



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

2021 – 2022 ANNUAL REPORT



STAYING CONNECTED AND LOOKING FORWARD

Cover Art: "Nawendwin - Relatives"

Nawendwin celebrates the importance of staying connected with family & relatives. They are our roots; they are there for us when we fall. They build us up and keep us motivated. They are our support system, our home, our first community. Whether blood related or chosen, family is our greatest joy.

Artist: Joshua Mangeshig Pawis-Steckley

Joshua Mangeshig Pawis-Steckley is an Ojibwe woodland artist from Barrie, Ontario. He is a member of Wasauksing First Nation and is currently living in the unceded territories of the Musqueam, Squamish and Tsleil-Waututh peoples. He was previously an Artist-in-Residence at Skwachays Lodge from September 2017 to September 2020. His work aims to promote and reclaim traditional Ojibwe stories and teachings and rejuvenate our culture.

He is an experienced screen-printer, graphic designer, and painter, and has graduated from the Graphic Design program at the Nova Scotia Community College. He has had several solo exhibitions with his latest being "Oshkimaadiziig" which was held at The Art Gallery of Sudbury from September 2019 to November 2019. He did a Google Doodle which was displayed on the Google search page on July 15, 2019, and was the selected artist for the 2019-2020 Vancouver Public Library banner project which showcased 6 large banners in the downtown Vancouver Library.

Joshua has more recently moved into illustrating children's books. He has worked with Groundwood books, Harper-Collins, Annick Press, Owl Kids, and Storey Publishing. Joshua is currently working on illustrating two new children's books while operating a screen-print shop and building an Anishinaabemowin language app.



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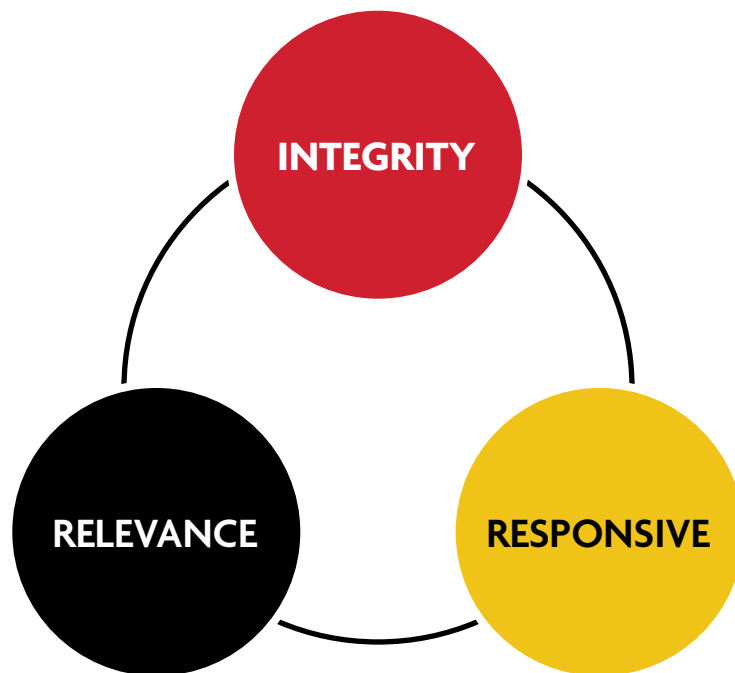
MISSION, VALUES AND MANDATE

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

The FMB is a First Nations-led organization. We believe that the following core values should guide the way 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.

Our 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 Nations financial management.
- Provide assessment and certification services respecting First Nations financial management and financial performance.
- Provide financial monitoring services respecting First Nations 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.



MESSAGE FROM THE EXECUTIVE CHAIR

On behalf of the Board of Directors, I am pleased to present the 2021-2022 Annual Report of the FMB.

2021-2022 was a year of challenges and successes for the FMB and our clients. Our success was achieved as a result of our resilience, strong relationships and adaptability.

Even while coping with a global pandemic, interest in the FMB only continues to grow. The FMB reached a milestone of 321 First Nations choosing to be scheduled to the FMA. Financial Administration Laws have been enacted by 241 First Nations. In addition, 195 First Nations now have Financial Performance Certificates and 51 First Nations have achieved Financial Management System Certification.

These results and progresses bring to life the theme of this year's Annual Report "Staying Connected and Looking Forward", and I am very proud to be able to share these as they display the strong forward motion the FMB is creating across the country. The FMB team is growing and while we adjust from working remotely to more in person engagements as health restrictions change, we look forward to strengthening our connections and serving First Nations even more in the coming year.

The FMB has been hard at work throughout the year advocating for a new fiscal relationship with Canada. We are calling for legislation that expands First Nations' jurisdictions and institutional support. A prerequisite for success and growth requires First Nations to be empowered to exercise their right to self-governance and have the capacity to govern themselves. We look forward to continuing on this path to help close the social and economic gaps for First Nations.

As the FMB does its part to help breathe life into UNDRIP, we recognize that Indigenous participation in Environmental, Social and Governance ("ESG") standard setting is a priority that will guide investments and build processes to ensure Free, Prior and Informed Consent accompanies investment opportunities for First Nations. With this in mind, we have been working with the new branch of the International Sustainability Standards Board ("ISSB") in Montreal, sharing the message of how Indigenous disclosure and reporting can reduce risk and create opportunities that generate enterprise value, and build on sustainability goals.



HAROLD G. CALLA

FCPA, FCGA, CAFM

*Squamish Nation
(British Columbia)*

// Even while coping with a global pandemic, interest in the FMB only continues to grow.

In order to meet changing needs and build greater connection, the FMB is focused on expanding the FMA mandates so that a wider range of services can be offered to organizations including modern treaty First Nations, Tribal Councils, and Not-for-Profit Organizations. We are also asking that the FMA be amended to include the First Nations Infrastructure Institute (“FNII”) to support more sustainable Indigenous infrastructure systems that will meet the needs of Indigenous communities with timely and cost-effective methods and engage the private sector to help eliminate the gap that currently exists between Indigenous and non-Indigenous infrastructure accessibility.

As First Nations across the country recover from the pandemic and cope with the impacts of climate change, the FMB is not just responding to client needs, but driving for innovative and systemic changes in how we approach the future. We are looking forward to providing more services and building even stronger relationships with our clients, so that they can advance their own economic and governance mandates.

Wa Chexw Yuu.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Despite challenges brought on by the pandemic in the past year, the First Nations Financial Management Board has increased the number of First Nations that we work with and expanded our services.

Our top priority remains supporting Nations in building sound financial and administrative governance practices – practices which Nations can use as a foundation for both self-determination and economic development.

Canada and British Columbia recently passed legislation related to the United Nations Declaration on the Rights of Indigenous Peoples. We have also seen increasing recognition of UNDRIP principles in other provinces and by business. Because of these ground-breaking steps, Nations are looking for capacity to embrace economic development and developing free, prior, and informed consent. FMB's capacity development and financial management laws and certifications can help get Nations ready.

While FMB's financial and governance certifications are at the heart of our organization, we are developing exciting new services that are supporting systemic change.

Our Default Management Prevention Pilot Project has continued to grow and offers supports to First Nations in or near third-party management. We are supporting Nations as they build strong governance and finance practices to get out, and stay out, of default management. This program is integral in assisting these Nations with the capacity development needed for their finance processes and management.

The FMB is also responding to infrastructure needs when First Nations ask for our support. That is why we are working to become the economic regulator of the new Atlantic First Nations Water Authority (AFNWA). The AFNWA has a mandate to provide safe, clean drinking water and wastewater management in 17 participating First Nations communities in Atlantic Canada. We are proud to support them and hope this can become a model for devolving water and other service delivery from the Department of Indigenous Services Canada to First Nations.

We just launched a pilot project for the Financial Management Support Services program, which will provide 10 rural and remote First Nations with financial management services currently not available in their communities. We believe that all Nations, big and small, urban and remote, should have the capacity to participate in economic reconciliation.



GEORDIE HUNGERFORD

CFA, CAIA, MBA, LLB

Gwich'in
(Northwest Territories
and Yukon)

The FMB is advancing the RoadMap project, consisting of six frameworks for how to breathe life into UNDRIP and create economic reconciliation. The Introductory Chapter to RoadMap explains the frameworks at a high level and was released in February. Throughout 2022, we will release chapters on each of the six frameworks:

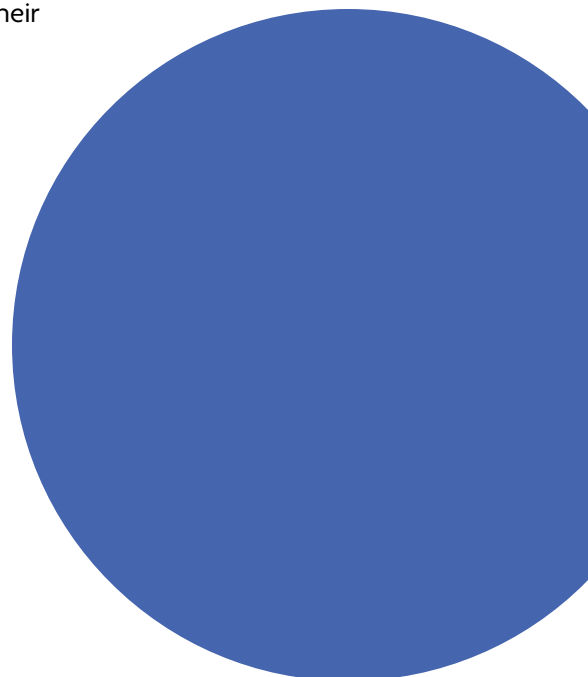
- Introduction: Creating Paths for Indigenous Prosperity
- Closing the Economic Data and Statistics Gap
- Infrastructure
- Economic Development
- Jurisdiction and Expanded Fiscal Powers
- Strength Through Working Together
- Governance
- Conclusion

This RoadMap pathway is fully optional and will support self-sufficiency and economic growth within the framework of the *First Nations Financial Management Act*.

We also provide guidance to First Nations who express interest in the 10-Year-Grant Initiative, and support communities to meet the grant's eligibility requirements. Many are interested in the Grant's reliable funding and greater flexibility to spend according to the needs of the Nation. Over 100 communities are part of this initiative and we continue to support them with ongoing eligibility.

I am very proud to see the FMB team connecting and delivering services to First Nations across Canada. It is through the growth of FMB, now at more than 75 staff members strong, that our connections with First Nations are able to flourish. I'm extremely proud of every single one of our team members working hard to support Nations and advance systemic change. We will build on these successes in the coming year. The FMB will continue to work with our First Nations clients to provide the tools and expertise for sound financial management, which will ultimately build their capacity for self-determination and economic growth.

Haii' cho!



While FMB's financial and governance certifications are at the heart of our organization, we are developing exciting new services that are supporting systemic change.

