



# **RESILIENCE**

**2020/2021  
ANNUAL REPORT**

## RESILIENCE...

The artwork on our 2020/2021 Annual Report represents Indigenous people's resilience and strength through their art. The Eagle represents the vision and sustainability of our past and present. We look at those who embody the ultimate representation to look over our lands and culture.

The Salmon represents the resilience of our ancestors and, with the perseverance of our people, we have come a long way. Our future generations will take us further.

The medicine wheel represents our ways of life, which includes the 4 directions and the 4 seasons. They connect the people to the land, and the past to the present.

This artwork as a whole can be interpreted by all Indigenous communities across Canada through their own eyes and stories.



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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:

- » 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; and
- » Provide advice, policy research and review and evaluative services on the development of fiscal arrangements between First Nations’ governments and other governments

The FMB is fulfilling this mandate in a number of ways including:

- » Setting standards for Financial Administration Laws and By-laws, Financial Performance, Financial Management Systems and Local Revenue Reporting;
- » Certification of First Nations’ financial performance and financial management systems; and
- » Providing advice to the federal government on how to improve First Nations economic participation and access to capital.



# FMB at a Glance

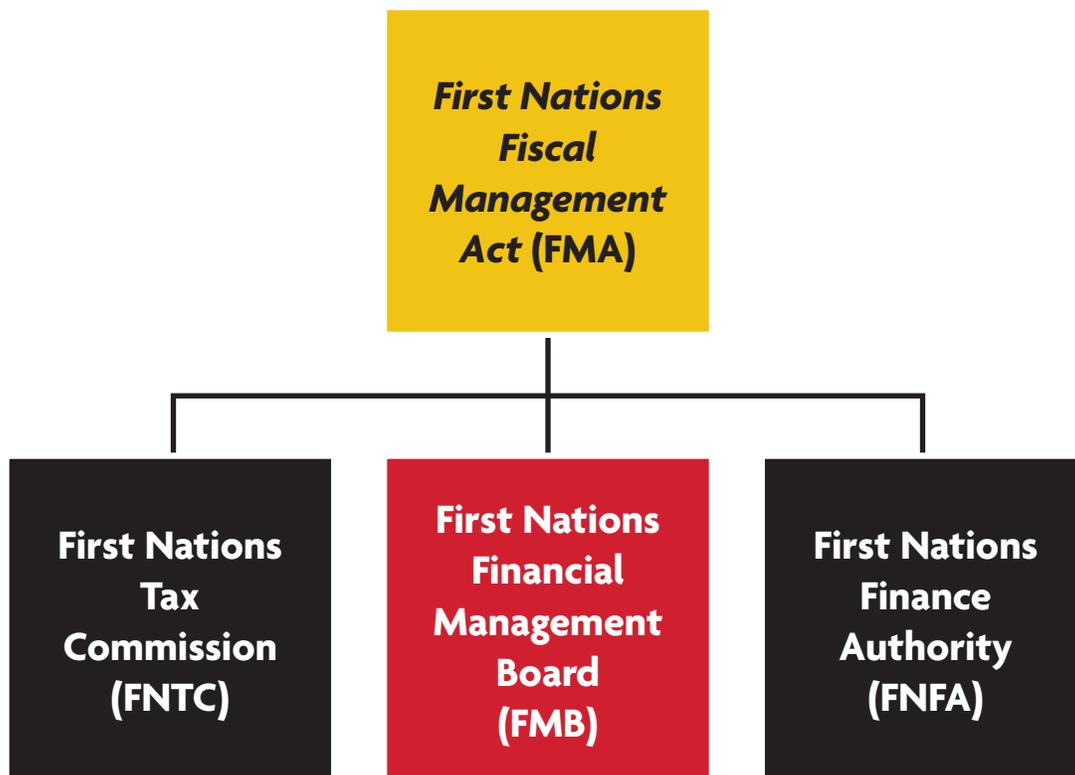
## WHAT IS THE FMB?

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 312 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

# 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 type of certification allows a First Nation to become eligible to borrow from the First Nations Finance Authority.

## 3. FINANCIAL MANAGEMENT SYSTEM (FMS) CERTIFICATION

Requires the development of policies and procedures that, when implemented, can bring the First Nation’s FAL to life. This type of certification allows a First Nation to demonstrate to their citizens that a sound financial management system has been put in place.

## 4. REPORTING OF LOCAL REVENUES

These standards provide guidance to those First Nations who are raising local revenues on how to report on the use and expenditure of local revenues in comparison to the approved local revenues expenditure law. This reporting promotes accountability and transparency on how local revenues are used.

## 5. NOT-FOR-PROFIT STANDARDS

These standards were developed for comment by Indigenous not-for-profit organizations who may wish to obtain compliance opinions on their financial performance or financial management system. These standards have also been developed in anticipation of future certification of not-for-profit organizations under the FMA.



*"I want to extend my deepest gratitude and thanks to all of Council, TTN staff, and community volunteers who have continued their service to our community through essential operations over this past year. From operating the community food bank, to serving at security checkpoints, to on-call crisis operations, to helping guide our spiritual and cultural practices - our community has truly banded together. Without the support of these individuals, we would not be able to continue to provide these programs and services and receive a Financial Management System (FMS) Certificate, and I am eternally grateful for everyone's hard work and sacrifice."*

*– Chief Bruce Archibald, Taykwa Tagamou Nation (Ontario)*

# FMA Participating First Nations

First Nations in all regions of the country are choosing to work with the FMB to enhance and strengthen their financial management capacity. By developing and enacting Financial Administration Laws, achieving high levels of Financial Performance and demonstrating Financial Management Systems, First Nations are leading the way.

Northwest Territories		Alberta		Manitoba		Quebec		Newfoundland and Labrador	
FAL	5	FAL	10	FAL	27	FAL	8	FAL	4
FAB	1	FAB	0	FAB	2	FAB	0	FAB	0
FP	3	FP	8	FP	20	FP	8	FP	4
FMS	0	FMS	1	FMS	5	FMS	1	FMS	1

British Columbia		Saskatchewan		Ontario		New Brunswick		Nova Scotia	
FAL	99	FAL	24	FAL	31	FAL	6	FAL	12
FAB	8	FAB	4	FAB	1	FAB	0	FAB	0
FP	84	FP	18	FP	27	FP	3	FP	11
FMS	26	FMS	3	FMS	6	FMS	0	FMS	4

\* Total numbers to March 30, 2021

# 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 2020/2021 Annual Report of the FMB.

2020 was a year like no other but, despite its challenges, it was another year of success for the First Nations Financial Management Board.

Even in a global pandemic, interest in the FMB only continues to grow. FMB reached the milestone of over 300 First Nations across the country choosing to be scheduled to the FMA and by year-end, reached a total of 312. Financial Administrative Laws have been enacted by 226 First Nations. In addition, 186 First Nations now have Financial Performance Certificates and 49 First Nations have achieved Financial Management Systems Certification.

Remarkably, many of these achievements happened with FMB staff working remotely. In March 2020, the Board of Directors responded to the global pandemic by moving staff to remote work, keeping both staff and clients safe. I salute our staff for continuing to serve and grow our client base during this difficult time and we all look forward to seeing our clients in person soon.

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*“Even in a global pandemic, interest in the FMB only continues to grow. FMB reached the milestone of over 300 First Nations across the country choosing to be scheduled to the FMA and by year-end, reached a total of 312.”*

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The FMB was also quick to recognize the impacts the pandemic would have on the economies of First Nations across the country and worked to ensure this was understood by the federal government. Research conducted by FMB determined that First Nations’ business revenue decreased by \$142.3 million in the second quarter of the 2020 calendar year, with a total decrease of \$1.9 billion forecast for the 2020/2021 fiscal year. Our First Nations Revenue Source Research report detailed these calculations and was shared with the federal government. Shortly after its release, Indigenous Services Canada announced \$330 million in funding to help offset losses in First Nations’ Own Source Revenues.

