eligibility for recommendation for Ministerial approval

Corporate Services

- » Monitor FMB compliance with all relevant legislation and regulations
- » Provide corporate secretary services and oversee access to information requests
- » Provide internal financial, technological, records and property management services
- » Provide administrative support and digital media services

Governance

- » Advance Nation-to-Nation relationships based on effective and meaningful Crown-Indigenous principles
- » Be grounded in the self-determination principles of UNDRIP
- » Recognize the interaction between governance, community capability and fiscal and government autonomy

MESSAGE FROM THE DIRECTOR OF MARKET DEVELOPMENT, LAWS & STAKEHOLDER RELATIONS

Shayla Point, BA, LLB
Musqueam, British Columbia

The Market Development, Laws and Stakeholder Relations (“MLS”) business line is responsible for the initial interaction between the FMB and First Nations governments as well as the expanded function of introducing the FMB to the public. The MLS team works across Canada to support First Nations as they undertake their individual journeys towards improved financial management systems.

The MLS team provides services in three areas:

- » **Market Development:** Our Senior Manager and two Business Development Managers provide outreach activities to promote the FMA and grow the FMB client base. Upon request, they provide presentations to potential clients and attend First Nations events. They are proud to promote the FMB services including the Financial Administration Law, the Financial Administration Bylaw (“FAB”), Financial Performance Certification and Financial Management Systems Certification.
- » **Laws:** Our legal team provides operational support to clients in the development of a FAL or FAB to ensure compliance with the FMB Standards. We have various tools and resources and often provide funding to clients to offset independent legal advice they may wish to retain. Our legal team also provides advice to the Board of Directors on compliance approvals of FALs and compliance opinions of FABs.
- » **Stakeholder Relations:** We understand that it is important to maintain and build relationships between the FMB and its internal and external stakeholders. We undertake activities to keep our stakeholders engaged and often seek feedback on how to improve our services.

In 2019/2020, there continued to be an overwhelming uptake of the numbers of First Nations choosing to participate with the FMA. There are now 294 First Nations that have added their name to the FMA Schedule. This interest translated into 137 requests for presentations. Specifically, we are pleased to report that 50 First Nations expressed interest in working with the FMB and became new clients.

We are pleased to announce that 33 First Nations developed FALs and an additional 5 developed FABs. Our cumulative support over the years means that 210 First Nations across Canada have a FAL that meets internationally recognized Standards for financial management. The First Nations governments deserve the recognition for their journey to sound finance and administrative governance best practices.

With our Stakeholder Relations function, we have expanded our presence on social media. The addition of an Events Coordinator to our team meant that we could spend more time profiling the success of our clients and our services at 18 Indigenous events.

In closing, we are honored to bring to life the FMB mandate of supporting First Nations with their financial management goals. The MLS team is excited to continue supporting First Nations across Canada.



MESSAGE FROM THE DIRECTOR OF CAPACITY DEVELOPMENT & INTERVENTION

Suzanne Trottier, CFA, MBA
Metis, Manitoba

The Capacity Development and Intervention team (“CDI”) supports First Nation governments to live by their Financial Administration Law and achieve FMS Certification through capacity building. This business line provides client support through training, tools, templates, workshops, webinars and research. Building capacity supports First Nation governments to make informed decisions and a path to community well-being and prosperity.

History has shown that building a government’s financial management capacity has a direct impact on that government’s success in creating wealth and well-being for the people it serves. FMS Certification is a path that over one third of all First Nation governments in Canada have chosen.

The CDI business line continues to be humbled by the growing number of First Nation governments choosing to live by their Financial Administration Law and partner with FMB to sustainably build their finance and administrative governance capacity. In 2019/2020, we supported 184 First Nation governments of which 22 underwent FMS Certification reviews.

In 2019/2020, we completed 538 on-site client visits across Canada and delivered training workshops to 1,401 participants. We also held 9 group regional workshops and developed curriculum for 20 workshops supporting FMS Certification. We updated our full suite of tools, templates and workshops to FMB’s 2019 Standards that are accessible on our mobile friendly website at no cost.

We listened to our clients when they told us that they would greatly benefit from getting individual recognition in the form of a certificate or designation for the time and effort spent participating in FMB training and workshops. An FMB education program will accelerate the ability of First Nation governments and Indigenous not-for-profit organizations to lead, achieve and sustain a financial management system.

The CDI business line continues to humbly carry out the Default Management Prevention Pilot Project to an expanded number of clients. In 2019/2020, 25 First Nation governments collaborated with FMB on sustainable capacity building through 115 on-site training workshops. One DMPPP participating First Nation government achieved FMS Certification after 15 years in some form of default management and 2 were approved by Indigenous Services Canada for full deescalation from all forms of default management.

Finally, the Director of CDI reviewed and updated, along with legal counsel, FMB’s intervention policies and procedures as part of FMB’s intervention authorities under the FMA. Following a competitive process, a recommendation was also made to retain an external intervention manager in the event FMB is called to intervene under the FMA.



MESSAGE FROM THE DIRECTOR OF STANDARDS & CERTIFICATION

Scott Munro, CPA, CA, CAFM
Liard First Nation, Yukon Territory

The Standards & Certification (“SAC”) business line establishes standards for financial administration laws, financial management systems, financial performance and the reporting of local revenues, and provides certification services in relation to those standards upon request.

During 2019/2020, the SAC business line contributed to further development of new regulations under the *First Nations Fiscal Management Act* (“FMA”). These new regulations, once complete, will allow Modern-day Treaty and self-governing First Nations and Indigenous not-for-profit organizations to be certified by the FMB and borrow from the First Nations Finance Authority. It is expected that these new regulations will be ready for public consultation sometime in 2020/2021.



In anticipation of these new regulations becoming effective, the SAC business line conducted extensive research in the field of financial management best practices used by not-for-profit organizations. This research led to the creation of new financial performance and financial management system standards for this new client base. We are excited to publish these new standards for stakeholder comment in early summer 2020. Any feedback collected will be analysed and incorporated to make these new standards as useful and relevant as possible.

A big highlight of this past year was the approval of 19 Financial Management System Certificates – the most in any year to date – to First Nations in seven different provinces! The SAC business line congratulates each of our clients who worked very hard to demonstrate that they have met the FMB's standards in this area.

In 2019/2020, the SAC business line reviewed and reported on the financial performance of all First Nations who expressed interest in 10-Year Grants. This resulted in over 54 reviews being completed, with more than 90 percent of First Nations meeting financial performance grant eligibility. In addition, 27 Financial Performance Certificates were approved and issued to First Nations making each of them eligible to join the First Nations Finance Authority's borrowing pool.

Over the coming year, we will be seeking feedback on new standards for Tribal Councils and other not-for-profit First Nations organizations and contributing to the completion of new regulations under sections 141 and 141.1 of the FMA. We anticipate responding to the continued interest by First Nations to qualify for 10-Year Grants being offered by Indigenous Services Canada and, as always, look forward to working with each community towards their certification goals.

MESSAGE FROM THE DIRECTOR OF CORPORATE SERVICES

Mindy Smith, CPA, CA, CIA, MBA

Organizational support by Corporate Services benefits the FMB with specialized knowledge, economies of scale, best practices and technology for effective and efficient operations. Corporate Services includes finance, technology, digital media, records management, access to information, property management, administrative support, policy development and implementation.