FMA AND FMB PROFILE

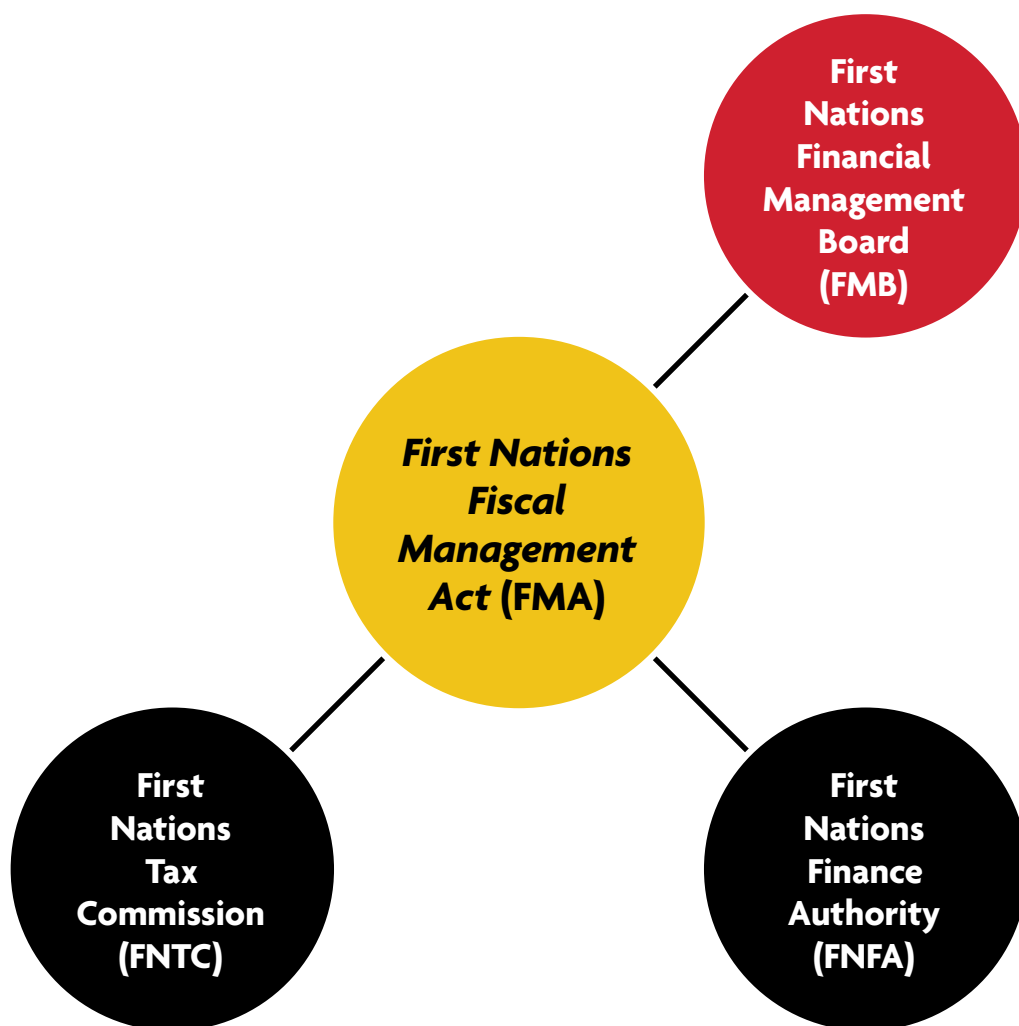
About the *First Nations Fiscal Management Act*

The FMA 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 with all-party support and now has 321 First Nations participating, making it the most successful legislation of its kind.

The FMB is working with the Government of Canada on a number of important legislative amendments and new regulations that will expand the FMB's mandate and types of entities that it can serve.

Figure 1 - FMA Institutions



About the FMB

Under Parts 3 and 6 of the FMA legislation, the FMB operates as a national, not-for-profit, shared governance institution. The FMA also sets out the purposes, functions, and powers of the FMB and establishes an at-arms-length relationship between the FMB and the federal government. Accordingly, the FMB is not an agent of the Crown and has the capacity, rights, powers, and privileges of a natural person.

The FMB provides its financial management, capacity-building and assurance services at no charge to all interested First Nations. Working with the FMB is optional.

The FMB's services are funded by the Government of Canada through an annual funding arrangement for core operations, in addition to funding received for proposal-based initiatives.

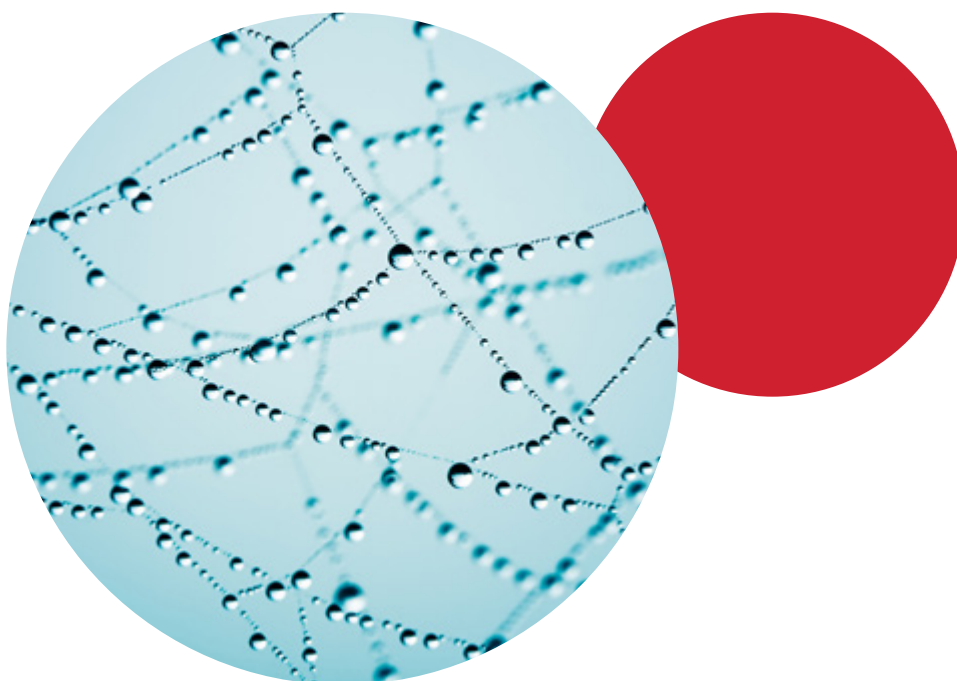
The FMB is headquartered in West Vancouver (BC) and has offices in Winnipeg (MB), Ottawa (ON), and Montreal (QC).

Why was the FMA Developed?

One of the primary objectives of the 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 by using their own revenue in the FMA borrowing program.

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

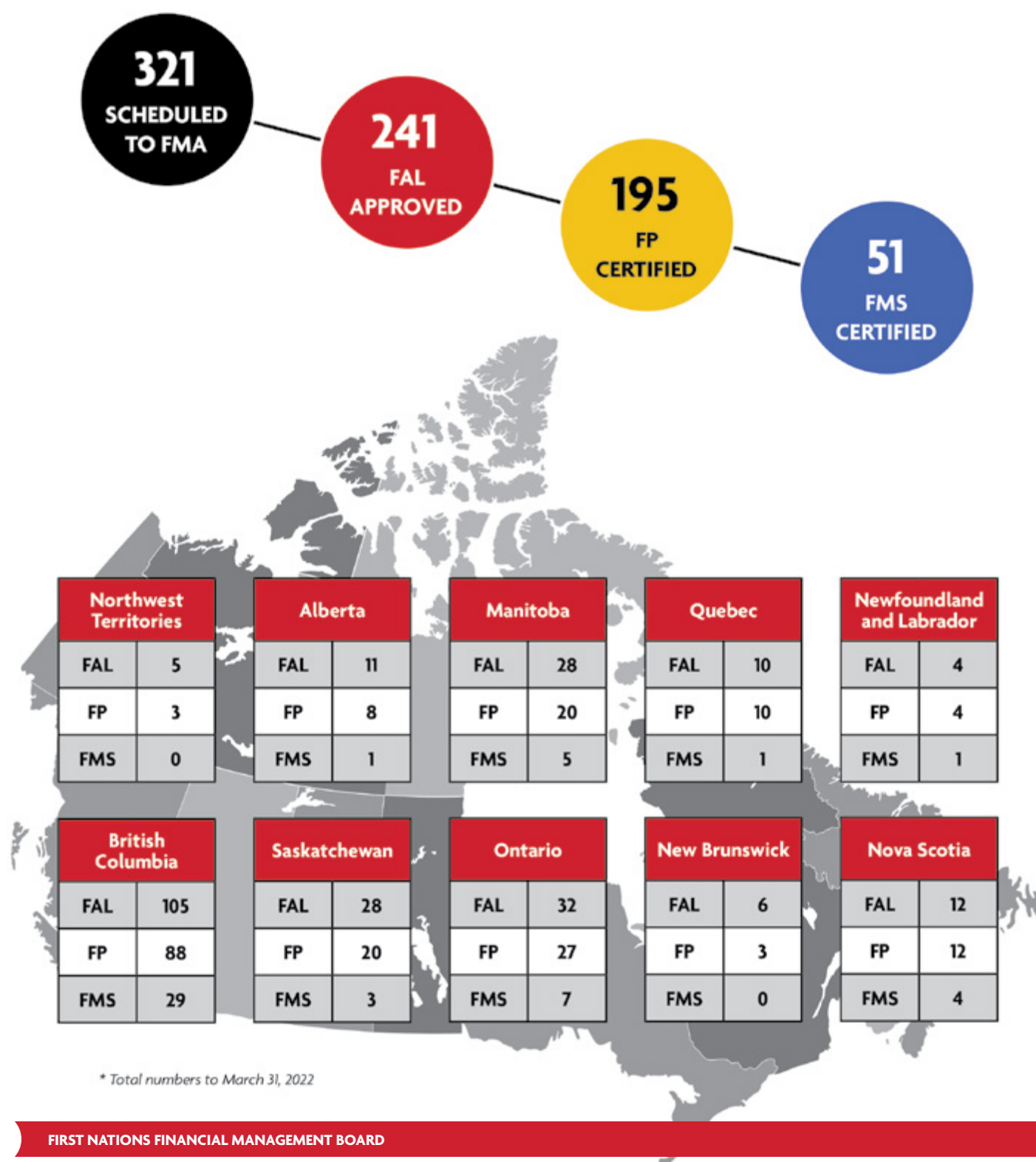
- Assisting First Nations in capacity development and standards and certification through the FMB.
- Providing First Nations with access to borrowing through the FNFA.
- Enabling First Nations to collect property taxation through the FNTC.



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 strong financial management, First Nations are leading the way.

Figure 2 - FMB Client Map



SAGAMOK ANISHNAWBEK

FMS Certified: April 29, 2021



This certification, coupled with our community government's accreditation of ISO Quality Management System, will provide the accountability framework as we move towards autonomy with our financial resources as well as own source revenue.

We are in a stronger position to meet the needs of our members and do so in a responsible and astute manner.

We are engaged in a number of initiatives with the economic base in our traditional territory and look forward to being increasingly involved in the decisions that affect Sagamok Anishnawbek. We are not just stakeholders in our territory, having a strong position allows us to promote opportunity in a manner consistent with Anishnawbe Adziwin, who we are as people, in a culturally and responsible way.

– Chief Alan Ozawanimke



SAGAMOK
ANISHNAWBEK



CORPORATE GOVERNANCE

Board of Directors

The Board of Directors is comprised of 9 to 13 Board members from across Canada, appointed by the Governor in Council and Aboriginal Financial Officers Association (“AFOA”) Canada. The Governor in Council (“GIC”) has the authority to appoint nine members and AFOA Canada has the authority to appoint three members. At the time of writing 10 of the 13 positions have been filled, with three vacant positions to be filled through the GIC appointment process.