In 2021, First Nations will be able to access this funding through ISC’s Own Source Revenues in Indigenous



Communities (“OSRIC”) program. The FMB has agreed with ISC that we will be available to support to First Nations with OSRIC applications. The FMB’s research report also led Statistics Canada and the Bank of Canada to engage with the FMB on the need for better data collection to quantify the value of First Nations’ economic contribution to Canada.

In 2021/2022, the FMB will start work on the new FMS Support Services pilot initiative. This pilot will allow First Nations to remotely access professional services such as bookkeeping that are not available in their community. It remains vital that all First Nations in Canada have the necessary tools to benefit from the FMA.

This past year has proven that innovative solutions are possible. As First Nations across the country start to recover from the health, economic and social impacts of the pandemic, the FMB continues 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 Executive Officer

**Geordie Hungerford, CFA, CAIA, MBA, LLB  
Gwich'in (Northwest Territories and Yukon)**

I was very pleased to join the FMB as its new CEO in October 2020. Having previously served on the FMB Board of Directors, I was already familiar with the work of the organization and continued to follow its significant achievements. FMB is a tremendous organization with talented staff that are making a great difference for First Nations. I've enjoyed working with them and look forward to meeting them in person soon, once it is safe to do so. Over the past year, they have risen to the challenges of working away from their offices, their colleagues, and the First Nations clients we serve.

To ensure that the FMB is meeting the needs of First Nations, in November and December 2020, the Board and staff undertook a strategic planning session to review current services and future opportunities. The result was the confirmation of some established goals and the introduction of several new goals that will enable First Nations from coast-to-coast-to-coast to benefit from the *First Nations Fiscal Management Act*.

The FMB is actively working towards legislative and regulatory changes that will enable us to meet the needs of Modern treaty and Self-governing nations. We continue to promote the value of FMS Certification, so that communities and business partners more fully understand what the First Nations governments who have gained certification have achieved. We will also build our capacity as a centre of excellence and thought leadership for First Nations' financial governance and economic development. All this will help the FMB and First Nations be prepared for the monumental changes to their relationships with government and industry that will be driven by Indigenous Reconciliation and the adoption of the United Nations Declaration of the Rights of Indigenous Peoples ("UNDRIP").

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*We continue to promote the value of FMS Certification, so that communities and business partners more fully understand what the First Nations governments who have gained certification have achieved.*

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At the time I write this message, UNDRIP legislation is being considered by the Canadian Senate. The FMB was pleased to provide briefs to both the House of Commons and the



Senate outlining the importance of having a good Action Plan to support the implementation of this legislation.

Recently, the federal government took action on several important issues that the FMB raised with them, including adding an escalator clause to the 10-Year Grants and implementing the Own Source Revenue Indigenous Communities program. The FMB will be there for First Nations to support them in accessing these programs.

As the number of First Nations that the FMB serves grow, so do our staffing levels. We now have 57 full-time employees at FMB with a goal of having 143 full-time employees by 2025-2026. This staffing compliment is needed to deliver the goals established in our strategic plan, and to continue to deliver a high level of service across all our programs and services across Canada in both English and French.

I am pleased that this year demonstrated the FMB can simultaneously look forward and deliver in the present. From our record levels of Financial Administration Laws / By-laws, Financial Performance Certificates and FMS Certifications, to the excellent results achieved in our Default Management Prevention Pilot Program and the establishing of our soon-to-be-launched FMS Support Services, the FMB continues to perform at a remarkable level.

We are here to provide First Nations the tools for self-determination that will ultimately improve their communities socially and economically. The path is long, but we continue to walk down it with our clients. The FMB looks forward to continuing this work and maintaining long, respectful relationships.

Haii' cho!



# Board of Directors



**Harold Calla**, *FCPA, FCGA, CAFM*  
Executive Chair

Squamish Nation, BC

- » Audit & Risk Management Committee
- » Governance & Human Resources Committee
- » Standards, Approvals & Certifications Committee
- » Executive Committee (Vice-Chair)



**Dillon Johnson**, *B.Comm, MBA, CAFM*

Vice-Chair

Tla'amin Nation, BC

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



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

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



**Amy Comegan**, *FCPA, FCGA, CAFM*

Anishinaabeg of Naongashiing First Nation, ON

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



**Caroline Davis**, *FCPA, FCA*

- » Audit & Risk Management Committee
- » Governance & Human Resources Committee (Vice-Chair)
- » Standards, Approvals & Certifications Committee



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

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



**Michael McIntyre**, *CPA, CA, CAFM*

Membertou First Nation, NS

- » Audit & Risk Management Committee (Vice-Chair)
- » Standards, Approvals & Certifications Committee (Vice-Chair)



**Leonard Odjick**

Kitigan Zibi Anishinabeg, QC

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



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

- » Governance & Human Resources Committee
- » Capacity Development Committee (Chair)
- » Marketing Committee (Vice-Chair)
- » Executive Committee

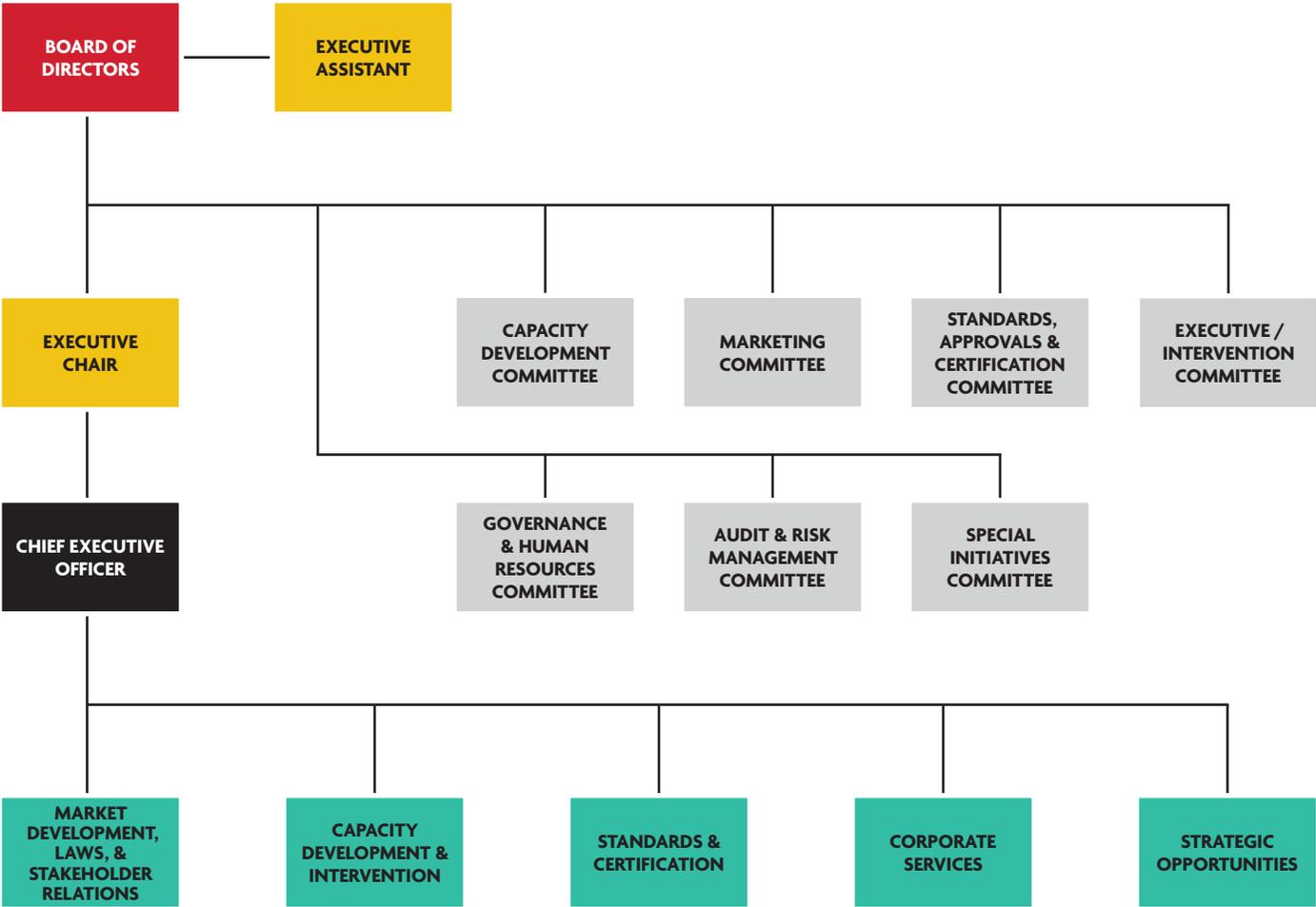


**Louis LeDoux**, *BEd*

Mistawasis Nêhiyawak, SK

- » Capacity Development Committee
- » Marketing Committee

# Board Committees & Leadership Team



# Business Lines

## MARKET DEVELOPMENT, LAWS, AND 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 Financial Administration Laws and By-laws
- » 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 financial performance compliance opinions for grant eligibility for recommendation for Ministerial approval