As the FMB continues to serve clients, expand its client base and undertake new initiatives as supported by legislation and funding agreements, it also ensures its own internal structure and financial management meets best practices. Standards for First Nations not-for-profit organizations are currently under development. Once established and approved by the Board, the FMB will be working towards FMS Certification. Currently, in preparation, the organization is undertaking a review of its policies and practices.

Growth in the past few years has led to a need for increased staffing resources and expanded workspaces. In 2019/2020 Corporate Services not only met the needs of its internal and external clients and statutory filing deadlines, it also set up in-house technology and digital media functions; negotiated leases for workspace expansion and prepared the offices for staff use.

The future looks promising as growth continues and services expand. A new challenge in the upcoming year will be to adjust to a new normal amidst a global pandemic. The value of FMB services and its core mandate is expected to persevere as communities building resilient financial management structures will be seeking best practices and standards for their nations. Corporate Services will continue to support front-line staff as they work with clients in the best interests of First Nations and of Canada.





FIRST NATIONS FISCAL MANAGEMENT ACT

One of the primary objectives of the *First Nations Fiscal Management Act* (“FMA”) is to support First Nations in building fiscal and financial management capacity. This will enable First Nations to leverage financing with terms similar to those available to other levels of government in Canada. More favourable borrowing terms will enable First Nations to take advantage of economic development opportunities through the use of their own revenues in the FMA borrowing program.

To support First Nations who are seeking to achieve economic independence and prosperity, the FMB has established the following standards:

1.

FINANCIAL ADMINISTRATION LAWS (FAL)

Rules and processes that form a set of finance and administrative governance best practices. This is the framework for establishing a financial management system.

2.

FINANCIAL PERFORMANCE (FP) CERTIFICATION

A point in time assessment of a First Nation’s financial performance. This may be used to allow for borrowing from the FNFA.

3.

FINANCIAL MANAGEMENT SYSTEM (FMS) CERTIFICATION

Requires the development of policies and procedures that bring the FAL to life. This demonstrates that the First Nation has designed and implemented a sound financial management system.

ACHIEVEMENTS IN 2019/2020

**First Nations with Letters of
Cooperation Signed**

+50

**First Nations with Financial
Administration Laws**

+33

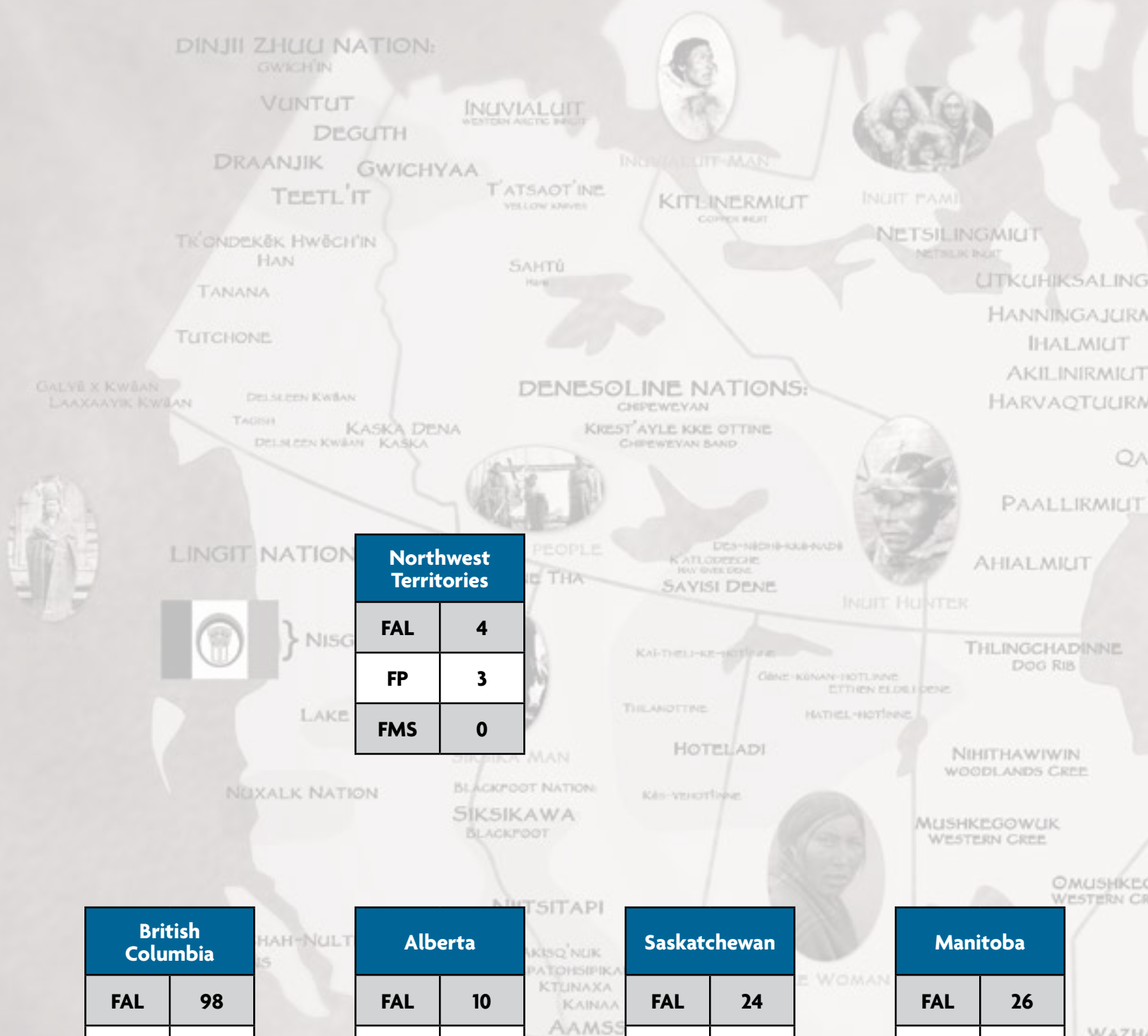
**First Nations with Financial
Performance Certificates**

+27

**First Nations with Financial
Management System Certificates**

+19

MAP OF CLIENTS



294 - SCHEDULED TO FMA

210 - FAL APPROVED

171 - FP CERTIFIED

38 - FMS CERTIFIED

** Total numbers to March 31, 2020*

**Newfoundland
and Labrador**

FAL	1
FP	1
FMS	0

Ontario

FAL	26
FP	21
FMS	5

Quebec

FAL	7
FP	7
FMS	1

New Brunswick

FAL	6
FP	3
FMS	0

Nova Scotia

FAL	8
FP	8
FMS	3

ACKNOWLEDGEMENT OF FINANCIAL MANAGEMENT SYSTEM CERTIFICATION

The First Nations Financial Management Board is pleased to acknowledge the hard work and dedication of the following First Nations governments that have achieved Financial Management System Certification in 2019/2020.