HAROLD CALLA

FCPA, FCGA, CAFM

Executive Chair

Squamish Nation, BC

- Governance & Human Resources Committee
- Standards, Approvals & Certifications Committee
- Special Initiatives Committee (Vice-Chair)
- Executive Committee (Vice-Chair)
- GIC Appointment
- Term expiry date: November 30, 2024



DILLON JOHNSON

B.Com, MBA, CAFM

Vice Chair

Tla'amin Nation, BC

- Audit & Risk Management Committee
- Governance & Human Resources Committee
- Special Initiatives Committee (Chair)
- Executive Committee
- GIC Appointment
- Term expiry date: October 16, 2026



DEANNA MUISE*FCPA, FCA, TEP*

Métis, AB

- Governance & Human Resources Committee (Chair)
- Standards, Approvals & Certifications Committee
- Special Initiatives Committee
- Executive Committee (Chair)
- GIC Appointment
- Term expiry date: June 24, 2024

**AMY COMEGAN***FCPA, FCGA, CAFM*

Anishinaabeg of Naongashiing First Nation, ON

- Audit & Risk Management Committee (Chair)
- Capacity Development Committee
- Governance & Human Resources Committee (Vice-Chair)
- Marketing Committee
- AFOA Appointment
- Term expiry date: June 30, 2022

**CAROLINE DAVIS***FCPA, FCA*

- Audit & Risk Management Committee (Chair)
- Standards, Approvals & Certifications Committee
- Special Initiatives Committee
- Executive Committee
- GIC Appointment
- Term expiry date: March 24, 2023

**NORMAN GRDINA***CFE, CAFM, FCPA, FCGA*

- Audit & Risk Management Committee
- Capacity Development Committee
- Standards, Approvals & Certifications Committee (Chair)
- Executive Committee
- GIC Appointment
- Term expiry date: January 1, 2023



MICHAEL MCINTYRE

CPA, CA, CAFM

Membertou First Nation, NS

- Audit & Risk Management Committee (Vice-Chair)
- Marketing Committee (Chair)
- Executive Committee
- AFOA Appointment
- Term expiry date: June 30, 2022



LEONARD ODJICK

Kitigan Zibi Anishinabeg, QC

- Capacity Development Committee (Vice-Chair)
- Marketing Committee
- Standards, Approvals & Certifications Committee
- GIC Appointment
- Term expiry date: October 16, 2022



LINDA SIMON

BA, MES, MBA, CAPA

- Capacity Development Committee (Chair)
- Governance & Human Resources Committee
- Marketing Committee (Vice-Chair)
- Executive Committee
- GIC Appointment
- Term expiry date: June 30, 2023



LOUIS LEDOUX

BEd

Mistawasis Nêhiyawak, SK

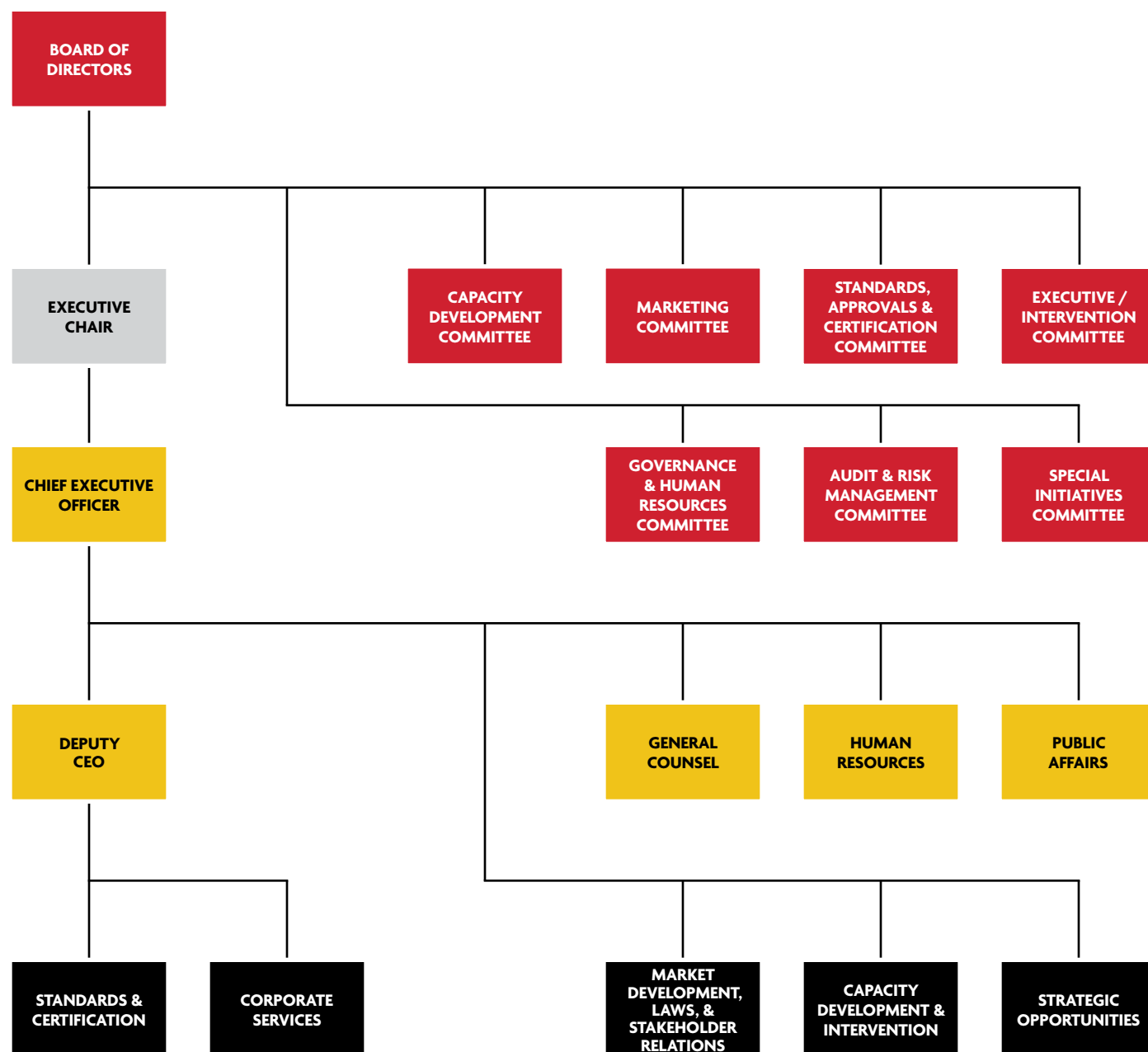
- Capacity Development Committee
- Marketing Committee
- Standards, Approvals & Certifications Committee
- AFOA Appointment
- Term expiry date: February 24, 2025



Board Committees and Leadership Team

The Executive Chair and the Board provide direction to the Chief Executive Officer, who works closely with the newly created position of Deputy Chief Executive Officer. The FMB's five business lines and departments are presented in Figure 3 as part of the FMB's organizational chart.

Figure 3 - Organizational Chart



Business Lines, Departments and Services

Market Development, Laws, and Stakeholder Relations

- Develop new markets for FMB services and increase the FMB client base.
- Perform outreach and develop and maintain relationships with clients and stakeholders.
- Support First Nations to develop a Financial Administration Law ("FAL") or Financial Administration By-Law ("FAB").
- Provide FAL compliance approval legal opinions and recommendations to the Board.
- Provide FAB compliance opinions for recommendation for Ministerial approval.
- Support First Nations on their journey to FP Certification and FMS Certification.
- Support First Nations seeking 10-Year Grant eligibility.

Capacity Development and 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 assist First Nations in getting out and staying out of default management.
- Develop procedures for intervention under the FMA.

Standards and Certification

- Develop and maintain standards for First Nations governments and Not-for-Profit Organizations.
- Develop and maintain procedures for the certification of First Nations in accordance with FMB Standards.
- Provide certification reports and recommendations to the Board of Directors.
- Support First Nations seeking 10-Year Grant eligibility.

Strategic Opportunities

- Advance nation-to-nation relationships based on effective and meaningful Crown-Indigenous principles.
- Stimulate creative interactions between governance, community capability, and fiscal and government autonomy.
- Support the creation and growth of pilot projects to accelerate the devolution of federal government services and the start-up of new First Nations service organizations in collaboration with Indigenous Services Canada ("ISC"), Crown-Indigenous Relations and Northern Affairs Canada ("CIRNAC"), and other federal government departments.

Internal Departments and Services

Public Affairs

- Manage internal and external communications.
- Develop and maintain the FMB's web and print materials.
- Intergovernmental affairs.

General Counsel

- Legislative amendments and regulation development.
- Monitor the FMB's compliance with all relevant legislation and regulations.
- Provide legal advice and policy research and development.

Corporate Services

- Provide records and information management services.
- Provide financial planning and reporting services.
- Provide strategic and corporate planning services.
- Provide administrative support to all business functions, including office and facilities management.
- Develop and maintain organizational policies and procedures.
- Support IT security, IT project management, and network administration.
- Provide IT help desk and digital media services.
- Provide payroll, employee benefits, and compensation management services.

Human Resources

- Provide employment-related functions, including recruitment and performance management.
- Develop and provide employee training and onboarding.
- Develop and maintain human resource related policies and procedures.
- Develop employee well-being initiatives.

BUSINESS LINE REPORTS

Market Development, Laws, and Stakeholder Relations

The Market Development, Laws, and Stakeholder Relations (“MLS”) business line is responsible for the initial interaction between the FMB and First Nations governments and for introducing the FMB to the public. Working across Canada, we support First Nations on their journeys toward enhanced financial management systems.

Market Development: In 2021-2022 our Relationship Managers provided outreach activities to promote the FMA and grow our client base. We showcased FMB services, including the Financial Administration Law (“FAL”), the Financial Administration By-law (“FAB”), Financial Performance Certification, and Financial Management System Certification.

Laws: In 2021-2022 our legal team provided operational support and shared tools and resources with clients in their FAL or FAB development. We offered funding to clients to offset independent legal advice. We also provided advice to our Board of Directors on compliance approvals of FALs and advice to the Minister of ISC on compliance opinions of FABs. We also provided compliance opinions on eligibility for the 10-Year Grant program.

Stakeholder Relations: Our team builds and maintains relationships with internal and external stakeholders. In 2021-2022 we kept our stakeholders engaged and often sought feedback on improving our services. The team participated in 14 First Nation events across Canada. In addition, MLS hosted national webinars on “10-Year Grant Eligibility” and “Planning Your Nation’s Financial Future.”

We were pleased that nine First Nations opted into the FMA this fiscal year, making a total of 321 participating – this is nearly half of all First Nations in Canada! Additionally, 24 First Nations became new clients. The MLS team virtually held 88 presentations across Canada. We also supported 15 First Nations to develop a FAL and two First Nations to develop FABs. Additionally, we worked with 14 First Nations to update their existing FAL to meet the FMB standards in preparation for FMS Certification.

The FMB was also invited to support First Nations that expressed interest the New Fiscal Relationship 10-Year Grant. This ISC and AFN initiative drew expressions of interest from 38 First Nations. Ultimately, 20 out of the 38 First Nations met the eligibility criteria.

The MLS business line added new team members in all regions across Canada. When it is safe to do so, we are looking forward to being invited to meet with First Nations in person.



SHAYLA POINT

BA, LLB

Director, Market Development, Laws, and Stakeholder Relations

Musqueam
(British Columbia)

Capacity Development and Intervention

The Capacity Development and Intervention (“CDI”) team recognizes that yet again, the past year has been a challenging time for all First Nation communities. With the ongoing COVID-19 pandemic and the environmental impact of both extreme fires and flooding, these times have been a remarkable testament to the resiliency of the communities and the work by the CDI team.