## CORPORATE SERVICES

- » Monitor FMB compliance with all relevant legislation and regulations
- » Provide records management and other internal administration services
- » Provide financial, technological and property management services
- » Provide help desk and digital media services

## STRATEGIC OPPORTUNITIES

- » Advance Nation-to-Nation relationships based on effective and meaningful Crown-Indigenous principles
- » Recognize the interaction between governance, community capability and fiscal and government autonomy
- » Support the creation and growth of pilot projects to fulfill aspects of the FMB's mandate



*“We wanted to empower our community by ensuring the finest asset management practices and moving forward with the very best financial management system with accountability. This certification provides an evidence of professionalism and creates confidence among our partners and stakeholders.”*

– Chief Dolleen Logan, Lheidli T’enneh Nation (British Columbia)

# 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 journeys toward enhanced financial management systems.

Due to the global pandemic and related travel restrictions, the MLS team pivoted to provide our services virtually as follows:

**Market Development:** Our business development team provided outreach activities to promote the *First Nations Fiscal Management Act* and grow our client base. Upon request, we provided presentations to potential clients and attended First Nations events. We promote the FMB services including: Financial Administration Law (“FAL”), Financial Administration Bylaw (“FAB”), Financial Performance Certification (“FPC”) and Financial Management System Certification (“FMSC”).

**Laws:** Our legal team provided operational support to clients to develop a FAL or FAB to ensure compliance with the FMB Standards. We provided various tools and resources and often provided funding to clients to offset independent legal advice. We also provided advice to our Board of Directors on compliance approvals of FALs and compliance opinions of FABs.

**Stakeholder Relations:** It is important to maintain and build relationships between the FMB and its internal and external stakeholders. We undertook activities to keep our stakeholders engaged and often sought feedback on improving our services.

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*This year, 18 First Nations added their name to the FMA Schedule. In total, 312 First Nations are now participating – nearly half of all First Nations in Canada. We received 67 requests for presentations across the country; all of which were held virtually.*

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This year, 18 First Nations added their name to the FMA Schedule. In total, 312 First Nations are now participating – nearly half of all First Nations in Canada. We received 67 requests for presentations across the country; all of which were held virtually. We are pleased to report that 20 First Nations became new clients.

Notably, there was increased participation from First Nations in Ontario. 5 of the 16 FALs completed this year were from that region. The MLS team also supported 3 First Nations to develop FABs. The Atlantic region also had significant participation this year. Additionally, the MLS team worked with 17 First Nations to update their existing FALs to meet current standards to seek FMSC.

The MLS team responded to requests for our services by using new technologies and creative solutions. We engaged in 11 virtual events and created regional and national webinars. We also responded to 13 First Nations that expressed interest in the New Fiscal Relationship 10-Year Grant. With our support, there were 10 First Nations that met the FAL eligibility criteria for the grant.

To date, 226 First Nations across Canada have a FAL that meet the FMB Standards. First Nations governments are implementing sound finance and administrative governance practices across the country. We are honoured to bring to life the FMB mandate of supporting First Nations with their financial management goals.

# Message from the Director of Capacity Development & Intervention

**Melanie Assiniwe, CPA, CA**  
**Wiikwemkoong (Ontario)**

The Capacity Development and Intervention team (“CDI”) recognizes that the past year has been a challenging time for all First Nations governments. Throughout this time, we have continued to support First Nations governments to live by their Financial Administration Law and achieve Financial Management System Certification through capacity building. The CDI business line provides client support through training, tools, templates, workshops, webinars and research. Building capacity supports First Nations 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.

Over the past year, we pivoted to bring remote support to our clients through webinars, online workshops, and phone calls. In 2020/2021, we provided training workshops and supported over 200 First Nations governments, of which eight (8) underwent FMS Certification reviews. Recognizing the needs of our clients in the midst of a global pandemic, we focused on providing off-site support and developing more than 20 new tools to support First Nations governments to live by their FALs. This support included four (4) webinar livestream events, available on our website as recordings.

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The CDI business line continues to provide guidance and support to all DMPPP participants and plans to assist with reintroducing work on federal policy for default management prevention. Finally, we also conducted research and developed a business plan for a FMS Support Services pilot project, which will provide enhanced services to participating First Nations governments who are challenged to attract and retain skilled resources.

Miigwetch

# Message from the Acting Director of Standards & Certification

**Lee Fulla, CPA, CA**

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 2020/2021, Standards & Certification continued the further development of new regulations under the *First Nations Fiscal Management Act*. These new regulations, once complete, will allow modern 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 2021/2022.

In anticipation of these new regulations becoming effective, Standards & Certification published proposed standards for not-for-profit organizations. These proposed standards were made available for stakeholder comment during the year, and the FMB engaged with interested parties to gain valuable feedback. Any comments received will be analysed and incorporated to make these new standards as useful and relevant as possible.

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*While the 9 Financial Management Systems certifications approved was not a record for the most in a fiscal year, each certification resulted from reviews which were completed virtually. While the pandemic prevented travel to visit our clients, they collaborated with us on implementing new processes to ensure that this important work continued.*

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In response to COVID-19, Standards & Certification embarked on a research project to quantify the scope of the First Nations economy and estimate what the impact of the pandemic would be. The FMB’s First Nations Revenue Source Research was published in October of 2020, and is available on our website. It was our intent that this work would inform the Federal Government and other stakeholders and influence policy decisions.



While the nine Financial Management Systems certifications approved was not a record for the most in a fiscal year, each certification resulted from reviews which were completed virtually. Even though the pandemic prevented travel to visit our clients, they collaborated with us on implementing new processes to ensure that this important work continued. The Standards & Certification team congratulates each of our clients who took exceptional steps to demonstrate they had met the FMB’s standards in this area.

In 2020/2021, Standards & Certification continued its involvement in reporting on the financial performance eligibility criteria for First Nations currently participating in or expressed interest in 10-Year Grants. In addition, 15 Financial Performance Certificates were approved and issued to First Nations making each of them eligible to apply to join the First Nations Finance Authority’s borrowing pool.

Over the coming year, we will be contributing to the completion of new regulations under sections 141 and 141.1 of the FMA. We expect to continue our involvement with helping First Nations to demonstrate eligibility for 10-Year Grant funding agreements with Indigenous Services Canada and look forward to working with each community towards their certification goals.

# Message from the Acting Director of Corporate Services

**Scott Munro, CPA, CA, CAFM**  
**Liard First Nation (Yukon Territory)**

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 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. A new information technology strategy is under development to support the rapid growth that is anticipated under the FMB's strategic plan.

With the emergence of the global pandemic and the need to quickly begin working remotely, Corporate Services worked with our Human Resources team to ensure FMB staff remained safe and had the necessary resources to remain productive. New ways of doing business were established and supported by members of the Corporate Services team in each region.