Poplar River First Nation

Manitoba
May 15, 2019

Shackan First Nation

British Columbia
May 15, 2019

Stellat'en First Nation

British Columbia
May 15, 2019

T'it'q'et

British Columbia
May 15, 2019

Tobacco Plains Indian Band

British Columbia
May 15, 2019

Glooscap First Nation

Nova Scotia
November 22, 2019

Conseil des Montagnais du Lac Saint-Jean

Quebec
November 22, 2019

Kahkewistahaw First Nation

Saskatchewan
November 22, 2019

Williams Lake

British Columbia
November 22, 2019

Acadia

Nova Scotia
December 18, 2019

Chippewas of the Thames First Nation

Ontario
December 18, 2019

Lytton

British Columbia
January 24, 2020

Shuswap First Nation

British Columbia
January 24, 2020

Temagami First Nation

Ontario
March 27, 2020

Enoch Cree Nation #440

Alberta
March 27, 2020

Gitsegukla

British Columbia
March 27, 2020

Little Shuswap Lake

British Columbia
March 27, 2020

Upper Nicola Indian Band

British Columbia
March 27, 2020

Witset First Nation

British Columbia
March 27, 2020



KAHKEWISTAHAW FIRST NATION
With the Eagle We Soar



Poplar River First Nation



Shaekan Indian Band



TEMAGAMI
FIRST NATION



Upper Nicola



ENOCH CREE NATION: 1ST FIRST NATION IN ALBERTA TO RECEIVE FINANCIAL MANAGEMENT SYSTEM CERTIFICATION!

On March 27, 2020, Enoch Cree Nation (“ECN”) became the 1st First Nation in Alberta to receive a Financial Management System Certificate from the First Nations Financial Management Board. This means their finance and administrative governance practices now meet FMB standards which are based on internationally recognized standards of financial management.

Enoch Cree Nation is located in central Alberta, Treaty No.6 territory, 13 km south west of Edmonton. The Cree name for Enoch is Maskêkosihk (pronounced Muss-Kay-Go-Sik) and translates as ‘people of the land of medicine’.

The ECN has a rich, long and proud history of economic development starting in the mid 1960’s with a recreational Park including an outdoor pool, restaurant, picnic area, rodeo grounds, campgrounds etc. Over the years, the ECN also established a gas bar, a farming company, a Golf Course and proceeded to several land acquisitions. Most recently, the River Cree Development Corporation was created resulting in a fully integrated commercial taxation arm, a holding company, a commercial Property Management Company and the successful River Cree Resort & Casino.



With such experience, the ECN understood the importance of strong finance and governance practices in supporting community development and they had heard of the benefits of getting FMS certification from the FMB.

On their journey towards FMS Certification, ECN developed a Financial Administration Law and also received a Financial Performance Certificate that allowed the Nation to apply for long term affordable financing from the First Nations Finance Authority. To achieve FMS certification, the Nation began working closely with the FMB staff to bring their FAL to life.

“As an Alberta First Nation, we are proud to achieve this unprecedented financial standard which will ensure a new level of confidence for our partners in business, government and most importantly our people. Certification tells our people and partners their investment is safe here in Enoch.” – Chief William (Billy) Morin

The FMB acknowledges the strong leadership of the ECN Chief and Council and the dedication of their staff that were key into achieving FMS Certification. By becoming the 1st Nation in Alberta to obtain their FMS Certification, ENC demonstrates how Treaty Nations can benefit from working with the FMB to strengthen their Financial Management System without diminishing their Treaty rights.

TEMAGAMI FIRST NATION ACHIEVES FINANCIAL MANAGEMENT SYSTEM CERTIFICATION!

How a remote community pursued its journey toward self-sufficiency and sustainable economic growth

On March 27, 2020, Temagami First Nation (“TFN”) received a Financial Management System Certificate from the First Nations Financial Management Board. This means their finance and administrative governance practices now meet FMB standards, which are based on internationally recognized standards of financial management.



TEMAGAMI FIRST NATION

TFN is located on Bear Island, which is one square mile of land, mostly rock, in the middle of Lake Temagami in the North East regions of Ontario. Bear Island is accessible via boat during spring, summer and fall, and via an ice road during winter months.

By embracing its location, the community continues to adapt and thrive. Community members have access to many services managed by the TFN: Public Library, housing program, Health Center, family center, water treatment plant, etc.

The Nation is also promoting business and economic development. The “Teme Augama Anishnabai” have occupied lands and waters in the Temagami area, the “Daki Menan”, as stewards for thousands of years and as such, they are seeking to promote and cultivate sustainable economic growth and benefits.

An important step in achieving the desired sustainable development was to further enhance financial management systems through working with the FMB. On this journey, the Nation developed a Financial Administration Law and received a Financial Performance Certificate that permits the Nation to become a borrowing member of the First Nations Finance Authority. To achieve FMS certification, the Nation has been working closely with the FMB staff to bring their FAL to life.

“Temagami First Nation are proud to achieve this extraordinary Financial Management System Certification; a financial standard that solidifies accountability, good governance, economic development and a strong foundation for our nation for years to come. With the assistance of the FMB, and the all hard work from Staff and Leadership, this achievement delivers confidence and transparency back to our people” – Chief Arnold Paul

The FMB acknowledges it was a joy to work alongside the dedicated, focused team at TFN, and is pleased for them to have achieved their goal! With this new set of tools, Temagami First Nation is equipped more than ever to confidently deal with emerging issues as they come and manage to minimize challenges that may result.

The FMB acknowledges Temagami First Nation on this incredible achievement!

“VISION QUEST” THE DOCUMENTARY

Over the past year, the FMB wanted to inform First Nations and the Canadian public on what the *First Nations Fiscal Management Act* (“FMA”) institutions have accomplished over the past number of years that benefit First Nation communities and the Canadian economy. In late 2018, a documentary started production that would be primetime TV quality.

“Vision Quest” examines the long and winding path that Canada’s First Nations people travelled to achieve independence. The documentary presents the viewer with the difficult reality of colonization and the remarkable challenges that Canada’s Indigenous people have overcome on their way to realizing social, economic, legal and political freedom.

The story at the heart of Vision Quest is a story spanning 500 years – and thousands of miles. The film criss-crosses the country in its effort to bring to life the longstanding struggle of First Nations people for self-determination and their hope for a better future. Vision Quest offers a clear-eyed view of both the centuries-long decline of First Nations and their much more recent and dramatic rise – all within the borders of what today we know as Canada.

The rise of First Nations economic prosperity began in the 1970s when a small group of First Nations leaders dared to dream of self-government within Canada itself – social, political, and economic arrangement that would give First Nations people greater control of their futures. A daring group of First Nations visionaries began to challenge laws and political arrangements that were increasingly inimical to the long-term health and welfare of First Nations people.

Leaders like Harold Calla, of the Squamish Nation, joined forces with like-minded leaders and intellectuals from other Nations to bring hope to First Nations communities mired in poverty and despair. As Vision Quest makes clear, the pressure exerted by Harold Calla and others helped to change laws – and shift expectations. Doors that had been closed began to open. A new view of Aboriginal rights began to take hold, including a much more sympathetic view of the rights of First Nations people to self-determination.

Vision Quest documents how these changes – gradual initially – began to improve the fortunes of First Nations people across the country. In some cases, growing political power and financial clout resulted in enormous changes at all levels of First Nations society as a result of the FMA; in other cases, the changes – while still beneficial – were more modest. Regardless, Vision Quest captures the essence of this dramatic stage of First Nations history in Canada, a period that is far less well known to the general public than it should be. The film concludes by celebrating the landmark achievements of a truly visionary group of First Nations leaders whose work helped transform Canada and the lives of the country’s millions of First Nations people forever.