Throughout this time, the CDI team stayed connected with communities and continued to support First Nations to live by their Financial Administration Laws and achieve Financial Management System Certification through capacity building. The CDI team continues to provide client support through training, tools, templates, workshops, and webinars. Building capacity supports First Nation leadership to make informed decisions and to plot a path to community wellness and prosperity. History has shown that building financial management capacity has a direct impact on the community’s success in creating wealth and well-being for the people it serves.

The goal of staying connected was accomplished with improved proficiencies during virtual calls as the CDI team continued to pivot in response to requests due to the pandemic and other external environmental impacts. Over the past year, the CDI team collaborated on a new reporting tool which increased efficiencies of data collection. This tool has been instrumental in reporting on services provided, and helps the team look forward in anticipating the needs of First Nations.

The Journey

Despite external factors, the 2021-2022 year saw six First Nations transition from the CDI team to FMS Certification review. The CDI team recognized ‘wins’ in our clients’ journey along the way, celebrated the Nations’ successes and acknowledged the following communities who transitioned to FMS Certification review:

- Lower Similkameen
- Atikameksheng Anishnawbek
- Adams Lake Indian Band
- Sheshegwaning First Nation
- Doig River First Nation
- Xa’xtsa (Douglas First Nation)

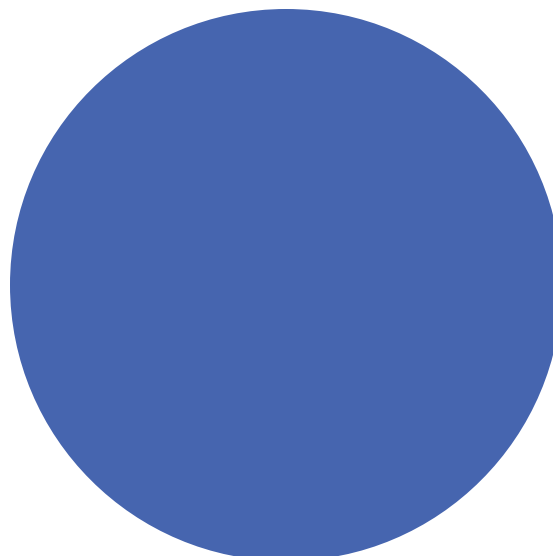


MELANIE ASSINIWE

CPA, CA

Director, Capacity
Development and
Intervention

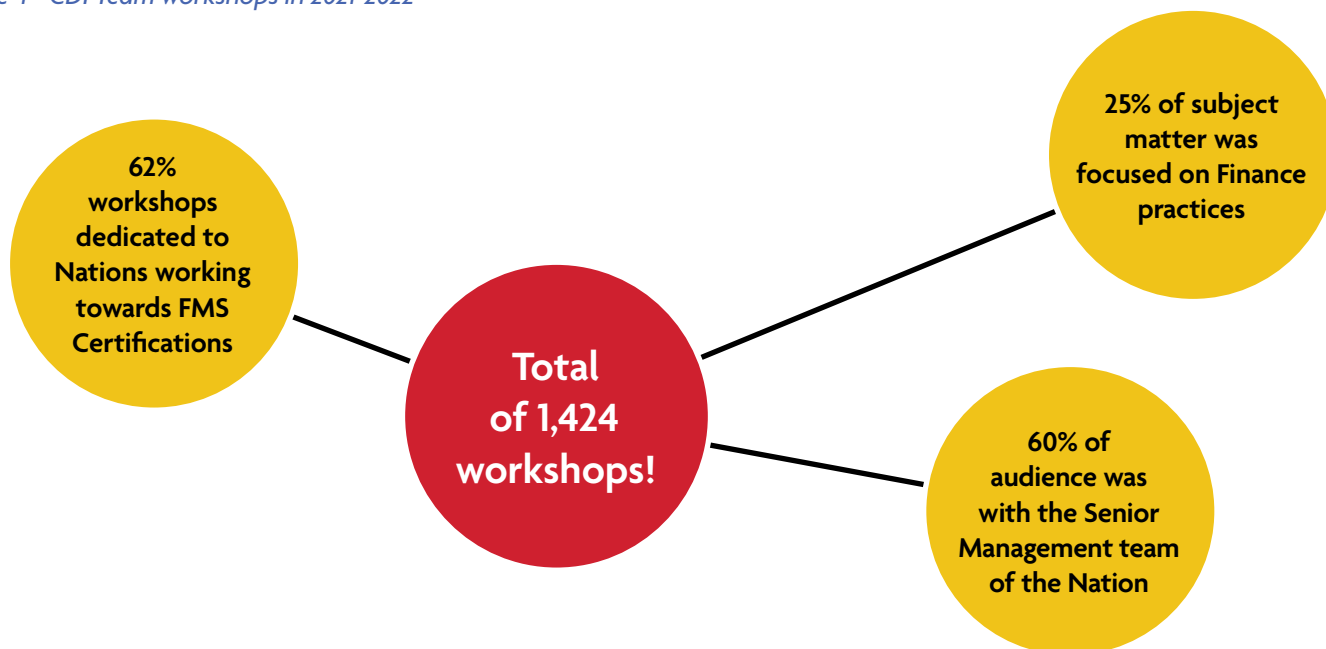
Wiikwemkoong
(Ontario)



The information in Figure 4 highlights the CDI team's engagement with communities. Of the 1,424 Capacity Development workshops, 11% of the workshops were dedicated to supporting First Nations with policy development, strategic planning, and budgeting. We are anticipating the reconnection with clients for in person workshops.

The CDI team takes direction from the Nations in the way we work with them and continuously develop additional resources and tools to support them on their journey!

Figure 4 - CDI Team workshops in 2021-2022



Tools and Resources

The FMB assists First Nations communities 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 Nation communities.

We support our clients with tools and resources to help First Nations understand what Financial Administration Law development and implementation can do for them.

FAL Quick Reference Guide

FMB's toolkit help leaders, managers, and staff of 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 Financial Administration Laws, Financial Performance and Financial Management System Certifications. FMB's suite of tools and resources is available free on our website at fnfmb.com

Tools and Templates

Standards and Certification

The Standards and 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.

While the COVID-19 pandemic continues to impact First Nation communities, the SAC team issued four Financial Management System Certifications. As the pandemic prevented travel to visit our clients, each community worked hard to implement new processes and procedures to move towards strong governance. The SAC team congratulates each of our clients who worked exceptionally hard to meet FMB’s standards in this area and completed the process virtually. These achievements represent the commitment by each First Nation to bring their FAL to life and to demonstrate accountability and transparency despite the pandemic and other challenges.

The SAC team supports First Nations’ access to the capital markets through the First Nations Finance Authority. During the year we conducted nine independent financial performance reviews which led to the issuance of nine Financial Performance Certificates for First Nations throughout the country. This has supported the continued expansion of the First Nations Finance Authority’s borrowing pool.

The FMB was asked to participate in Indigenous Services Canada’s Own Source Revenue in Indigenous Communities Initiative (“OSRICI”). This program was developed to provide \$332 million in grant funding to Indigenous communities which saw their own-source revenue decline due to the COVID-19 pandemic. The FMB responded by assisting First Nations with understanding the program criteria as well as providing advice on documentation to support their applications.

During the 2021-2022 fiscal year, the FMB completed its standards-setting process and published its first ever Standards for Indigenous Not-for-Profit Organizations. The By-Law, Financial Management, and Financial Performance Standards became effective September 1, 2021. The FMB is now able to perform reviews, and issue opinions on compliance with these standards.

Over the coming year, we will be continuing to contribute to the new regulations under sections 141 and 141.1 of the FMA.

The SAC team also continued its role within the New Fiscal Relationship 10-Year Grant program. The team completed reviews of financial performance and issued 20 new compliance opinions to First Nations who expressed interest in relation to the program’s financial performance eligibility criteria.

In order to ensure the impacts on First Nations are considered in the development of changes to financial reporting standards and frameworks, the FMB completed research and responded to exposure drafts published by the Public Sector Accounting Board. The SAC team also responded to requests for comment from Statistics Canada, CPA Canada, and Indigenous Services Canada.

During 2021-2022, the SAC team led efforts by working with the Chartered Professional Accounts of BC (“CPABC”) to become a pre-approved training office for future CPAs in BC. This will support our internal CPA candidates on their path towards becoming a CPA in a pre-determined and efficient manner. In addition, this initiative will create awareness and attract Indigenous youth to pursue an accounting designation.



NATALIA VALEEV

CPA, CA
Director, Certification



LEE FULLA

CPA, CA
Director, Standards

Strategic Opportunities

The first year of operations for the Strategic Opportunities team was an exciting one. The FMB created this team to increase our organizational capacity to respond to emerging and unaddressed needs that First Nations have identified and asked for FMB's support on.

In this first year, the team has started to take shape and began work on two important areas: the RoadMap Project and the Atlantic First Nations Water Authority ("AFNWA"). RoadMap responds to the desire from First Nations for thought leadership on how systemic changes can be made that will support their goals of self-determination and economic development.

With the AFNWA, our role is to establish the independent economic oversight agency that would review and approve the capital and operating expenditures to run the initiative. The FMB is pleased to work with AFNWA in support of its mission to provide safe, clean drinking water and wastewater in all participating First Nations communities in Atlantic Canada.

Both RoadMap and the AFNWA are exciting opportunities for the FMB to support First Nations as the reconciliation process advances in many sectors in Canada.

The Strategic Opportunities team engaged heavily with other First Nations Institutions and thought leaders as the RoadMap Project moved forward. In particular, we want to thank the FMS Certified First Nations who participated in our consultations on RoadMap in January 2022. We're also grateful for the contributions of the First Nations Tax Commission, the Tulo Centre of Indigenous Economics, the First Nations Finance Authority, the First Nations Lands Management Resource Centre, the Indigenomics Institute, the First Nations Information Governance Centre, and the National Indigenous Economic Development Board.

We are pleased the Introductory Chapter of RoadMap was released in February 2022 and look forward to sharing six policy chapters and the conclusion over the course of 2022. The Strategic Opportunities team will continue to engage with First Nations and Indigenous thought leaders as the project moves forward.

Work with the AFNWA has proved equally exciting for Strategic Opportunities. We have collaboratively identified the operational structure that the FMB requires to assume the role of an independent economic oversight agency for AFNWA. We will continue to work with our partners, including Indigenous Services Canada, so that the necessary resources are in place to move this important project forward.

Over the course of the coming year, the Strategic Opportunities team will increase both in staff size and into a more defined structure. We look forward to having this team run at full capacity so that we can support the FMB's leadership and other business lines, as well as be prepared to respond to requests from FMB clients on emerging issues.



ROBERT SOUTH

Acting Director, Strategic Opportunities

Corporate Services

Organizational support provided by the Corporate Services team benefits the FMB with specialized knowledge, 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, and policy development and implementation. In addition, the Corporate Services team supports strategic, corporate and financial planning.

In recent years the FMB has pursued a strategic objective of transformational change within the organization. This change, coupled with increasing demand and support for the FMB's services and the need to be responsive to requests from other FMA Institutions and government stakeholders, has seen the FMB grow at a tremendous pace. As the FMB continues to serve its clients, expand its client base and undertake new initiatives, the Corporate Services team ensures the FMB's internal systems and financial management meets best practices.

One of the FMB's key priorities has been the expansion of the FMB's internal capacity and administrative support systems to build the organization we need to accomplish our long-term strategic objectives. The focus for the Corporate Services team has been on strengthening our internal systems and improving our management accounting, budgeting and forecasting capabilities. In addition, a new information technology strategy and systems review is under development.