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*With the emergence of the global pandemic and the need to quickly begin working remotely, Corporate Services worked with our Human Resources team to ensure FMB staff remained safe and had the necessary resources to remain productive.*

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The future looks promising as growth continues and services expand. Our focus in the coming year will be to increase our internal system capabilities and improve our management accounting, budgeting and forecasting techniques. Corporate Services will continue to support our colleagues in other business lines as they respond to the interests of First Nations and their fiscal relationship with the rest of Canada.

Sógá sénlá'



*“Qalipu First Nation is thrilled to announce we have achieved FMS Certification. With the help of FMB, we are now able to provide greater levels of accountability and transparency to our members while creating a shared vision for the future.”*

– Jodie Wells, Director of Finance, Qalipu First Nation (Newfoundland)

# Achievements in 2020/2021

**312**

First Nations with Signed Letters of Cooperation

**226**

First Nations with Financial Administration Law

**16**

First Nations with Financial Administration By-Law

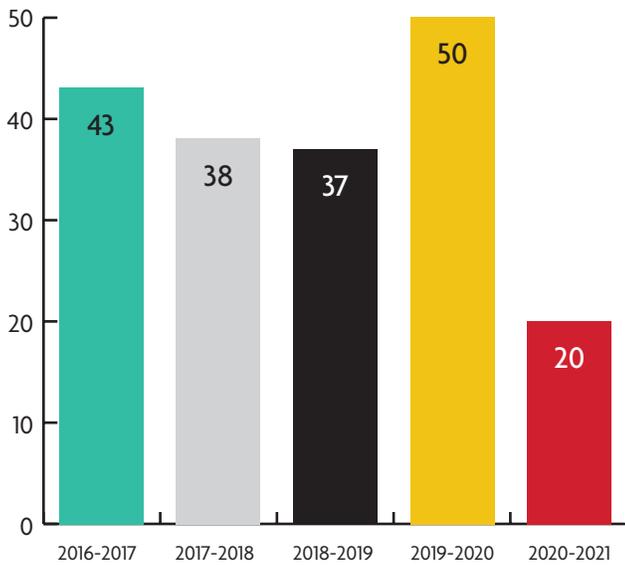
**186**

First Nations with Financial Performance Certificate

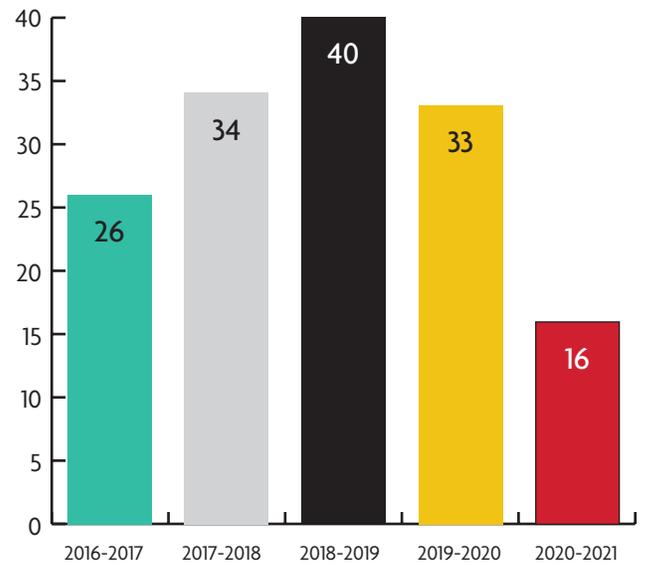
**47**

First Nations with Financial Management System Certificate

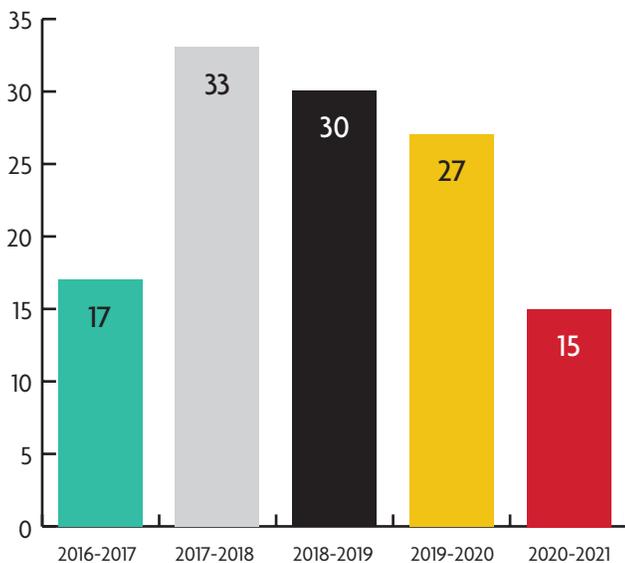
## SIGNED LOCS



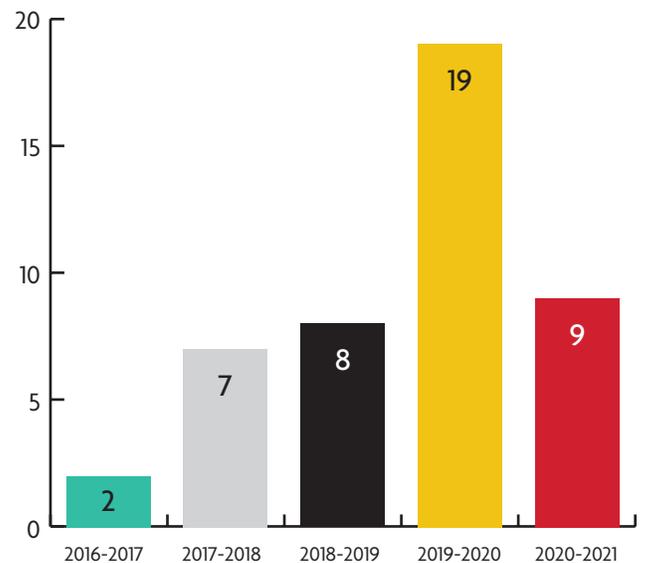
## FALS



## FP CERTIFICATES



## FMS CERTIFICATES



# 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 2020/2021.

**Lheidli T'enneh**  
British Columbia  
March 30, 2021



**Lheidli T'enneh**

**Taykwa Tagamou Nation**  
Ontario  
March 30, 2021



**Lower Nicola Indian Band**  
British Columbia  
January 29, 2021



**LOWER NICOLA  
INDIAN BAND**

**Paqtnkek Mi'kmaq Nation**  
Nova Scotia  
November 6, 2020



**Penticton Indian Band**  
British Columbia  
November 6, 2020



**PENTICTON INDIAN BAND**

**Qalipu Mi'kmaq First Nation**  
Newfoundland  
July 24, 2020



**Long Plain First Nation**  
Manitoba  
May 1, 2020



**Muskeg Lake Cree Nation**  
Saskatchewan  
May 1, 2020



**Buffalo Point First Nation**  
Manitoba  
May 1, 2020



# FMA Helps Mi'kmaq First Nations Coalition Become Owners in Clearwater Seafoods

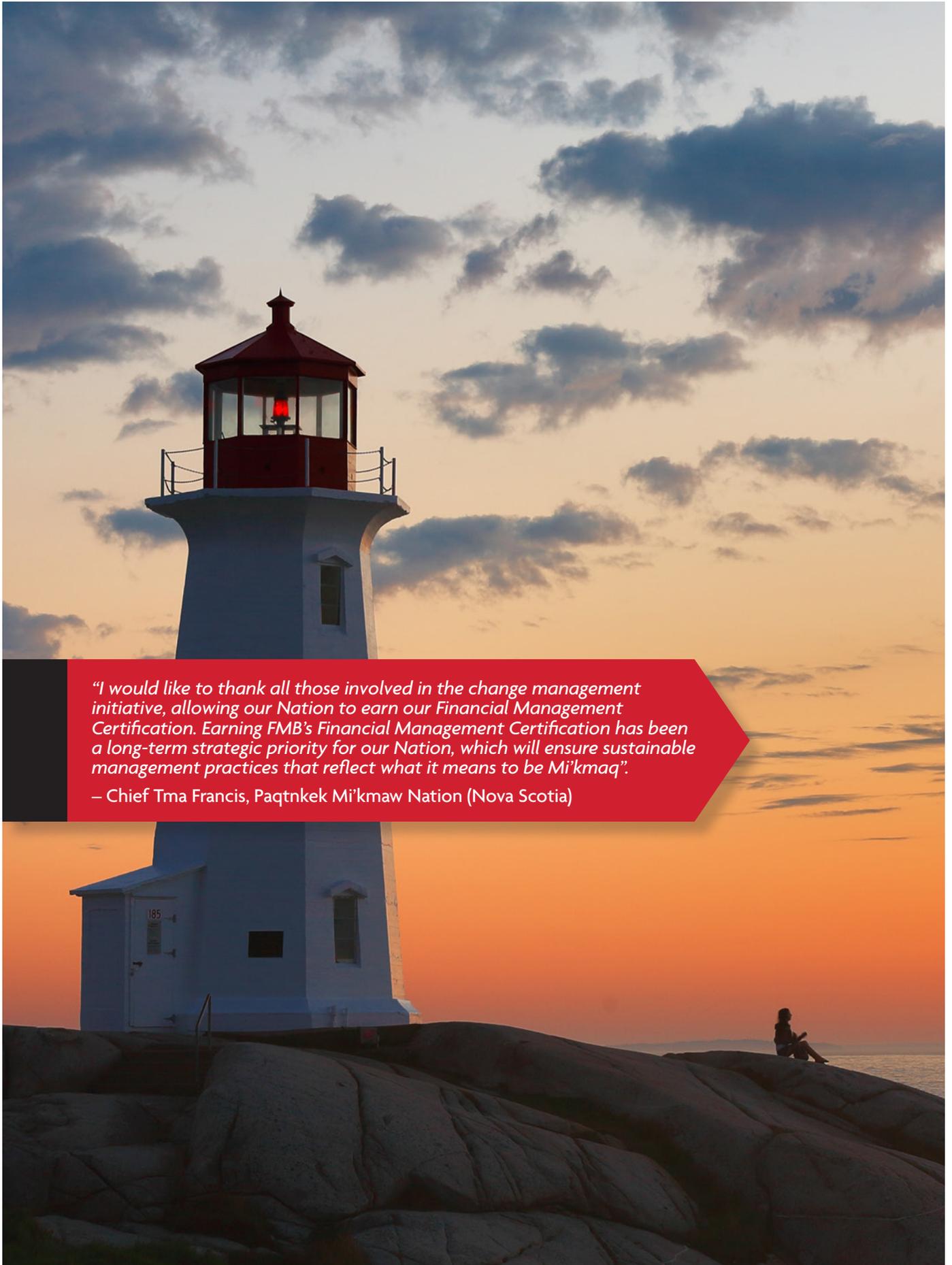
Mi'kmaq (Mi'kmaw, Micmac or L'nu, "the people" in Mi'kmaq) are Indigenous peoples who are among the original inhabitants of the Atlantic Provinces of Canada. Since pre-contact the Mi'kmaq have relied upon a variety of resources within their traditional territory, including ocean life.

In 2020, the Halifax-based Clearwater Seafoods announced a billion-dollar deal to sell the company to a partnership between Premium Brands of British Columbia and a coalition of seven Mi'kmaw First Nations that became 50% owners of the fishing company. This collective transaction by First Nations represents the single largest investment in the seafood industry by any Indigenous group in Canada and transforms their participation in the commercial fishing sector. The accomplishment shows how the FMA enables the aggregation of First Nations economic activity.

Membertou Chief Terry Paul said the Mi'kmaq will hold Clearwater's Canadian fishing licences within a fully Mi'kmaq-owned partnership. The FMB acknowledges Membertou and Miawpukek for creating this coalition with Paqtnekek Mi'kmaw Nation, Pictou Landing First Nation, Potlotek First Nation, Sipekne'katik, and We'koqma'q First Nation to participate in this historic investment.