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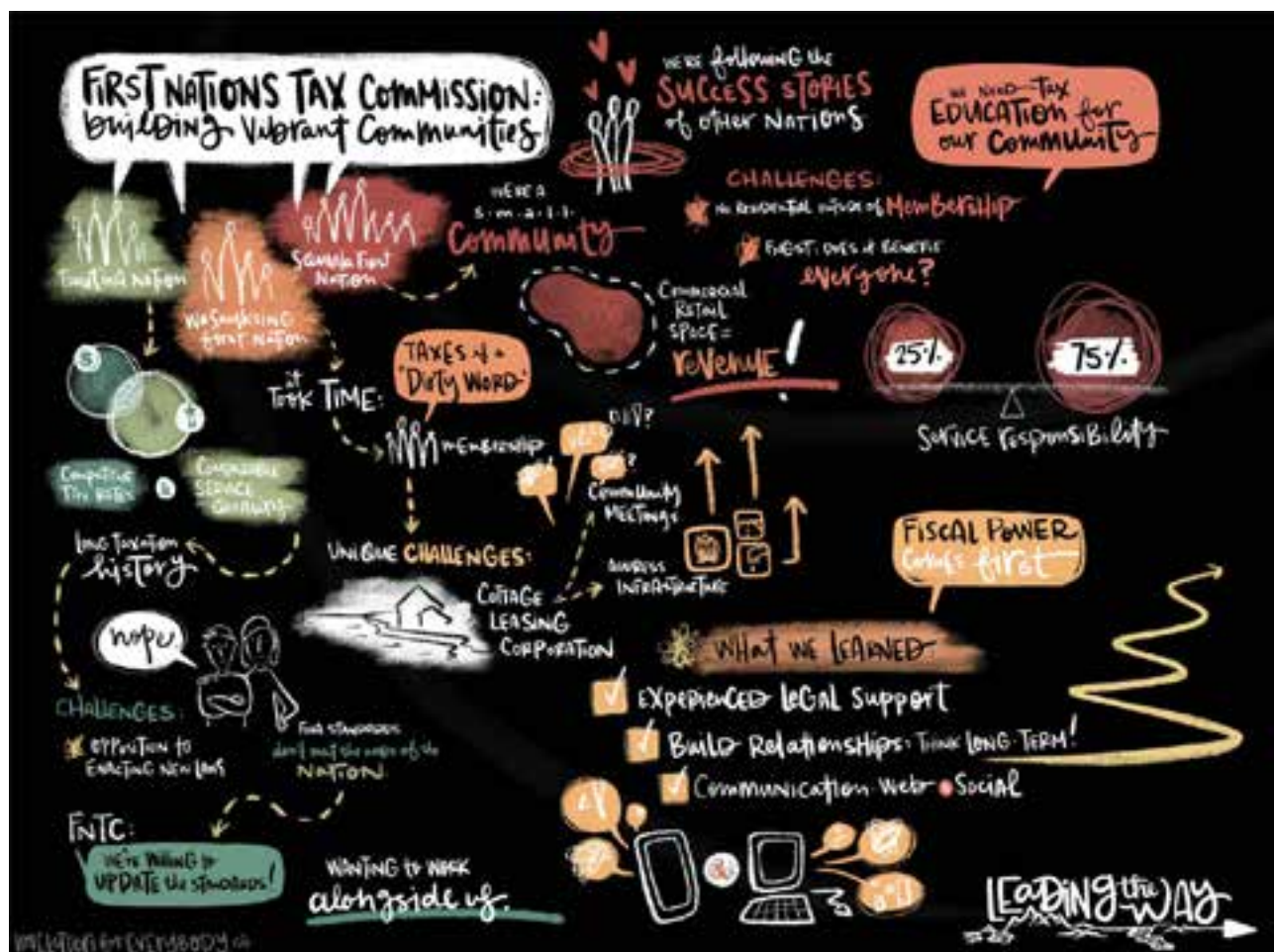
FIRST NATIONS INNOVATION AND SUCCESS: FIRST NATIONS LEADING THE WAY II

Thirty years ago, First Nations communities began reflecting on their fiscal powers. They came together to develop legislative frameworks for First Nations jurisdictions outside of the *Indian Act*. Now, with almost 300 First Nations from all regions in Canada participating or are a signatory to the *First Nations Fiscal Management Act* and the Framework Agreement on First Nation Land Management, achievement of the vision appears possible.

The second-annual First Nations Leading the Way Conference was held on May 28-30, 2019 on the Tsuut'ina Nation territory at the Westin Calgary Hotel in Calgary, AB. Hosted by the FMA fiscal institutions and the Lands Advisory Board, the meeting brought together almost 300 First Nations demonstrating how First Nations governments across Canada are exercising their jurisdiction and striving to move beyond the *Indian Act* with First Nations-led initiatives. It showcased many success stories, including several First Nations in the forefront of expanding and asserting jurisdiction. The presentations highlighted achievements in using First Nations-led agreements and legislation to improve their economies through greater fiscal independence, improved financial management, debenture financing, and sound land governance.

The objectives of the conference were to bring innovative and creative First Nations leaders together to share institutional tools and support services, learn about First Nations success stories working outside of the *Indian Act*, unify a collective voice for First Nations-led initiatives and innovations, and set a clear path forward for building prosperous and vibrant First Nations communities.

Inspired by the success of this event for a second year, the FMA fiscal institutions and the Lands Advisory Board will be hosting this event annually and will continue to shine a light on the achievements of First Nations in Canada.







TOOLS AND RESOURCES

The FMB assists First Nations governments in acquiring the knowledge and skills that are the foundation of sound administrative governance and finance practices. These in turn increase opportunities to open doors to economic prosperity.

The FMB provides its services free of charge to First Nations governments. We support our clients with tools and resources to help First Nations understand what Financial Administration Law development and implementation can do for them. The FMB's toolkits also help leaders, managers and staff at First Nations to evaluate where they are and where they need to go to meet their certification goals.

These downloadable resources include sample policies and procedures, self-assessments, guidebooks, tools, templates, educational videos, webinars and standards on FALs, Financial Performance and Financial Management System Certifications.

The FMB's suite of tools and resources is available on our website at fnfmb.com

Key Statistics

538

On-site client visits completed

1,401

Participants in training workshops

9

Regional group workshops

20

Workshop curriculum

Over 70 tools, templates and other resources available on website

DEFAULT MANAGEMENT PREVENTION PILOT PROJECT

Default Prevention and Management Policy (“DPMP”)

As part of its September 2017 commitment, the Government of Canada committed to working with First Nations partners to replace the federal Default Prevention Management Program with a new proactive approach that supports capacity development. The new approach will be based on pilot projects currently being conducted with FMB to support First Nations in exiting third-party management.

In 2019/2020, FMB expanded the DMPPP by 20 for a total of 25 participating First Nation governments across Canada. This pilot project involves a new approach to getting out and staying out of default management. FMB’s approach focuses on sustainable capacity building and learning by doing. We provide intensive capacity development to support these First Nation governments to build good administrative governance and finance practices to achieve Financial Management System Certification.

In 2019/2020, 1 DMPPP participating First Nation government achieved FMS Certification and 2 were approved by ISC for full deescalation after an average of 15 years in some form of default management.

Background of the Default Management Prevention Pilot Project

In January 2016, FMB began discussions with the Minister of what was then known as Indigenous and Northern Affairs Canada, on a potential pilot project. The objective of this pilot project was to support defining a new fiscal relationship with First Nation governments in Canada particularly as it related to default management.

In October 2016, 5 First Nations in third-party management across Canada asked the FMB to support them in building strong governance and finance practices to help them get out and stay out of default management. Through the DMPPP, each First Nation has access to intense FMB capacity development resources over a three-year period. Building capacity is supporting these First Nations to make informed decisions and create a roadmap for community development and well-being.