In 2021-2022, with the ongoing global pandemic and the continued need to work remotely, the Corporate Services team worked with the Human Resources team to ensure that FMB staff remained safe and had the necessary resources to remain productive, while also preparing for the re-opening of FMB's offices when it is safe to do so.

The future looks promising as growth continues and the FMB's services expand. The Corporate Services team 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.



SARAH BERTO

CPA, CA

Acting Director, Finance &
Operations

Human Resources

The Human Resources team contributes to the growth of the FMB by managing and supporting the life cycle of our employees. We focus on recruiting strong employees and helping them thrive.

Not without its challenges, COVID-19 has fundamentally changed the way the FMB hires. Possibilities for hybrid and remote working has provided the opportunity to recruit across the country, including in remote and First Nation communities. This has allowed strong, qualified Indigenous employees to remain in their communities and work where they live.

The FMB has seen significant growth in our employee numbers this past year; 36 new hires were recruited, increasing the FMB's employee numbers from 52 to 77 and reaching up to 57% of our employees identifying as Indigenous. In addition to the newly hired employees, the FMB has internally promoted or seconded 18 of our employees to support growth opportunities and advancement. All new employees go through several days of extensive onboarding training that includes meeting with each business line to gather an understanding of the work each business line does.

Human Resources has made employee wellness a focus this past year and is committed to our staff's well-being. We have provided Cultural Awareness and Lateral Violence training, expanded benefits for mental health support, provided paid wellness days off and introduced in-house virtual yoga sessions. The FMB holds regular all staff meetings that allow staff to hear from the Executive Chair, CEO and Senior Leadership Team regularly. These virtual meetings provide the opportunity for staff to be kept up to date, involved and engaged with the work and progress the FMB's business lines are making.

Human Resources is also excited to be taking the lead in the FMB's commitment to the CFA Institute's Diversity, Equity, and Inclusion Code. We are committed to exploring and expanding awareness of opportunities in sourcing, promoting, and retaining diverse talent and underrepresented groups. This Code will help ensure diversity, equity, and inclusion continue to be key priority at the FMB.

As FMB continues to grow, our employees will remain one of our strongest assets and we will continue to support their well-being, safety, and happiness to ensure we remain an employer of choice.



JENNIFER TETRAULT

Senior Human Resources
Manager

'NAMGIS FIRST NATION

FMS Certified: April 29, 2021



'NAMGIS
FIRST NATION



For many years, 'Namgis operated with sound financial policies and with the support of our Finance Committee. By developing our Financial Administration Law, 'Namgis now has more flexibility in regard to meeting the needs of our community. This Law required we update strengthen our policies which provides us the ability to plan our financial future. We are thankful for our team who have worked very hard to implement these new policies and practices which allowed us to become certified.

– Chief Donald Svanvik



PROGRAM UPDATES

Default Management Prevention Pilot Project

In 2021-2022 the FMB continued to provide guidance and support to participants of the Default Management Prevention (“DMP”) pilot project through the Capacity Development and Intervention (“CDI”) team. Supporting First Nations in default and walking with them in their journey as they take control of their financial future, is accomplished through capacity development opportunities.

DMP pilot project success stories in 2021-2022 include:

- One community was able to work towards Financial Performance Certification, while meeting all the financial performance ratios, computed by the FMB
- Another community now qualifies for the 10-Year Grant initiative

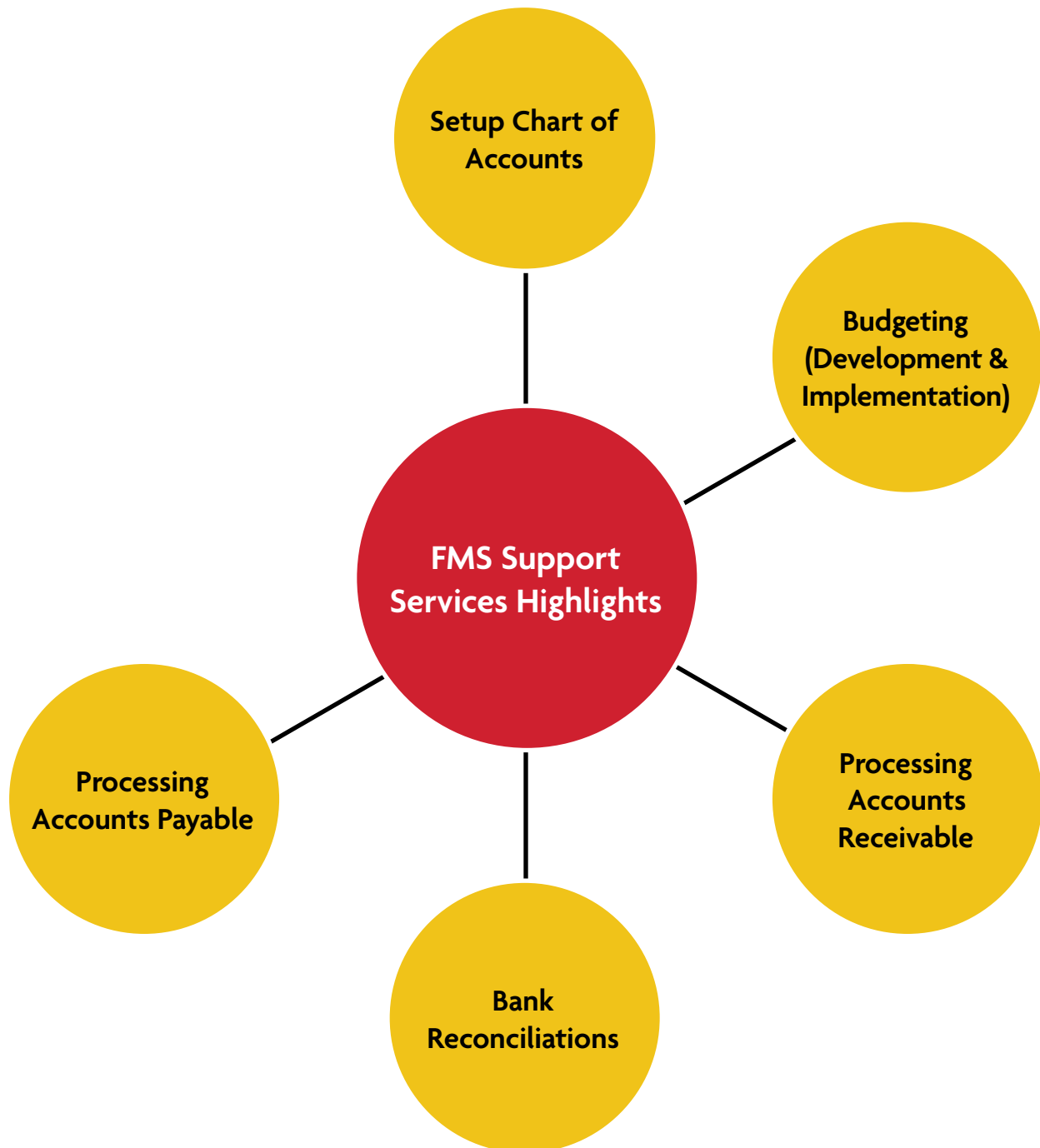
In 2021-2022 the CDI Director and an internal working group collaborated with Indigenous Services Canada, AFOA Canada, and the AFN, to provide support and guidance for updates to the current federal default management policy.

FMS Support Services Pilot Project

In 2021-2022, the FMB began implementation of the business plan for the FMS Support Services (previously “Shared Services”) pilot project, led by the CDI team. This pilot project will provide enhanced services to participating First Nation communities who are challenged to attract and retain skilled resources within the First Nation’s finance team.

The FMB has been funded by the federal government to provide bookkeeping, financial and administrative support, and accounting services to First Nation administrations. Financial management support will be offered in tandem with training and capacity development. The purpose of training is to reinforce capacity within the First Nation as they assume control and manage the financial services provided through this pilot project.

In 2021-2022 ten First Nation clients were selected for the FMS Support Services pilot project. Highlights of the services that will be offered through the pilot project are shown in Figure 5.

Figure 5 - FMS Support Services Highlights

10-Year Grant Program

What is the 10-Year Grant?

The 10-Year Grant is a funding mechanism available to First Nations through ISC and was co-developed by ISC and the AFN. Upon request from ISC and the AFN, the FMB co-developed the eligibility criteria for this grant. The FMB also agreed to provide independent grant eligibility evaluation services to First Nations who apply for the grant based on the set eligibility criteria.

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 standards.

Current State of the 10-Year Grant Program

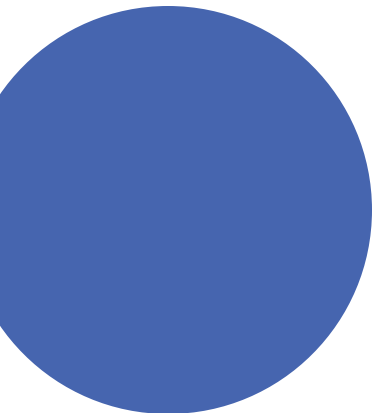
A total of 116 First Nations were participating in 10-Year Grant agreements during the 2021-2022 fiscal year. In addition, 20 First Nations received eligibility opinions for the year beginning April 1, 2022.

The FMB has continued to work with ISC and 10-Year Grant participants to report on ongoing financial performance. In addition, the FMB is working on the completion of agreed-upon procedures related to implementation of a First Nation's Financial Administration Law or Financial Administration By-Law. These activities allow grant participants to demonstrate that they continue to meet the eligibility criteria requirements under the 10-Year Grant funding agreement.

For the 2021-2022 fiscal year, 27 First Nations were provided specific capacity development support for 10-Year Grant requirements, including the activities shown in Figure 6 below.

Figure 6 - 10-Year Grant Capacity Development Support Activities

Initial FAL Implementation	10-Year Grant Related Items
<ul style="list-style-type: none">• Annual budgets• Quarterly financial reports• Monthly financial reports	<ul style="list-style-type: none">• Governance over the financial management system policy• Finance policy• 5-year multi-year financial plan• Annual report• Organizational chart• Strategic plan• Finance and Audit Committee Establishment



Own Source Revenue in Indigenous Communities Initiative (“OSRICI”)

In October of 2020 the FMB published its First Nations Revenue Source Research report and promoted the findings and recommendations contained within. The research sought to quantify the impact of the COVID-19 pandemic on First Nations’ own source revenue. It was our intent that this work would inform the federal government and other stakeholders and influence policy decisions.

The Own Source Revenue in Indigenous Communities Initiative (“OSRICI”) was developed by ISC to support Indigenous communities who experienced a decline in their own source revenue in the 2020 fiscal year as a result of the COVID-19 pandemic and related restrictions.

The FMB was asked to assist in informing First Nations about OSRICI, and support First Nations who were interested in making an application for funding. The FMB’s Standards and Certification team worked with representatives from ISC as well as other partners chosen for the initiative to ensure that questions and feedback from applicants could be provided in a timely manner and that OSRICI could be delivered consistently across Canada. The FMB connected with representatives from more than 50 First Nations to answer questions and offer advice on preparing their applications. We have been informed that \$329.0 million in grants was provided to 300 Indigenous communities through OSRICI.



“Ultimately a new relationship means a sharing of power between Canada and First Nations, and a transfer of wealth to First Nations. But First Nations wealth creation should not be based on fiscal transfers from Ottawa to First Nations, but rather through First Nations economic development and the sharing of revenues between Canada and First Nations, for the benefit of all Canadians.”