The FMB was pleased to support these seven First Nations develop their own Financial Administration Laws – all of which meet FMB's Standards for internationally recognized finance and governance best practices. All seven First Nations also achieved Financial Performance Certification, which provided them an option to access pooled borrowing at affordable rates and terms. Membertou and Paqtnekek Mi'kmaw Nation have also achieved Financial Management System Certification. We continue to provide capacity development support to the other First Nations on their journey to FMS Certification.





*"I would like to thank all those involved in the change management initiative, allowing our Nation to earn our Financial Management Certification. Earning FMB's Financial Management Certification has been a long-term strategic priority for our Nation, which will ensure sustainable management practices that reflect what it means to be Mi'kmaq".*

*– Chief Tma Francis, Paqtnkek Mi'kmaw Nation (Nova Scotia)*

# Vision Quest Documentary

The Vision Quest documentary was created to share a story that many Canadians do not know. The film is a brief history of the Indigenous peoples of Canada told by our people, our perspectives. It also offers a pathway to hope and victory by leveraging modern legislation outside the *Indian Act*. The film highlights the success stories of many First Nations across the country. Specifically, the film showcases stories of First Nations that have used the *First Nations Fiscal Management Act* to access long term affordable capital to promote social and economic development.

The documentary was completed during the summer of 2020 and the first private screening took place virtually in October 2020. The FMA institutions, the Lands Advisory Board and government officials were invited to this inaugural screening. At the First Nations Leading the Way national conference, the documentary was also hosted on the FMB website. Vision Quest has been submitted to film festivals nationally and internationally for 2020 & 2021. The film is also expected to premiere on APTN during the Fall of 2021.

**Writer/Director:**

Tamara Bell

**Writer:**

Thomas Stravos

**Executive Producers:**

Harold Calla, Brian Titus and Shayla Point



# VISION QUEST



EXECUTIVE PRODUCER BRIAN TITUS SHAYLA POINT DIRECTOR/WRITER TAMARA BELL NARRATED BY CARLA ROBINSON 2ND UNIT DIRECTOR CORI THUNDERCHILD  
ASSOCIATE PRODUCER JAMUNA GALAY-TAMANG TROY WATTS NARRATED BY CARLA ROBINSON WRITTEN BY TAMARA BELL REENACTMENTS WRITTEN BY JUSTIN NEAL PRODUCTION MANAGER DAN JORGENSEN TROY WATTS AHMED SEEDAT  
POST-PRODUCTION SUPERVISOR DANNY MACDONALD EDITOR ANTHONY GRATL DANNY MACDONALD ANDREW DE VILLIERS COLORIST CHRIS OBEN SOUND EDITOR TORRY COURTE DANNY MACDONALD  
RE-RECORDING MIXER TORRY COURTE COMPOSER LEELAND ASKEW ANIMATION BEN HARTLEY-MARJORAM TORRANCE HURD WARDROBE DESIGNER DEE HUNT LEON GOULET LYNN KAY CORI THUNDERCHILD  
DENNIS MEYER MAKE-UP DESIREE GRAY KENZIE KERR



# First Nations Leading the Way Conference

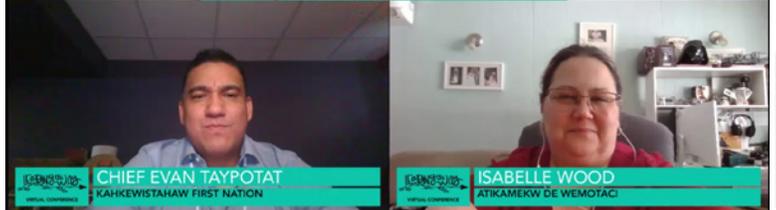
Over thirty year ago, First Nations communities began pursuing a different fiscal relationship with Canada. They came together to develop legislative frameworks for First Nations jurisdictions outside of the *Indian Act*. Now, with over 300 First Nations from all regions in Canada participating in the *First Nations Fiscal Management Act* or the *Framework Agreement on First Nation Land Management*, the vision is alive.