All five of the original DMPPP participating First Nation governments have now been taken out of third-party management since participating in the DMPPP while two have been approved for full deescalation from all forms of default management. The average number of years in third-party management for these five original DMPPP participating First Nation governments was approximately 12 years, with a range of 6 to 23 years.



GOVERNANCE PROJECT UPDATE

Mark Podlasly, MPA

Cook's Ferry First Nation, British Columbia

The Phase I Report, prepared by the FMB and the Institute of Governance ("IOG") with input from a national Advisory Group ("AG") of Indigenous and governance leaders, is a First Nations-led self-determination and governance resource for Nations wishing to transition out of the *Indian Act*.

The FMB completed Phase I of the First Nations Governance Project in 2018/2019.

The AG was tasked with recommending good governance practices for First Nations communities. The group was clear that good governance practices alone would be ineffective in preparing First Nations for a post-*Indian Act* environment, and that governance does not exist by itself but as an important element of a sustainable community.

The AG provided valuable insight in four distinct areas:

- 1. GOVERNANCE:** While good governance is important to transitioning out of the *Indian Act*, equally important is the advancement of a Nation-to-Nation relationship based on effective and meaningful Crown-Indigenous engagement principles;
- 2. UNDRIP:** A transition away from the *Indian Act* must be grounded in the self-determination principles of the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP") and be informed by an understanding of the history of the Crown-Indigenous relationship from contact, to the Royal Proclamation of 1763, treaty-making, and past efforts aimed at repairing the relationship such as the Royal Commission on Aboriginal Peoples and the Truth and Reconciliation Commission;
- 3. INTER-RELATED REALITIES:** To support communities transitioning from the *Indian Act*, a comprehensive and holistic approach is required that recognizes the interaction between governance, community capability, fiscal and government autonomy, and other principles that guide First Nations' relationships – internally with other communities, and with other levels of government including the provinces; and
- 4. INCLUSIVE FOR FIRST NATIONS:** To be effective, all First Nations must be able to see themselves – including their unique cultural, historic and regional situations – in any self-determination and governance recommendations.

With this advice, the FMB and the IOG developed the Self-Determination and Governance Framework as a potential path towards First Nations achieving UNDRIP-defined self-determination in Canada. The Framework, along with the entire Phase I Report, is available online at fnfmb.com

We have requested funding for Phase II of the Project which will validate the Framework to ensure that it meets the needs of First Nations. Further, it will develop practical governance training and education tools that communities have indicated are essential for them to exit the *Indian Act*. Phase II will also outline the shared governance services and organizations that First Nations have stated would be necessary to effectively implement true self-determination in Canada.

Mark Podlasly, M.P.A, from Cook's Ferry First Nation, oversees the First Nations Governance Project and has diverse expertise in governance matters.



10-YEAR GRANT UPDATE

What is the 10-Year Grant?

The 10-Year Grant is a funding mechanism available to First Nations through ISC as of April 1, 2019 and was co-developed by ISC and the AFN. Upon request from ISC and the AFN, the FMB was instrumental in developing the eligibility criteria for this grant. The FMB then took on an additional role in this process by assessing the First Nations who had applied for the grant based on the set eligibility criteria.

Success in 2019/2020

102 First Nations qualified for the 10-Year Grant applications in the first year, 2018/2019. Following this success, 49 more First Nations qualified for the 10-Year Grant applications in 2019/2020, and are in the process of finalizing their agreements with ISC.

Rationale for the FMB's Involvement

- » FMB has established Standards for finance and financial management best practices
- » FMB Standards are based upon internationally recognized internal control frameworks
- » FMB Standards have been vetted by credit rating agencies and determine First Nations eligibility to borrow from capital markets via the First Nations Finance Authority
- » ISC and the AFN agreed to invite the FMB to co-develop eligibility criteria based on existing global standards





LEGISLATIVE AMENDMENTS

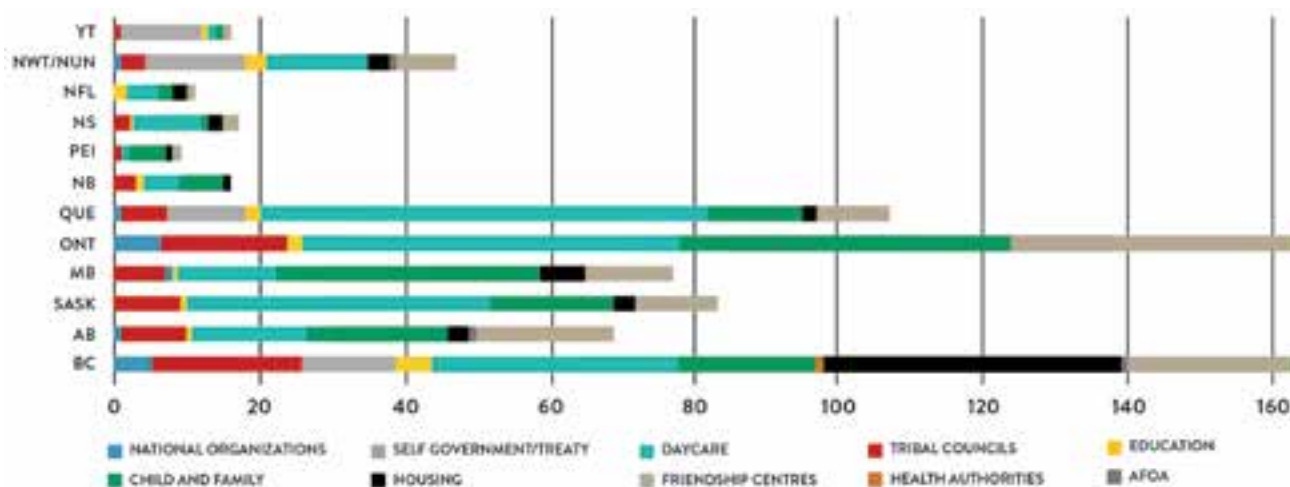
In December 2018, legislative amendments to the FMA were enacted by Parliament and received Royal Assent, providing the following non-scheduled entities with access to the FMA:

- » First Nations not 'scheduled' to the FMA
- » Tribal Councils
- » Self-governing and Modern-day Treaty First Nations
- » An entity – owned or controlled by one or more First Nations or entities referred to above – whose mandate is primarily to promote the well-being or advancement of Aboriginal people
- » Not-for-profit organizations established to provide public services to Aboriginal peoples (e.g. health authorities, education facilities, daycares, housing, friendship centers, etc.)

Two sections were added to the FMA. Section 50.1 provides FMB with the authority to develop new standards and conduct reviews of the above noted entities. Section 141.1 of the FMA allows the federal government to develop new regulations to adapt the FMA in a way that would provide Indigenous not-for-profit organizations access to FMB and First Nations Finance Authority services.

Throughout 2019/2020, the FMB contributed to the on-going and active development of new regulations under Section 141 of the FMA. Once these have been completed and enacted, Modern-day Treaty and Self-governing First Nations will have access to FMB and First Nations Finance Authority services.

The development of new standards and regulations for these new organizations and entities is currently underway.



Conservative estimate of 780 new potential client base.

EXPLORING + ESTABLISHING NEW HORIZONS

Many new and exciting opportunities are currently presenting themselves to First Nations for the first time and the FMB sees itself as being responsible for providing First Nations with the capacity to maximize on these opportunities to their fullest extent.