Harold Calla, Executive Chair, First Nations Financial Management Board

The RoadMap Project

The RoadMap Project is a collaborative effort by the FMA Institutions and led by the FMB to provide a potential path for Canada and First Nations to greater Indigenous self-governance. Progress down this path will be made possible by Indigenous-led institutions that will provide a framework to replace existing colonial structures with new Indigenous designed systems.

RoadMap is an optional pathway to deliver on the promise of UNDRIP by supporting First Nations as they move from managing poverty to creating wealth. This means thinking beyond the status quo to imagine a future that is better for all Canadians. RoadMap will manage risk to enable real change to occur. It will provide implementable options for First Nations governments and the Government of Canada. Ultimately, RoadMap means more First Nations capacity, more self-determination, and more socioeconomic growth.

As Indigenous governing bodies prepare themselves to enter a new fiscal relationship, the FMA Institutions will focus on six key areas of support:

- Statistics and data to better inform decision making.
- Infrastructure to provide the financing and supports to get projects built better and faster.
- Economic development tools for wealth generation in Indigenous communities.
- Expanding jurisdiction and fiscal powers to increase options and assert First Nations powers.
- Service areas and economic opportunities so that First Nations can achieve economies of scale in key service areas.
- Governance to strengthen and enhance the capacities of First Nations governments to provide a strong foundation for growth.



There is a growing acceptance by First Nations and federal government officials that the FMB's FMS Certification can be a tool to manage risk. It supports transparency and accountability through an Indigenous led system, while also meeting the growing need for ongoing assurance over these processes.

The governance and financial management tools provided by the FMB can support First Nations to be ready for and able to take advantage of opportunities that will flow from UNDRIP. The FMB's FMS Certification supports free, prior, and informed consent and economic participation by First Nations communities through the development of systems that support strong community engagement, administrative continuity, multi-year business and strategic plans, and other long-term financial planning.

In February 2022, the Introductory Chapter of RoadMap was released. This was the result of a great deal of policy work and engagement with other First Nations thought leaders and institutions.



FIRST NATIONS FINANCIAL
MANAGEMENT BOARD



The RoadMap Project

CHAPTER ONE:
CREATING PATHS FOR
INDIGENOUS PROSPERITY



First Nations
FINANCIAL
MANAGEMENT
BOARD

CONSEIL
DE GESTION
FINANCIÈRE des
Premières Nations

FNFMB.COM



SIMPCW FIRST NATION

FMS Certified: July 22, 2021

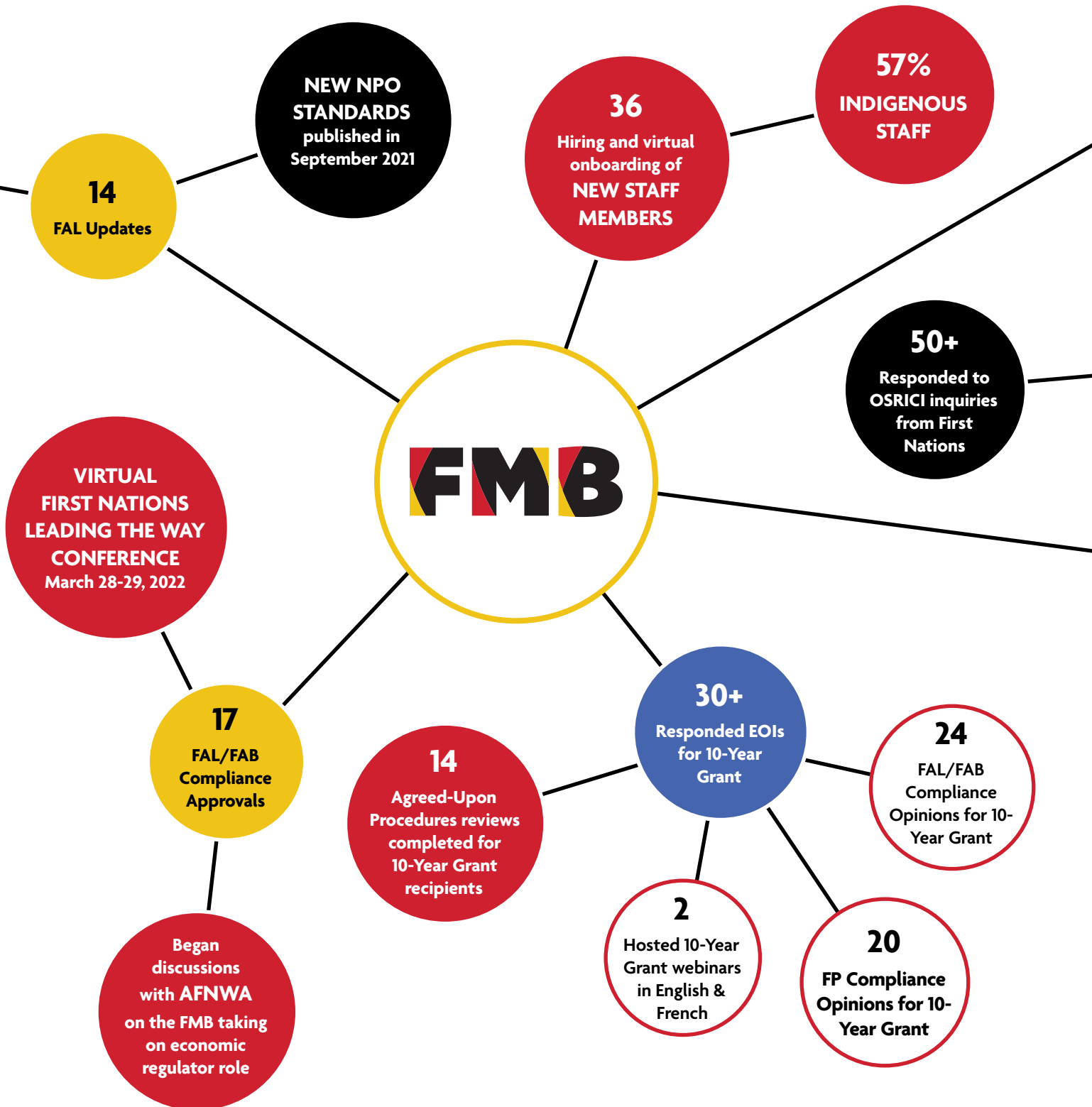


// *SimpCW leadership in collaboration with its administration, strive to ensure that Simpcw's financial management is of the highest standard. We are accountable to our people and must demonstrate our abilities to manage all aspects of the Nation in a fiscally responsible manner. The FMS certification is an achievement we are very proud of and affords Simpcw with the financial freedom to build our future.*

– Chief Shelly Loring



ACHIEVEMENTS IN 2021–2022



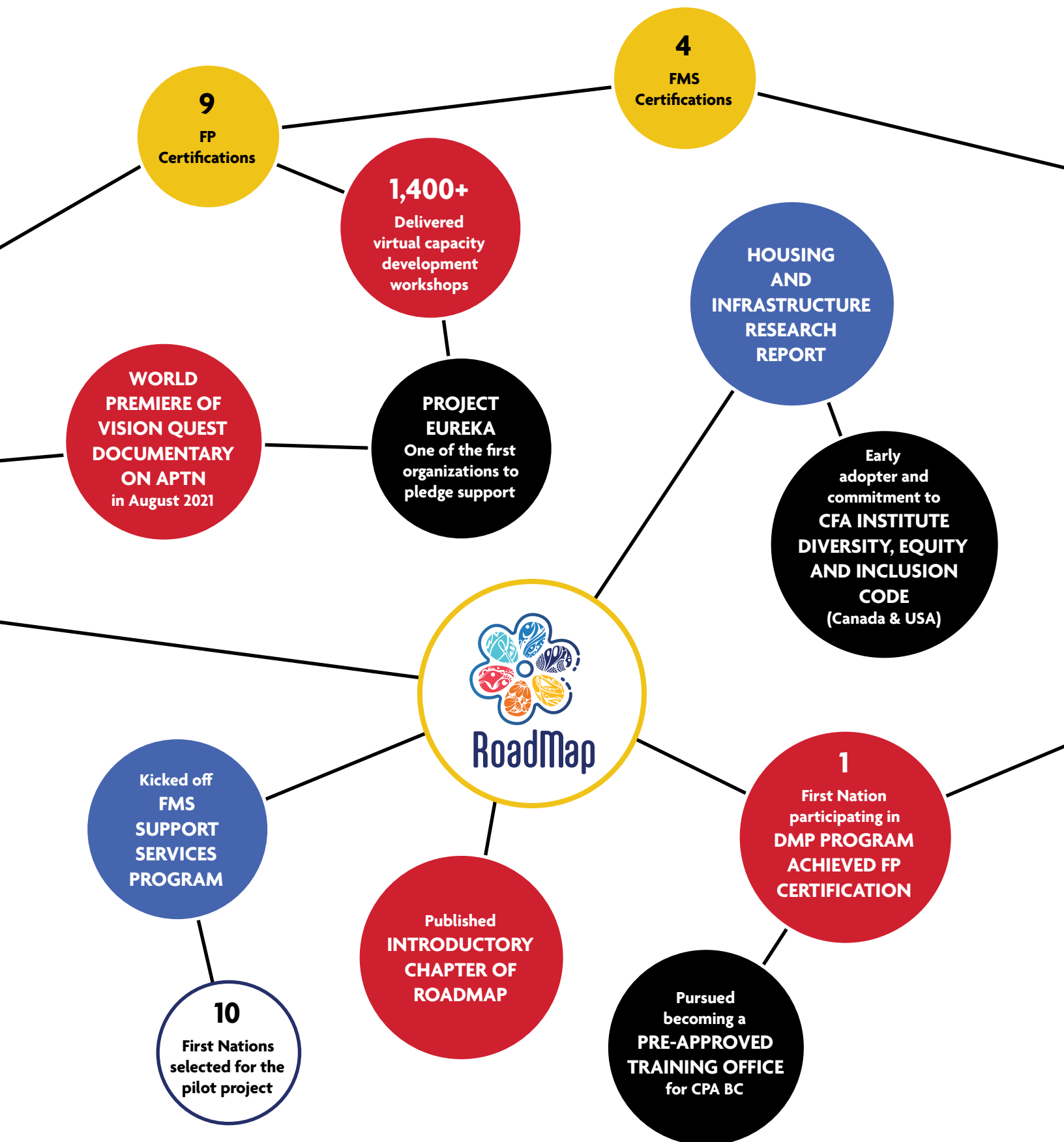
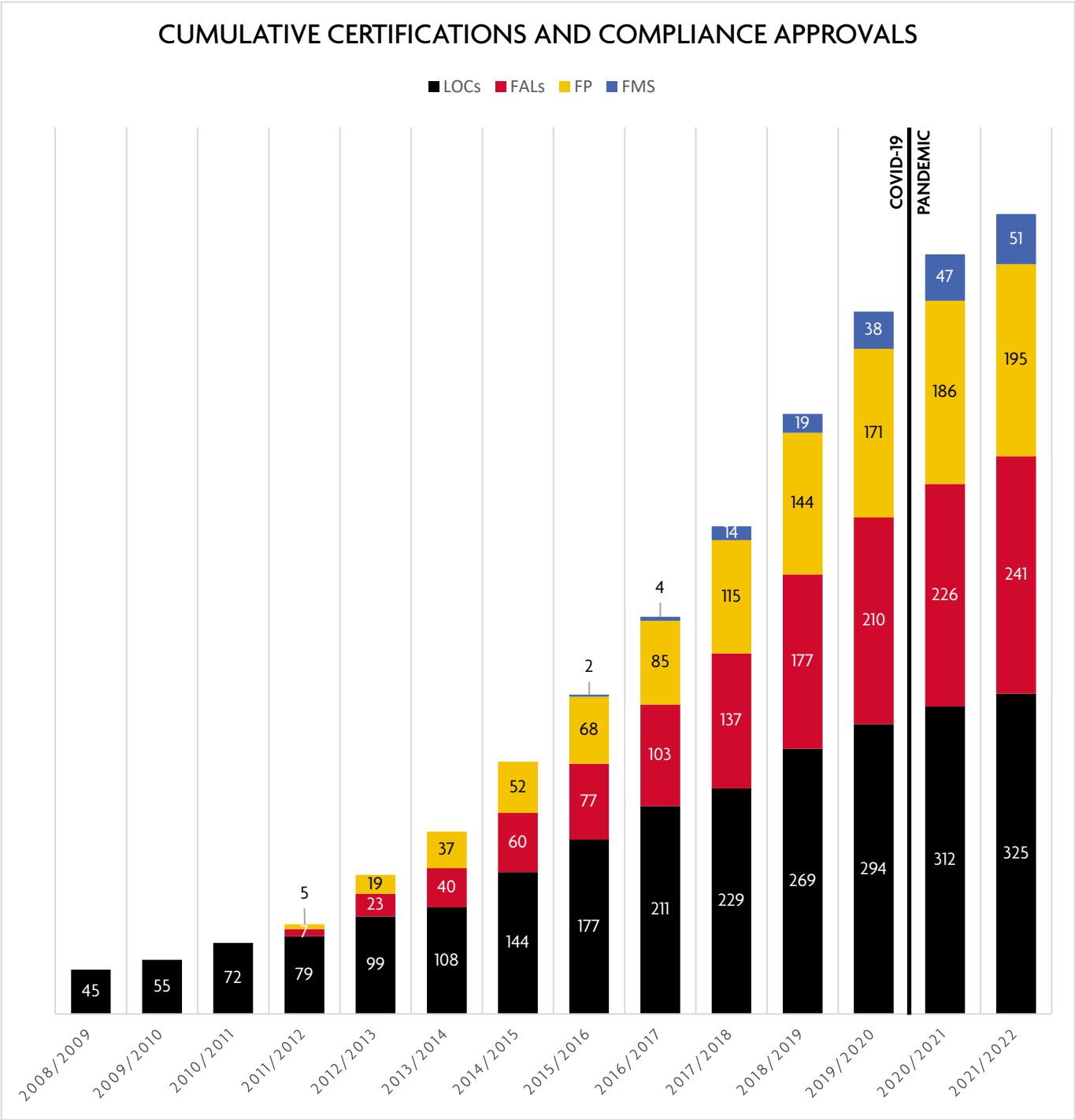