The third-annual First Nations Leading the Way Conference was held virtually on February 17-18, 2021. Hosted by the FMA fiscal institutions and the Lands Advisory Board, the meeting brought together more than 260 participants. The theme for Day 1 was “First Nations Success Stories” and the theme for Day 2 was “First Nations Economic Resilience in Action.” It was another opportunity to showcase how First Nations are at the forefront of expanding fiscal jurisdiction and striving to move beyond the *Indian Act* with First Nations-led initiatives. It showcased many success stories, including Chief Misel Joe (Miawpukek First Nation) who spoke about their path to becoming partners in the Clearwater Seafood transaction. 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. The FMB also used the opportunity for a special premiere screening of the Vision Quest documentary.

Inspired by the continued success of this annual event, the FMA Institutions and First Nations Lands Advisory Board look forward to hosting this event again next year and will continue to shine a light on the achievements of First Nations in Canada.





*“Buffalo Point is proud of the accomplishment of achieving certification by the FMB, knowing that our financial systems have been reviewed by an outside party and met all the standards and requirements. This accomplishment is like a partnership agreement with our community and FMB together, so that our grandchildren’s future monetary needs as leaders can be met. It is an investment and a resource knowing this capacity to borrow funds is afforded to them. It makes Council proud knowing future leadership can access funding at a moment’s notice for emergencies or economic development resources whenever required. It is like having a second and secured bank account when needed. It is especially wonderful that our Council is able to provide this legacy for our future community, where they can access better rates than what the commercial banks can offer, anytime they wish to borrow funds.”*

– Buffalo Point First Nation Council, Buffalo Point First Nation (Manitoba)



# 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 for 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 FAL development and implementation can do for them. The FMB's toolkits also help Council, 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 FMS Certifications. The FMB's full suite of tools and resources is available on our website at [fnfmb.com](http://fnfmb.com)

## WORKSHOP CURRICULUM

The Capacity Development team supports Council, managers and staff by offering training in the following topics:

- » Governing for Success
- » What is the FAL?
- » Managing Conflicts of Interest
- » Demystifying the Finance and Audit Committee
- » Developing Policies and Procedures
- » All About Finance
- » Audited Financial Statements: The Story They Tell
- » Strategic Planning
- » Planning and Budgeting
- » Managing Capital Assets
- » Introduction to Risk Management
- » Multi-Year Financial Planning
- » Financial Reporting
- » Change Management
- » Developing Policies
- » Human Resources and the FAL
- » Information Management
- » Introduction to Capital Markets

# Default Management Prevention Pilot Project

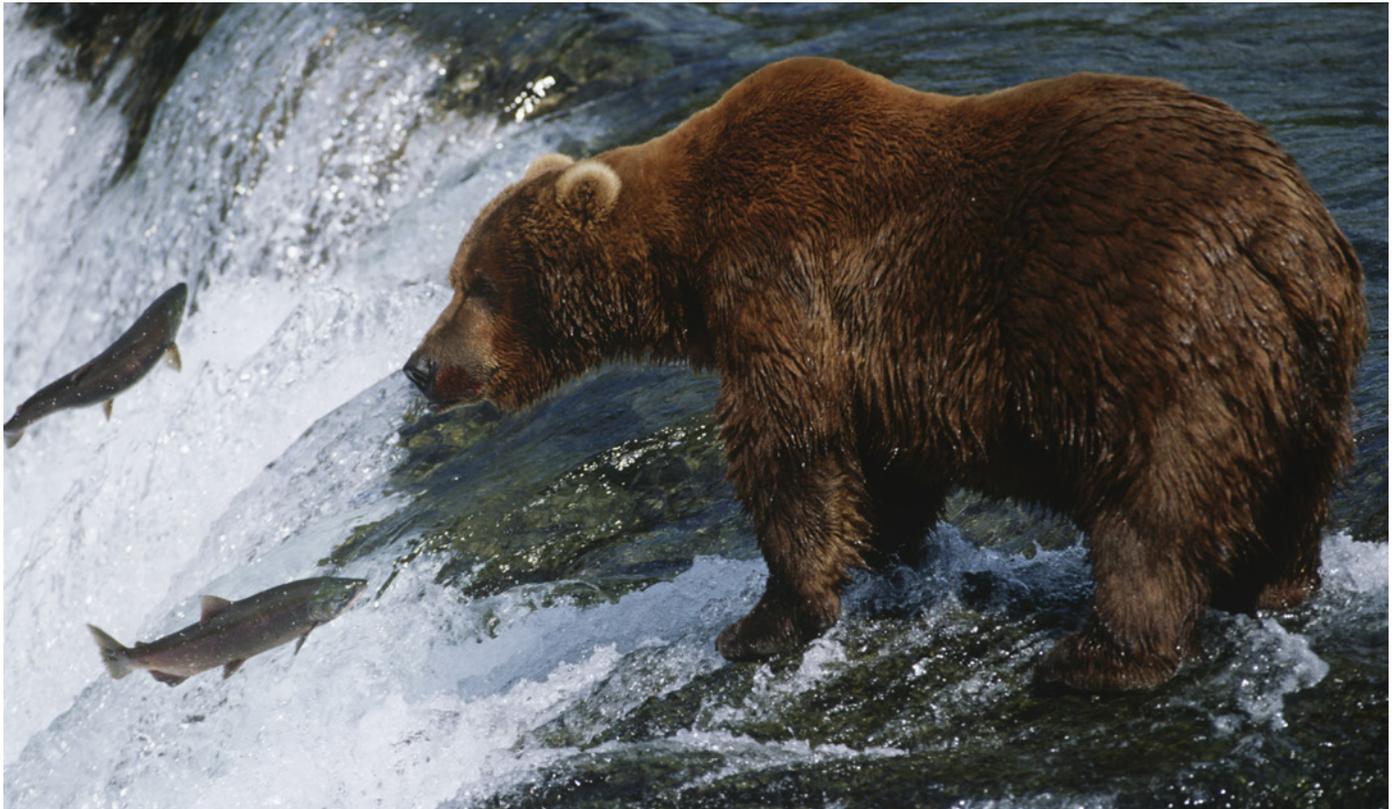
## BACKGROUND

In October 2016, five 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. 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 de-escalation 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.

In 2017, the Government of Canada committed to working with First Nations partners to fully replace the federal Default Prevention Management Program with a new proactive approach that supports capacity development.

## DEFAULT MANAGEMENT PILOT PROJECT

FMB is currently conducting a pilot project with twenty additional First Nations governments to support them in exiting third-party management. In 2020/2021, FMB provided guidance and support to participating First Nations governments with the goal of empowering them to get out and stay out of default management. FMB's approach focuses on sustainable capacity building and learning by doing. We provide capacity development to support these First Nation governments to build good administrative governance and finance practices, and to achieve FMS Certification. We are passionate about supporting these First Nations to build a strong foundation for community development and well-being.



# Revenue Research

To respond to the uncertainty that existed at the start of the year, the FMB conducted an extensive revenue source research project to quantify the impact that the COVID-19 pandemic was having on Indigenous economies. It was estimated that First Nations' business revenue decreased by \$142.3 million in the second quarter of the 2020 calendar year and a total decrease of \$1.9 billion was forecast for the 2020/2021 fiscal year. This timely research was used to inform the federal government's economic response to the pandemic. Following the release of the FMB's research report, the Fall Economic Statement 2020 announced that \$332.8 million has been committed in 2021/2022 to support First Nations, Inuit and Métis communities to offset declines in own-source revenues and to help ensure that Indigenous communities can continue to provide the same level of core community programs and services to their members. The FMB has since been asked by Indigenous Services Canada to provide support to First Nations who choose to apply for this emergency grant funding.

This revenue research has led to a better understanding of First Nation economies, particularly own-source revenues. Based on the analysis of nearly 500 sets of annual financial statements, it is estimated that during the financial year ending March 31, 2019:

- » First Nations in Canada recognized \$13.6 billion in total revenue;
- » First Nations generated \$4.4 billion of own source revenue; and
- » Gross revenue of \$2.9 billion was generated by Government Business Enterprises and Partnerships controlled by First Nations governments.