In January 2019, the FMB finished our “Exploring + Establishing New Horizons”, our Five-Year Strategic Plan that demonstrates the direction FMB would like to pursue over the next five years. The objective of this Five-Year Strategic Plan is to encapsulate what First Nations will require in order to implement the means for a sound self-determined government through good finance and governance practices in light of the New Fiscal Relationship. It will set out the foundation that will enable First Nations and provide them with access to capacity development tools in order to develop themselves into a government that will be able to deal with other levels of government on a Nation-to-Nation basis. The FMB will continue pursuing this document and related outcomes with Ottawa in the upcoming fiscal year.

This Five-Year Strategic Plan assesses the focus areas, develops clear objectives and projects our metrics and responsibilities.



CANADA'S FIRST NATIONS ON THE MOVE

First Nations Leading The Way

The FMA institutions and the Lands Advisory Board collaborated to bring First Nations together to demonstrate how First Nations governments across Canada are exercising their jurisdiction and striving to move beyond the *Indian Act* with First Nations-led initiatives. Innovative and creative First Nations leaders from across the country are sharing tools and support services and setting a clear path forward for building prosperous and vibrant First Nations communities.

First Nations Infrastructure Institute (“FNII”)

The First Nation infrastructure deficiency is so significant that we believe that a FNII is needed to bridge the gap. First Nation infrastructure projects take longer, are more costly and less durable than those undertaken by any other Canadian government. The development of optional legislation to create a First Nation’s Infrastructure Institute is underway and a two-year pilot project has commenced to guide the development of what could become the fourth institution under the FMA.

First Nations Statistical Institute (“FNSI”)

First Nations governments have not been included in the national accounts of Canada since the First Nations Statistical Institute was removed from the FMA in 2012. This exclusion makes it impossible to compare vital First Nations service standards and expenditures with those of other governments. Many First Nations and the federal government are working on a new fiscal relationship which would establish a new FNSI to re-incorporate First Nations statistics into those of Canada. The objectives of the FNSI are not to set the task on national accounts activity but rather to look at outputs as well as inputs. The FNSI would help define what data is needed to assess whether or not the socio-economic gaps between Indigenous and non-Indigenous people are shrinking.

First Nations Resource Project Charge (“FNRPC”)

First Nations are advocating for a FNRPC to ensure adequate compensation is generated when resource projects occur in their traditional territories. The FNRPC would create more reliable revenues for First Nations, reduce dependency on other governments, recognize and implement First Nations rights, and reduce administration costs.

The FNRPC concept is being administratively advanced by the FNTC at the request of First Nations.



Aboriginal Auditor General

The Memorandum of Understanding between Canada and the AFN on a New Fiscal Relationship initiative has created several exploratory tables. The mutual accountability framework table has held discussions regarding the creation of an Aboriginal Auditor General. The FMB will participate, as requested, in those discussions.

First Nation Organizations Accessing the FMA

The three FMA institutions, working with Canada, had legislation enacted by Parliament and received Royal Assent providing First Nations organizations with access to the FMA institutions and their services. These organizations include self-governing First Nations; Tribal Councils; First Nations organizations (health authorities, education facilities, daycares, housing, friendship centres, etc.); and Modern-day Treaty First Nations. The program is voluntary. The institutions are now in the process of developing standards and practices to meet the needs of these new client organizations.

Increasing First Nation Fiscal Powers as Part of a New Fiscal Relationship

Part of the discussion on increased fiscal powers to First Nation governments should come with the ability for First Nations to leverage those new revenue streams.

First Nation Cannabis Tax Jurisdiction

The Canadian federal government introduced the Cannabis Act (Bill C-45) in March 2017. The Department of Finance proposed changes to the Excise Act, 2001 in September 2017 to implement the Cannabis Excise Tax – the higher of \$1/gram or 10% of the sale price. In both cases, First Nations tax and regulatory jurisdiction was not considered. This oversight creates the potential for lost tax revenues to all governments; a similar scenario to the disregarding of First Nations tobacco tax jurisdiction. Since March 2017, the FNTC has been working with proponents to advance First Nation cannabis tax jurisdiction. The FNTC made formal proposals in this regard in April and August of 2017. In February 2018, the FNTC appeared before the Senate Standing Committee on Aboriginal Peoples and presented a First Nation cannabis tax jurisdiction proposal. This proposal has been well received and there is a recognition of the similarities between First Nations cannabis and tobacco tax jurisdiction. On June 19, 2018, the Senate passed the Bill C-45 and the Prime Minister announced the effective legalization date as October 17, 2018, allowing for the use of the recreational cannabis in Canada. The FNTC and proponent First Nations are hoping to soon implement the Cannabis Tax Jurisdiction.



WHERE WE ARE GOING

Default Management

- » Co-develop Policy with AFN and ISC on Default Management
- » Move towards becoming the Administrator on Default Management
- » Provide Post-certification service to minimize Default Management

Enhanced Services

- » Work on adaptation Regulations Sec 141.1 and Develop Standards and Guidelines for Not for Profit First Nations Organizations (Tribal Councils and First Nations Organizations)
- » Continue working on adaptation Regulations Sec 141 for Self-Governing and Modern-day Treaty First Nations
- » Post-Certification Service
- » Develop ISC eligibility criteria for 10-Year Grants

Shared Services

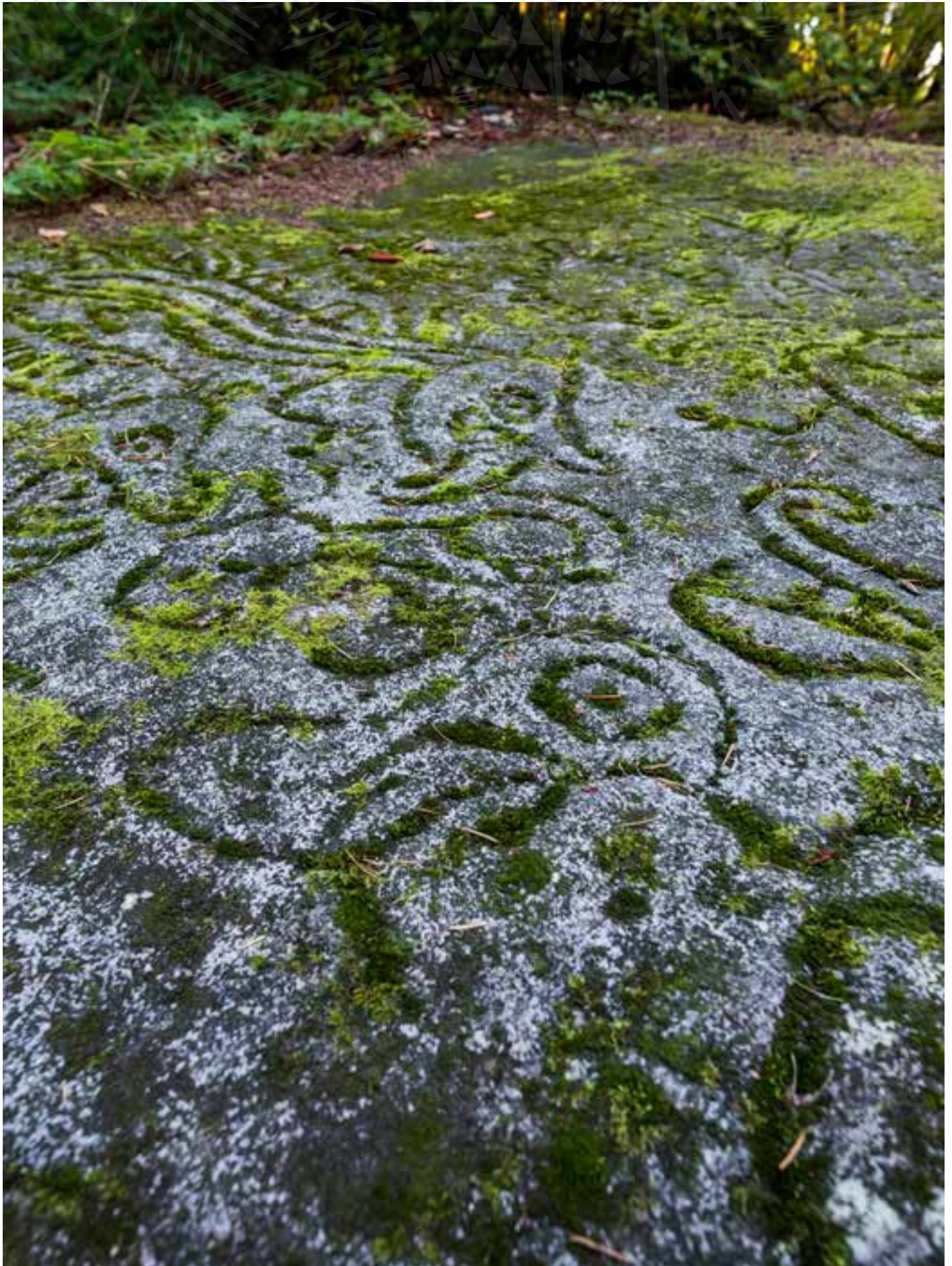
- » Pursue ISC on the importance of Shared Service for First Nations who require professional support to operate under a Financial Administrative Law due to Capacity issues as result of location, size of First Nation, etc.
- » Conduct a Pilot Project
- » Eventually a Service that is deliverable to First Nations