Figure 7 - Cumulative Certifications and Compliance Approvals



Acknowledgement of Financial Management System Certification

The FMB is pleased to acknowledge the hard work and dedication of the following First Nation governments that have achieved Financial Management System Certification in 2021-2022.

Sagamok Anishnawbek

Ontario

April 29, 2021



Simpw First Nation

British Columbia

July 22, 2021



'Namgis First Nation

British Columbia

April 29, 2021



Snuneymuxw First Nation

British Columbia

July 22, 2021



Expanding FMB Services with Amendments to the FMA

The FMB continued to contribute to the ongoing 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 additional legislative amendments to improve the legislative regime established under the FMA and 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 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.
- 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 Summer of 2022.

New NPO Standards

In December 2018, the FMA was amended to include several new sections, including Section 50.1, which allowed the FMB to begin working with five new types of organizations, including treaty and self-governing Nations, tribal councils and Indigenous not-for-profit organizations ("NPOs"). Under the authority of the FMA, subsection 50.1(3), the FMB has developed and issued new standards for Indigenous NPOs. During the development, stakeholders were canvassed for feedback on the proposed standards to ensure that they were consistent with the needs of various users. Following an extended consultation period, the new NPO Standards came into effect September 1, 2021.

The Standards for Indigenous NPOs consist of two parts. Part 1 includes the By-Law and Financial Management System standards, while Part 2 is the Financial Performance standards. The FMB can conduct a review of compliance and issue an opinion for a qualifying organization against Part 1, Part 2, or a combined opinion on both parts. At this time, the FMB cannot certify an Indigenous NPO, and an Indigenous NPO cannot apply to become a borrowing member of the First Nation Finance Authority.

First Nations Statistics and Data

The publication of the FMB's First Nations Revenue Research Report in October 2020 highlighted the lack of accessible and reliable data on the financial condition of First Nation governments. The report demonstrated the need for, and interest in, this data, while also proving that it is possible to collect this data.

As a direct result of this report, in October 2021, the FMB, the FNTC, the FNFA, the Tulo Centre of Indigenous Economics, the Bank of Canada, and Statistics Canada entered into a Memorandum of Understanding to work in partnership to address the data gap in Indigenous government financial statistics within the Canadian Government Finance Statistics program.

In 2021-2022, the FMB further pursued the expansion of its data collection role through proposed FMA legislative amendments. These amendments are expected to be made later in 2022.

Increasing the Number of Indigenous Finance Professionals

Canada has a stunning lack of Indigenous professionals in accounting, assurance, financial management, investment management, and corporate finance. The FMB is undertaking outreach initiatives and cultivating partnerships with post-secondary educational institutions, Chartered Professional Accountants of Canada ("CPA Canada"), and CPA provincial bodies to encourage Indigenous people to enter the finance and accounting professions.

In 2021-2022, the FMB is leading these efforts by working to become a pre-approved training office with CPABC. By becoming a pre-approved training office, the FMB can become the first not-for-profit Indigenous-led organization that offers this program to CPA candidates. This will support internal candidates through their path towards becoming CPAs in a pre-determined and efficient manner.

The FMB is also working with Indigenous leaders and high school administrators in the provincial education systems to eliminate systemic barriers that Indigenous students face in an effort to increase the pipeline of future Indigenous finance and accounting professionals.

Atlantic First Nations Water Authority

The FMB is proud to support the development of the Atlantic First Nations Water Authority (“AFNWA”).

The goal is for the AFNWA to assume responsibility for water and wastewater services to over 4,500 on-reserve households and businesses – a total of 60% of First Nations who live on-reserve in Atlantic Canada. AFNWA’s 10-year plan, recognized by the federal government in 2022, aims to close serious deficiencies in water and wastewater services.

Because of the need for independent oversight – recognized by both the AFNWA and the Department of Indigenous Services Canada, the FMB will continue to work on developing the technical and administrative structure required to function as an independent financial regulator, in a responsible and efficient way.

By 2023, the FMB will define and provide the services of an independent economic oversight and monitoring agency to oversee the economic activities of the AFNWA. This important project may serve as a model for future First Nations-led initiatives that seek to transfer responsibility from the federal government.



Making Reconciliation a Reality: First Nations Leading the Way 4

The fourth annual First Nations Leading the Way Conference was held virtually on March 28-29, 2022. Hosted by the Wasauksing First Nation, along with the FMA fiscal institutions and the Lands Advisory Board, the meeting brought together more than 297 attendees.

The FMB's CEO presented an acknowledgment of the Financial Management System Certified First Nations and presented an introduction video on the RoadMap initiative to ready the audience for the Executive Chair's Day-2 presentation. The FMB's CEO also presented during the education panel on the topic of asset management. The heads of the FMA institutions came together on the main panel of the event to discuss First Nations' jurisdiction, land management, financing, and influence on ESG Standards. The Honorable Marc Miller and Vance Badawey, Parliamentary Secretary, gave notable messages.

The event showcased First Nations' 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. It also provided an opportunity to learn more about how the First Nations fiscal institutions and the First Nations Lands Advisory Board support First Nations and enhance innovations in their fiscal relations.



Advocating for Indigenous Perspectives in Sustainability Standards and ESG: A Report from the Deputy CEO

On November 3, 2021 at the United Nations Climate Change Conference (“COP26”), the Chair of the Trustees of the International Financial Reporting Standards Foundation announced a new International Sustainability Standards Board (“ISSB”) and that Montreal would be the location of one of several regional supporting offices. The creation of a new ISSB demonstrates the overwhelming desire by shareholders, investors, capital market participants, and financial regulators to see consistent and high-quality standards for reporting the impact of environmental, social, and corporate governance (“ESG”) matters. There is an Indigenous component at the heart of each element of ESG, given the disproportionate impacts that resource exploitation and colonization have had on Indigenous people.

In 2021-2022, the FMB made a financial commitment of \$1.0 million over three years to CPA Canada’s ‘Welcome Fund’ as part of the Government of Canada’s bid for the establishment of a new ISSB in Canada. The FMB’s financial commitment to CPA Canada’s ‘Project Eureka’ is supported by CIRNAC funding with the first cash call expected in 2022-2023.

The creation of new international sustainability standards and reporting represents an enormous opportunity for the FMB and other Indigenous organizations to influence capital markets, by ensuring that UNDRIP and reconciliation principles are included in investment and financial reporting and decision-making.

On April 6, 2022 the FMB met with the Chair of the ISSB and explained the connection between Indigenous reporting and disclosure, and enterprise value. On the same date the IFRS Foundation and CPA Canada announced an agreement to establish the Montreal centre of the ISSB. The Montreal centre will host key functions on behalf of the ISSB, including the coordination of activity across the Americas.

By continuing to attract and retain Indigenous finance and accounting professionals, the FMB can engage with domestic and international sustainability standard setters. By participating in the public consultation processes, and by proactively communicating informed points of view, the FMB is creating pathways for economic reconciliation to occur. During the year, the FMB submitted comment letters to the following groups to advocate for more Indigenous inclusion:

- Independent Review Committee on Standard Setting in Canada – Response to Consultation Paper
- Canadian Securities Administrators – Proposed National Instrument 51-107 Disclosure of Climate-related Matters
- IFRS Foundation – Consultation Paper on Establishment of new International Sustainability Standards Board
- Province of British Columbia – Draft Action Plan for the Declaration on the Rights of Indigenous Peoples Act



SCOTT MUNRO

CPA, CA, CAFM
Deputy
Chief Executive Officer
Kaska Dena
(Yukon Territory)

Figure 8 – The FMB and representatives from First Peoples Worldwide and NATOA met with the Chairs of the IFRS Foundation, the ISSB, and CPA Canada in Montreal in April 2022



SNUNEYMUXW FIRST NATION

FMS Certified: July 22, 2021



Our Nation is consistently blocked by Canada from accessing commerce and economic markets in this country. The inequity borne by the Indian Act and other colonial and legislative regimes is designed to oppress our people when our Treaty of 1854 is based on trade and commerce. Forging partnerships that re-balanced markets to principles of respect and recognition and, re-distribute wealth in this country to the proper title holders, is another key step to rebuild and strengthen the Snuneymuxw economy. I want to acknowledge the Snuneymuxw and FMB teams for collaborating on the road to ushering in a new era.

– Chief Mike Wyse



FMB'S STRATEGIC DIRECTION

The FMB's overall strategic direction comes from its Board of Directors. On an annual basis, the Board and senior staff undertake a strategic planning session to revisit the plans and priorities for the coming year. With considerable growth in the past few years, the goal of the fiscal 2021-2022 session was to review current services and future opportunities. The planning session identified areas of focus and priorities for the FMB in administration and staff, First Nations community focus, communication and outreach, data management, external relationships, professional reputation, and brand.