The data collected and presented in the FMB's report provides the best available estimate of the scope and breadth of First Nations economies in Canada. It is critical that this type of data is routinely collected, to better inform policy decisions that impact the lives of First Nations citizens. One way of achieving this might be to create a pathway that would allow annual financial data that is publicly available to be included in the Government Financial Statistics data series produced annual by Statistic Canada. This would potentially quantify and track the change over time in the First Nations government economy and become a trusted source of data for policy makers.



# 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.

## CURRENT STATE OF THE 10-YEAR GRANT PROGRAM

A total of 110 First Nations were participating in 10-Year grant agreements during the 2020/2021 fiscal year. A First Nation can express interest in a 10-Year Grant in order to receive an opinion on grant eligibility. There is no obligation for a First Nation to enter into a 10-Year Grant agreement if it is determined that they are eligible.

## 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





*“The dedication and perseverance of our staff and the support from FMB staff was essential in the success of Muskeg Lake Cree Nation in receiving our FMB certification. Leadership has created a solid foundation of accountability back to our members. To us it’s about moving our Nation forward and setting the stage for economic prosperity for our people and opening doors that were formerly closed.”*

– Chief Kelly Wolfe, Muskeg Lake Cree Nation (Saskatchewan)

# 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 November 2020, the FMB updated its strategic plan to take into account a number of trends that are relevant for First Nations including:

- » The need for practical solutions on the implementation of UNDRIP
- » The importance of Environmental, Social and Governance disclosure standards and the need for Indigenous perspectives to be included; and
- » Uncertainty within the private sector on how to respond to Call to Action #92 in the Truth and Reconciliation Commission's final report.

Our First Nations clients are telling us that they need more administrative governance tools to support taking on more fiscal powers and implementing rights and title in a modern way. They also recognize that colonialism has meant that First Nations are needing to leapfrog 300 years of lost capacity building in mere decades. They need more human resource capacity to engage with government, the capital markets and corporate Canada. First Nations are also looking for more cost-effective ways to raise capital to fund projects, infrastructure, ventures, working capital and joint ventures with industry.



## OUR STRATEGIC DIRECTION

The FMB believes that Canada's future direction is towards a devolution (if not dissolution) of Indigenous Services Canada and towards a strengthening of business and economic focused Indigenous institutions. These Indigenous organizations can become the go-to source for advice and solutions for First Nations, government, capital markets and corporate Canada.

Our updated strategic plan has identified four strategic priorities that will guide our work head:

1. Focus on the value of Financial Management System Certification to First Nations and the federal government; Advocate for smarter reporting;
2. Be the thought leader for Indigenous economic and financial development; Be the strategic nexus for UNDRIP advocacy and networking;
3. Prepare for monumental government and industry change driven by UNDRIP;
4. Develop an aligned, sustainable and values-driven human resources retention, recruitment and capacity development strategy.



# Legislative Amendments

Throughout 2020/2021, 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 certification and long-term pooled borrowing from the First Nations Finance Authority.

Together with the other FMA institutions, the FMB proposed some legislative amendments to expand the types of services that can be provided. These included proposals to expand the FMB's mandate under section 49 of the FMA to:

- » Include non-FMA scheduled First Nations, Modern-day Treaty and Self-governing First Nations, tribal councils, not-for-profit organizations and First Nation government business enterprises;
- » To research and test innovative proposals and to assist First Nations develop proposals that help implement calls to action contained in the Truth and Reconciliation Commission's final report;
- » Take on a data collection role; and
- » Assist clients to implement laws and by-laws respecting financial administration and, on request, to monitor and report on implementation.

Other legislative amendments being proposed include the creation of a new Financial Management System Support Services business line and a move away from contribution funding to statutory funding. It is expected that these legislative amendments will be considered in the Fall of 2021.



# 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 Sec. 141.1 adaptation Regulations and Develop Standards and Guidelines for Not-for-Profit First Nations Organizations (Tribal Councils and First Nations Organizations)
- » Continue working on Sec. 141 adaptation Regulations for Modern-day Treaty and Self-governing First Nations
- » Respond to requests for COVID-19 related financial assistance by First Nations applying for Own Source Revenue in Indigenous Communities grants
- » Build awareness and momentum for economic reconciliation within the private and public sector

## FMS Support Services

- » Demonstrate the value of Support Services 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.
- » Launch a Pilot Project

## 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



*“Long Plain First Nation has achieved FMS Certification in partnership with FMB. We believe in good government, accountability and transparency as it is integral in achieving a strong financial foundation.”*

– Chief Dennis Meeches, Long Plain First Nation (Manitoba)

# 2020/2021 Financial Picture

The World Health Organization declared COVID-19 a pandemic in March 2020. Since then, most of the world has been in a pandemic restriction in order to slow down the virus from spreading. While the restriction affected organizations around the world, it did not prevent us from continuing to provide services to our clients and stakeholders. The difficulty we had to face did not keep us apart but instead brought us closer together.

The financial statements for the financial year ending March 31, 2021 show the FMB adapted during the year in light of these challenging conditions. The FMB has seen an overall decrease of \$1.8 million in expenses, mostly due to the pandemic restriction. The main decrease was in travel (\$1.3 million), policy development (\$0.2 million) and direct cost of client service (\$0.3 million).

Cash and deferred revenue both increased during the year due to the reduced expenditures caused by the ongoing travel and health restrictions.

Despite the pandemic and travel restriction, the FMB was able to meet our operational goals that we set out for the year. This required resiliency and new ways of working together and with our clients. We are proud of being able to maintain a regular staffing level during this difficult time while working remotely from home.



# Financial Statements

## First Nations Financial Management Board

AND INDEPENDENT AUDITORS' REPORT THEREON  
YEAR ENDED MARCH 31, 2021





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777 Dunsmuir Street  
Vancouver, BC V7Y 1K3 Canada  
Telephone (604) 691-3000  
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# 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, 2021
- 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, 2021, 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 2020/2021 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 2020/2021 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 16, 2021

**FIRST NATIONS FINANCIAL MANAGEMENT BOARD**

# Statement of Financial Position

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 11,153,521	\$ 4,376,492
Restricted cash (note 2)	500,000	500,000
Accounts receivable	88,901	127,578
Prepaid expenses	72,787	76,737
	11,815,209	5,080,807
Security deposits	488,578	488,578
Capital assets (note 3)	953,244	1,100,773
	\$ 13,257,031	\$ 6,670,158
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 937,628	\$ 1,084,130
Deferred revenue (note 5)	10,582,553	3,697,113
Intervention reserve fund (note 2)	500,000	500,000
Current portion of capital lease obligation (note 6)	27,714	25,910
	12,047,895	5,311,689
Capital lease obligation (note 5)	89,455	117,169
	12,137,350	5,428,858
Net assets:		
Invested in capital assets (note 7)	836,075	957,694
Unrestricted	283,606	283,606
	1,119,681	1,241,300
Commitments and contingent liabilities (note 8)		
Economic dependence (note 9)		
	\$ 13,257,031	\$ 6,670,158

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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Federal government funding	\$ 10,628,523	\$ 12,868,297
Governance accreditation	-	236,024
Other income	74,400	115,756
Interest income	1,295	3,628
	10,704,218	13,223,705
Expenses:		
Salaries and benefits	7,030,400	6,827,291
Corporate services	2,290,717	2,168,672
Policy development	816,973	1,055,802
Travel	3,350	1,054,986
Director fees and expenses	324,827	653,718
Direct cost of client service (note 10)	152,842	488,470
Governance accreditation	-	236,024
Amortization	206,728	159,434
	10,825,837	12,644,397
Excess (deficiency) of revenue over expenses	\$ (121,619)	\$ 579,308

See accompanying notes to financial statements.

## FIRST NATIONS FINANCIAL MANAGEMENT BOARD

# Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets (Note 6)	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 957,694	\$ 283,606	\$ 1,241,300	\$ 661,992
Excess (deficiency) of revenue over expenses	(206,728)	85,109	(121,619)	579,308
Net change in investment in capital assets (note 7)	85,109	(85,109)	-	-
Balance, end of year	\$ 836,075	\$ 283,606	\$ 1,119,681	\$ 1,241,300

See accompanying notes to financial statements.