Education Program

- » Support long-term growth of First Nations governments through training on FMB's FMS framework
- » Achieve scale and accelerate FMB client achievement of FMS Certification
- » Sustain clients' good governance and finance practices long after FMS Certification

Governance Services

- » Conduct Pilot on Governance Best Practices
- » Develop Best Practice Benchmark around Governance
- » Develop Training Material
- » Train First Nations for Councils and Senior Managers on Self-Determination Post-Indian Act



2019/2020 FINANCIAL PICTURE

One of the benefits of preparing financial statements is the story told of past year's accomplishments and value provided to clients and stakeholders. The audited financial statements add a layer of accountability as internal controls are tested and financial information assessed and evaluated. The FMB has received clean audit reports since inception, including the current fiscal year. Our story this past year saw the FMB expand its core service and client base, offer new services and opportunities, realize a legislative change to expand the client base, and achieve the remarkable goal of assisting five First Nations communities out of default

management. The expansion of services and the additional clients affected FMB operations requiring further investment in staffing, additional office space and the necessary resources required to lead by example.

Changes in the distribution of costs this year reflects investment in strengthening FMB's internal structure as we grow to meet the needs of our clients. Revenues received as A-Base funding from Indigenous Services Canada funded these costs and programs. The Governance project and Default Management receive funding specific to their mandate.



FINANCIAL STATEMENTS

First Nations Financial Management Board

And Independent Auditors' Report thereon
Year ended March 31, 2020





KPMG LLP
PO Box 10426
777 Dunsmuir Street
Vancouver, BC V7Y 1K3 Canada
Telephone (604) 691-3000
Fax (604) 691-3031

Independent Auditors' Report

To the Board of Directors of First Nations Financial Management Board

Opinion

We have audited the financial statements of First Nations Financial Management Board (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 ethical requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Report (page 2)

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the 2019/2020 annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the 2019/2020 annual report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

Independent Auditors' Report (page 3)

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 the financial statements.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Chartered Professional Accountants

Vancouver, Canada

June 18, 2020

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

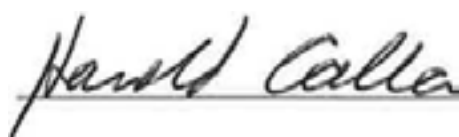
Statement of Financial Position

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 4,376,492	\$ 4,262,959
Restricted cash (note 4)	500,000	400,000
Accounts receivable	127,578	333,122
Prepaid expenses	76,737	94,546
	5,080,807	5,090,627
Security deposits	488,578	82,058
Capital assets (note 2)	1,100,773	410,652
	\$ 6,670,158	\$ 5,583,337
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,084,130	\$ 1,394,348
Government remittances payable	4,536	2,359
Deferred revenue (note 3)	3,697,113	3,098,184
Intervention reserve fund (note 4)	500,000	400,000
Current portion of capital lease obligation (note 5)	25,910	18,434
	5,311,689	4,913,325
Capital lease obligation (note 5)	117,169	8,020
	5,428,858	4,921,345
Net assets:		
Invested in capital assets (note 6)	957,694	384,198
Unrestricted	283,606	277,794
	1,241,300	661,992
Commitments and contingent liabilities (note 7)		
Economic dependence (note 8)		
Impact of COVID-19 (note 12)		
	\$ 6,670,158	\$ 5,583,337

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Indigenous Services Canada ("ISC") funding	\$ 12,868,297	\$ 10,710,311
ISC - Governance accreditation	236,024	611,527
Other income	115,756	-
Interest income	3,628	2,884
	13,223,705	11,324,722
Expenses:		
Salaries and benefits	6,827,291	5,128,422
Corporate services	2,168,672	1,445,538
Policy development	1,055,802	1,830,100
Travel	1,054,986	778,180
Director fees and expenses	653,718	511,285
Direct cost of client service (note 9)	488,470	741,229
Governance accreditation	236,024	611,527
Amortization	159,434	89,057
	12,644,397	11,135,338
Excess of revenue over expenses	\$ 579,308	\$ 189,384

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Invested in capital assets (Note 6)	Unrestricted	Total 2020	Total 2019
Balance, beginning of year	\$ 384,198	\$ 277,794	\$ 661,992	\$ 472,608
Excess (deficiency) of revenue over expenses	(153,678)	732,986	579,308	189,384
Net change in investment in capital assets (note 6)	727,174	(727,174)	-	-
Balance, end of year	\$ 957,694	\$ 283,606	\$ 1,241,300	\$ 661,992

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 579,308	\$ 189,384
Items not involving cash:		
Amortization, an item not involving cash	159,434	89,057
(Gain) loss on disposal assets	(5,756)	-
Changes in non-cash operating working capital:		
Accounts receivable	205,544	(257,965)
Prepaid expenses	17,809	(46,229)
Security deposit	(406,520)	(23,415)
Accounts payable and accrued liabilities	(310,218)	664,194
Government remittances payable	2,177	(2,445)
Deferred revenues	598,929	286,688
Intervention reserve fund	100,000	200,000
	940,707	1,099,269
Investing:		
Purchase of capital assets	(709,337)	(259,322)
Proceeds from disposition of capital assets	4,500	-
	(704,837)	(259,322)
Financing:		
Capital lease principal payments	(22,337)	(17,234)
Increase in cash	213,533	822,713
Cash, beginning of year	4,662,959	3,840,246
Cash, end of year	\$ 4,876,492	\$ 4,662,959
Cash consists of:		
Cash	\$ 4,376,492	\$ 4,262,959
Restricted cash	500,000	400,000
	\$ 4,876,492	\$ 4,662,959
Supplemental cash flow information of non-cash financing activities:		
Acquisition of capital assets and capital lease obligation, net of leased assets disposed	\$ 138,962	-

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2020

Nature of operations:

First Nations Financial Management Board ("FNFMB") operates as a shared governance corporation without share capital that was established through Bill C20, The First Nations Fiscal and Statistical Management Act (the "Act") in 2005, which went into effect April 1, 2006. Under the Act, FNFMB provides tools to First Nations for modern fiscal management, improving investment climate and promoting economic growth. The FNFMB is a not-for-profit under the Income Tax Act and accordingly, it is exempt from the requirements to pay income taxes.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue recognition:

FNFMB follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or the restrictions have been met.

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.

(b) Capital assets:

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over the estimated useful life of each asset on a straight-line basis as follows:

Asset	Rate
Computer equipment	2 to 5 years
Leasehold improvements	term of lease (5 to 10 years)
Office furniture and fixtures	10 years
Office equipment under capital lease	term of lease (5.5 years)

When a capital asset no longer contributes to FNFMB's ability to provide services, its carrying amount is written down to its fair value. The FNFMB reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the FNFMB's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

(c) Leases:

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Where the lease transfers the benefits and risks of ownership to FNFMB, the lease is classified as capital.

Notes to Financial Statements (cont.)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. FNFMB has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, FNFMB determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount FNFMB expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Due to related party and related party transactions:

Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management and immediate family members.

A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

(g) New accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for-profit organizations; Section 4433 Tangible capital assets held by not-for-profit organizations, Section 4434 Intangible assets held by not-for-profit organizations and Section 4441 Collections held by not-for-profit organizations.

The amendments are effective for financial statements with fiscal years beginning on or after January 1, 2019. Management has considered the application of the aforementioned new accounting standards and the implementation of these changes had no material impact on the FNFMB's financial statements.

Notes to Financial Statements (cont.)

Year ended March 31, 2020

2. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 692,400	\$ 419,865	\$ 272,535	\$ 169,544
Leasehold improvements	727,108	309,365	417,743	48,627
Office furniture and fixtures	465,507	199,929	265,578	176,099
Office equipment under capital lease	159,409	14,492	144,917	16,382
	\$ 2,044,424	\$ 943,651	\$ 1,100,773	\$ 410,652

3. Deferred revenue:

Deferred revenue represents funding received for programs to be carried out in the following fiscal year:

	Balance, beginning of year	Funding received	Transferred to intervention reserve fund	Amounts recognized as revenue in the year	Balance, end of year
					(Note 4)
ISC core funding: A-based and mid-year (amendment #9)	\$ 2,357,639	\$ 12,345,829	\$ (100,000)	\$ (12,642,285)	\$ 1,961,183
ISC governance accreditation (amendment #3)	236,024	-	-	(236,024)	-
ISC default prevention pilot (amendment #8)	467,059	1,457,421	-	(188,550)	1,735,930
ISC Tangible capital assets (amendment #6)	17,462	-	-	(17,462)	-
First Nations Tax Commission - national joint conference	20,000	-	-	(20,000)	-
	\$ 3,098,184	\$ 13,803,250	\$ (100,000)	\$ (13,104,321)	\$ 3,697,113

Notes to Financial Statements (cont.)

Year ended March 31, 2020

4. Intervention reserve fund:

During the year, FNFMB received \$100,000 (2019 - \$200,000) for the intervention reserve fund. The fund is to be used towards eligible costs in the event that FNFMB is required to intervene in the operations of a First Nation. The fund is not to exceed \$500,000. During the year, no expenditures were incurred from this fund (2019 - nil). The balance in the fund as at March 31, 2020 is \$500,000 (2019 - \$400,000). The cash related to this fund has been segregated as restricted cash.

5. Capital lease obligation:

In August 2019, FNFMB entered into a capital lease to acquire office equipment. The lease expires in February 2025. Future minimum payments for the year ended March 31 are as follows:

2021	\$ 34,776
2022	34,776
2023	34,776
2024	34,776
2025	28,980
	168,084
Less amount representing interest at 6.75% per annum	25,005
	143,079
Less current portion	25,910
	\$ 117,169

Notes to Financial Statements (cont.)

Year ended March 31, 2020

6. Net assets invested in capital assets:

(a) Net assets invested in capital assets are calculated as follows:

	2020	2019
Capital assets	\$ 1,100,773	\$ 410,652
Capital lease obligation	(143,079)	(26,454)
	\$ 957,694	\$ 384,198

(b) Change in net assets invested in capital assets is calculated as follows:

	2020	2019
Net change in investment in capital assets:		
Purchase of capital assets	\$ 868,745	\$ 259,322
Repayment of capital lease obligation	22,337	17,234
Purchases funded by capital lease obligation	(159,408)	-
Proceeds from sale of capital assets	(4,500)	-
	\$ 727,174	\$ 276,556

(c) Deficiency of revenue over expenses:

	2020	2019
Amortization on capital assets	\$ (159,434)	\$ (89,057)
Gain on disposal of equipment	5,756	-
	\$ (153,678)	\$ (89,057)

Notes to Financial Statements (cont.)

Year ended March 31, 2020

7. Commitments and contingent liabilities:

(a) Operating leases:

FNFMFB leases its office premises under operating lease agreements expiring between 2020 and 2030. FNFMFB is obligated to make the following payments which include a proportionate share of operating costs and property taxes. FNFMFB is also committed under operating leases for equipment expiring between fiscal 2020 and 2025.

Future minimum payments for the year ended March 31 are as follows:

2021	\$ 1,165,608
2022	1,204,975
2023	1,241,456
2024	1,177,349
2025	1,099,267
Thereafter	4,465,415
	\$ 10,354,070

(b) Contingent liabilities:

FNFMFB is from time-to-time, engaged in or party to certain legal actions involving uncertainty which may result in material losses. The outcome and amounts that may be payable, if any, under some of these claims, cannot be determined and accordingly only those claims in which a payment is considered likely and the amount can be reasonably estimated have been recorded in the financial statements as a liability.

8. Economic dependence:

FNFMFB's ongoing operations are dependent on continued funding from ISC to carry out its programs. FNFMFB has a multi-year funding agreement with ISC in effect until March 2022 which provides certainty about the availability of future funding.

Notes to Financial Statements (cont.)

Year ended March 31, 2020

9. Direct cost of client service:

Direct cost of client service involves costs associated with client requests for financial administration law and certification review. In addition, it covers support activities provided to First Nations in the financial administration law and system development process. Indirect costs such as salaries and administration costs are not allocated for purposes of financial statement presentation.

10. Financial risks and concentration of risk:

FNFMB believes that it is not exposed to significant foreign currency, interest rate, market or credit risks arising from its financial instruments.

Liquidity risk is the risk that FNFMB will be unable to fulfill its obligations on a timely basis or at a reasonable cost. FNFMB manages its liquidity risk by monitoring its operating requirements. There has been no change to risk exposure from the prior year.

11. Comparative information:

Certain comparative information has been reclassified in the prior period's comparatives to conform to the current year presentation. These reclassifications do not impact prior year earnings.

12. Impact of COVID-19:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. While the situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our organization's operations is not known at this time, it is not expected that there will be a significant financial impact on the FNFMB.





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