## FIRST NATIONS FINANCIAL MANAGEMENT BOARD

# Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ (121,619)	\$ 579,308
Items not involving cash:		
Amortization of capital assets	206,728	159,434
Gain on disposal of capital assets	-	(5,756)
Changes in non-cash operating working capital:		
Accounts receivable	38,677	205,544
Prepaid expenses	3,950	17,809
Security deposit	-	(406,520)
Accounts payable and accrued liabilities	(151,038)	(310,218)
Deferred revenues	6,885,440	598,929
Intervention reserve fund	-	100,000
	<b>6,862,138</b>	<b>940,707</b>
Investing:		
Purchase of capital assets	(59,199)	(709,337)
Proceeds from disposition of capital assets	-	4,500
	<b>(59,199)</b>	<b>(704,837)</b>
Financing:		
Capital lease principal payments	(25,910)	(22,337)
Increase in cash	6,777,029	213,533
Cash, beginning of year	4,876,492	4,662,959
	<b>\$ 11,653,521</b>	<b>\$ 4,876,492</b>
Cash consists of:		
Cash	\$ 11,153,521	\$ 4,376,492
Restricted cash	500,000	500,000
	<b>\$ 11,653,521</b>	<b>\$ 4,876,492</b>
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, 2021

### Nature of operations:

The First Nations Financial Management Board (“the FMB”) operates as a shared governance institution without share capital that was established through the *First Nations Fiscal Management Act* (the “Act”) in 2005, which came into force on April 1, 2006. Under the Act, the FMB provides tools to First Nations for modern fiscal management, improving investment climate and promoting economic growth. The FMB is a not-for-profit organization under the *Income Tax Act* and accordingly, it is exempt from the requirements to pay income taxes.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and continues to have an impact. This has resulted in Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The economic situation is dynamic and the ultimate duration and magnitude of the impact on the economy and to the FMB is not fully known at this time. Management will continue to monitor any ongoing financial impact to the FMB and adjust its operations as required to ensure its ability to fulfill its obligations and continue its operations.

### 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:

The FMB 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)

Where practical, capital assets are componentized when estimates can be made of the useful lives of the separate components.

Capital assets are assessed annually for impairment for indicators that the asset no longer contributes to the FMB'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 the FMB, the lease is classified as capital.

# **Notes to Financial Statements (cont.)**

Year ended March 31, 2021

## **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. The FMB 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, the FMB 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 the FMB 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) Measurement uncertainty:

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.

## **2. Restricted cash and intervention reserve fund:**

The intervention reserve fund is to be used towards eligible costs in the event that the FMB is required to intervene in the management of a First Nation's local revenues or other revenues under its authority contained in the Act. The fund is not to exceed \$500,000. During the year, no expenditures were incurred from this fund (2020 - nil) and the balance in the fund as at March 31, 2021 is \$500,000 (2020 - \$500,000). The cash related to this fund has been segregated as restricted cash.

## FIRST NATIONS FINANCIAL MANAGEMENT BOARD

# Notes to Financial Statements (cont.)

Year ended March 31, 2021

### 3. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 743,361	\$ 498,241	\$ 245,120	\$ 272,535
Leasehold improvements	720,303	375,155	345,148	417,743
Office furniture and fixtures	480,548	233,505	247,043	265,578
Office equipment under capital lease	159,408	43,475	115,933	144,917
	\$ 2,103,620	\$ 1,150,376	\$ 953,244	\$ 1,100,773

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$4,246 (2020 - \$4,536) relating to federal taxes and payroll taxes.

### 5. Deferred revenue:

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

	Balance, beginning of year	Funding received	Amounts recognized as revenue in the year	Balance, end of year
Crown-Indigenous Relations and Northern Affairs Canada core funding: A-based (amendment #15)	\$ 1,961,183	\$ 11,898,746	\$ (10,345,105)	\$ 3,514,824
Indigenous Services Canada ("ISC") housing infrastructure (amendment #16)	-	210,000	(210,000)	-
ISC 10-Year Grant (amendment #17)	-	2,414,438	-	2,414,438
ISC default prevention pilot (amendment #8, 18)	1,735,930	1,082,059	(73,418)	2,744,571
ISC shared services (amendment #8)	-	1,801,270	-	1,801,270
First Nations Tax Commission - national joint conference	-	67,450	-	67,450
First Nations Major Projects - finance and administration	-	64,400	(64,400)	-
Aboriginal Peoples Television Network - documentary license fee	-	50,000	(10,000)	40,000
	\$ 3,697,113	\$ 17,588,363	\$ (10,702,923)	\$ 10,582,553

# Notes to Financial Statements (cont.)

Year ended March 31, 2021

## 6. Capital lease obligation:

The FMB has 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:

2022	\$ 34,776
2023	34,776
2024	34,776
2025	28,980
	133,308
Less amount representing interest at 6.75% per annum	16,139
	117,169
Less current portion	27,714
	\$ 89,455

## 7. Net assets invested in capital assets:

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

	2021	2020
Capital assets	\$ 953,244	\$ 1,100,773
Capital lease obligation	(117,169)	(143,079)
	\$ 836,075	\$ 957,694

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

	2021	2020
Net change in investment in capital assets:		
Purchase of capital assets	\$ 59,199	\$ 868,745
Repayment of capital lease obligation	25,910	22,337
Purchases funded by capital lease obligation	-	(159,408)
Proceeds from sale of capital assets	-	(4,500)
	\$ 85,109	\$ 727,174

(c) Deficiency of revenue over expenses:

	2021	2020
Amortization on capital assets	\$ (206,728)	\$ (159,434)
Gain on disposal of equipment	-	5,756
	\$ (206,728)	\$ (153,678)

## FIRST NATIONS FINANCIAL MANAGEMENT BOARD

# Notes to Financial Statements (cont.)

Year ended March 31, 2021

### 8. Commitments and contingent liabilities:

#### (a) Operating leases:

The FMB leases its office premises under operating lease agreements expiring between 2022 and 2030. The FMB is obligated to make the following payments which include a proportionate share of operating costs and property taxes. The FMB is also committed under operating leases for equipment expiring between fiscal 2024 and 2025.

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

2022	\$ 1,203,070
2023	1,240,001
2024	1,175,893
2025	1,094,900
2026	1,032,590
Thereafter	3,523,018
	<b>\$ 9,269,472</b>

#### (b) Contingent liabilities:

The FMB 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.

### 9. Economic dependence:

The FMB's ongoing operations are dependent on continued funding from the federal government to carry out its programs. The FMB has a multi-year funding agreement with the federal government in effect until March 2022 which is expected to be renewed in the coming year to provide certainty about the availability of future funding.

### 10. 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.

### 11. Financial risks and concentration of risk:

The FMB 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 the FMB will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The FMB manages its liquidity risk by monitoring its operating requirements.

There has been no change to risk exposure from the prior year.



*The biggest benefit to the Behdzi Ahda” First Nation of being certified is having a financial standing that compels us to maintain a financial standard which is above average. For a small community in an isolated part of the country, this is something to be proud of. It’s a good sense of accomplishment and allows us to capitalize on the future.*

– Chief and Council, Behdzi Ahda” First Nation (Northwest Territories)

# Cover Artist: Jordan Gallie



*Jordan Gallie  
2021*

Jordan Gallie, a Tseil-Waututh Nation artist, sees art as a platform for understanding. In 2016, Jordan was one of three artists who won a city-led competition to create art that encompassed their view of reconciliation and Vancouver. His piece, a glass design on cedar featuring a wolf's head, cedar rope and an eagle, can be seen in Vancouver City Hall. In addition to glass pieces, Jordan also creates custom silver and gold jewelry inspired by Coast Salish designs, and graphic images for prints and clothing.



## First Nations Financial Management Board

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**FINANCIAL  
MANAGEMENT  
BOARD**

**CONSEIL  
DE GESTION  
FINANCIÈRE** des  
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