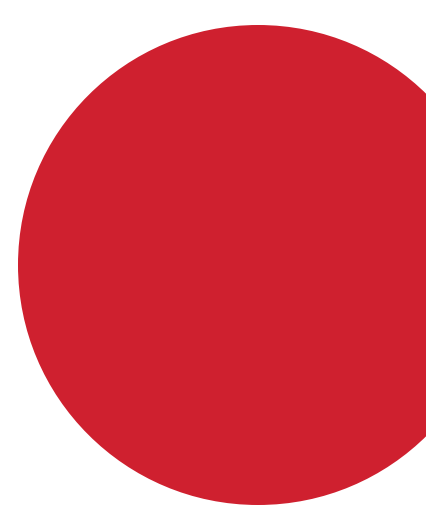
In addition to the annual strategic planning update, the FMB's work continues to be guided by the previous long-term Board-approved Strategic Plans from 2021 and 2019.

The FMB's 2021 Board-approved Strategic Planning session identified four long-term strategic priorities that guide our work ahead:

1. Focus on the value of FMS to First Nations and 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 HR, recruitment, and capacity development strategy.

The Board-approved the 2019-2024 Five-Year Strategic Plan "Exploring and Establishing New Horizons" identified 10 strategic goals:

1. Increase clientele
2. Improve communications
3. Improve technology
4. Optimize on 10-year grants program
5. Provide support services
6. Enhance client services
7. Develop a governance training program
8. Be intervention ready
9. Be the default administrator
10. Enhance organizational strength



Where We Are Going in 2022-2023 and Beyond

Delivery and Continuous Improvement of Existing Services

- Engage with First Nation governments that have opted to enact a Financial Administration Law and build a foundation for economic growth through Financial Management System Certification.
- Work with ISC and the AFN to support the New Fiscal Relationship through the 10-Year Grant program.
- Support First Nations in the Default Management Prevention program.

New Initiatives and Services

- Develop and socialize RoadMap in collaboration with the other FMA Institutions.
- Finalize current regulatory and FMA legislative initiatives and prepare for expanded service delivery to modern treaty, self-governing First Nations, and Indigenous not-for-profit organizations.
- Increase FMA access through the FMS Support Services Pilot Project.
- Build the FMB's data and statistical collecting and analysis capabilities.
- Partner with the Atlantic First Nations Water Authority on developing a framework for the FMB as an economic regulator.

Exploring and Establishing New Horizons

- Be the strategic nexus for economic reconciliation and UNDRIP.
- Advocate for Indigenous perspectives in sustainability standards.
- Bring an Indigenous voice to financial accounting and reporting.
- Explore ways to increase the number of Indigenous finance professionals.

Enhancing Organizational Strength of the FMB

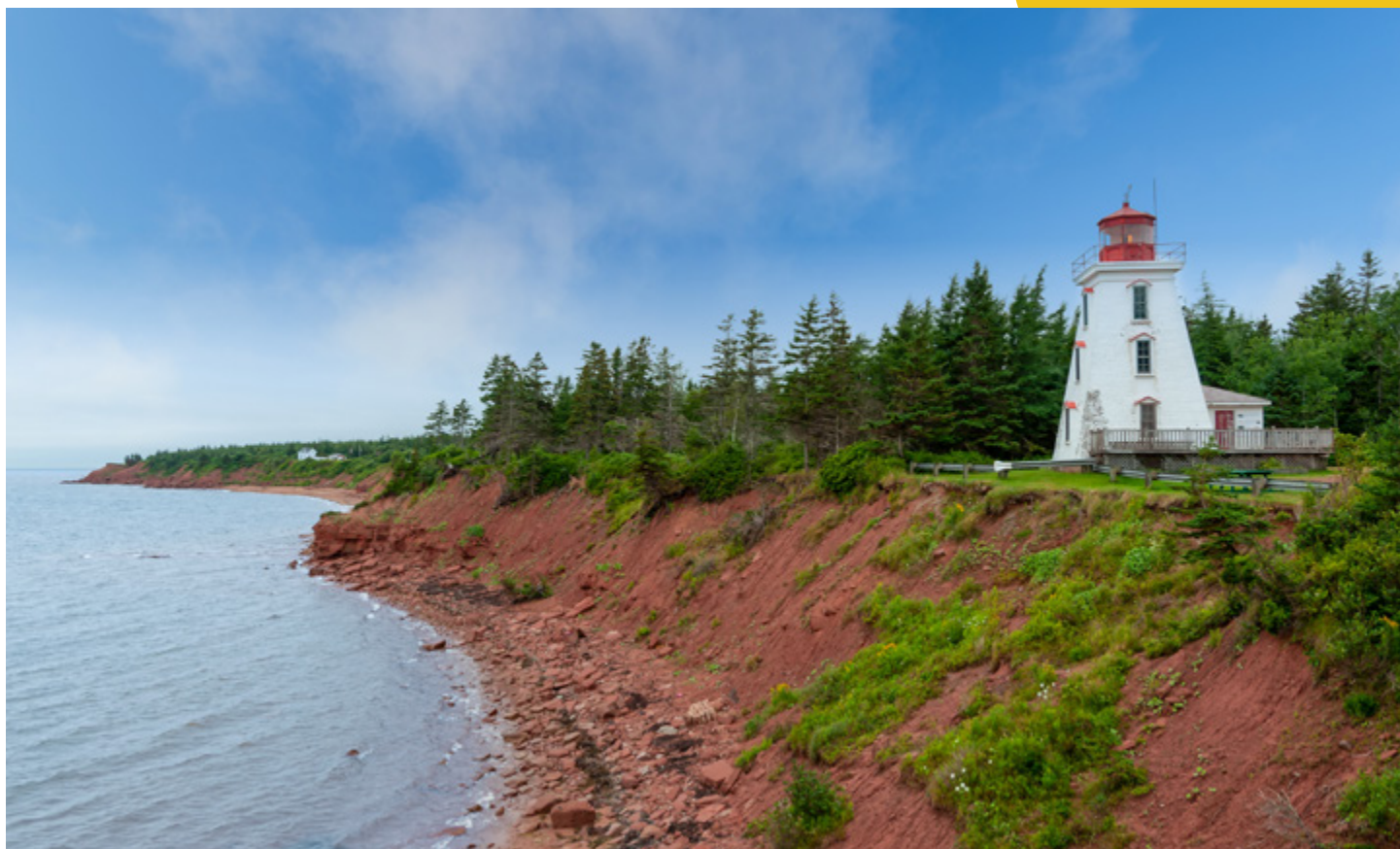
- Pursue stable, sustainable long-term funding.
- Embark on an information technology transformation through IT needs assessment and IT strategic plan.
- Grow national staffing and footprint.

2021-2022 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Financial Statements of

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

And Independent Auditors' Report thereon
Year ended March 31, 2022





KPMG LLP
 PO Box 10426 777 Dunsmuir Street
 Vancouver BC V7Y 1K3
 Canada
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 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, 2022
- 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, 2022, 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.

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 2021/2022 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.

If, based on the work we have performed on this other information obtained prior to the date of this auditor's report, 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.

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 8, 2022

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 11,983,455	\$ 11,153,521
Restricted cash (note 2)	500,000	500,000
Accounts receivable	96,170	88,901
Prepaid expenses	85,046	72,787
	12,664,671	11,815,209
Security deposits	488,578	488,578
Capital assets (note 3)	973,722	953,244
	\$ 14,126,971	\$ 13,257,031
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,617,871	\$ 937,628
Deferred revenue (note 5)	10,751,772	10,582,553
Intervention reserve fund (note 2)	500,000	500,000
Current portion of capital lease obligation (note 6)	29,644	27,714
	12,899,287	12,047,895
Capital lease obligation (note 6)	59,811	89,455
	12,959,098	12,137,350
Net assets:		
Invested in capital assets (note 7)	884,267	836,075
Unrestricted	283,606	283,606
	1,167,873	1,119,681
Commitments and contingent liabilities (note 8)		
Economic dependence (note 9)		
	\$ 14,126,971	\$ 13,257,031

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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Federal government funding	\$ 13,407,235	\$ 10,628,523
Other income	149,833	74,400
Interest income	1,131	1,295
	13,558,199	10,704,218
Expenses:		
Salaries and benefits	9,212,364	7,030,400
Operations & administration	2,554,298	2,290,717
Professional fees	727,234	816,973
Travel	107,415	3,350
Director fees and expenses	328,033	324,827
Direct cost of client service (note 10)	366,005	152,842
Amortization	214,658	206,728
	13,510,007	10,825,837
Excess (deficiency) of revenue over expenses	\$ 48,192	\$ (121,619)

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets (note 7)	Unrestricted	Total 2022	Total 2021
Balance, beginning of year	\$ 836,075	\$ 283,606	\$ 1,119,681	\$ 1,241,300
Excess (deficiency) of revenue over expenses	(214,658)	262,850	48,192	(121,619)
Net change in investment in capital assets (note 7)	262,850	(262,850)	-	-
Balance, end of year	\$ 884,267	\$ 283,606	\$ 1,167,873	\$ 1,119,681

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 48,192	\$ (121,619)
Items not involving cash:		
Amortization	214,658	206,728
Changes in non-cash operating working capital:		
Accounts receivable	(7,269)	38,677
Prepaid expenses	(12,259)	3,950
Accounts payable and accrued liabilities	680,243	(151,038)
Deferred revenues	169,219	6,885,440
	1,092,784	6,862,138
Investing:		
Purchase of capital assets	(235,136)	(59,199)
Financing:		
Capital lease principal payments	(27,714)	(25,910)
Increase in cash	829,934	6,777,029
Cash, beginning of year	11,653,521	4,876,492
Cash, end of year	\$ 12,483,455	\$ 11,653,521
Cash consists of:		
Cash	\$ 11,983,455	\$ 11,153,521
Restricted cash	500,000	500,000
	\$ 12,483,455	\$ 11,653,521

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

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.

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.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

(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. There were no related party transactions during the current or prior year.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

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 (2021 - nil) and the balance in the fund as at March 31, 2022 is \$500,000 (2021 - \$500,000). The cash related to this fund has been segregated as restricted cash.

3. Capital assets:

	Cost	Accumulated Ammortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	\$ 694,641	\$ 371,217	\$ 323,424	\$ 245,120
Leasehold improvements	735,424	424,656	310,768	345,148
Office furniture and fixtures	522,512	269,932	252,580	247,043
Office equipment under capital lease	159,408	72,458	86,950	115,933
	\$ 2,111,985	\$ 1,138,263	\$ 973,722	\$ 953,244

4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$3,733 (2021 - \$4,246) relating to federal taxes and payroll taxes.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

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 ("CIRNAC") core funding: A-based (amendment #15)	\$ 3,514,824	\$ 12,425,587	\$ (8,768,425)	\$ 7,171,988
CIRNAC RoadMap (amendment #20)	-	500,000	(279,017)	220,983
Indigenous Services Canada ("ISC") 10 year grant (amendment #17)	2,414,438	-	(2,414,438)	-
ISC default prevention pilot (amendment #18)	2,744,571	-	(801,247)	1,943,324
ISC shared services (amendment #18)	1,801,270	-	(543,810)	1,257,460
ISC OSRICI (amendment #19)	-	600,300	(600,300)	-
First Nations Tax Commission - national joint conference	67,450	110,000	(49,433)	128,017
First Nations Major Projects - finance and administration	-	90,400	(90,400)	-
Aboriginal Peoples Television Network - documentary license fee	40,000	-	(10,000)	30,000
	\$ 10,582,553	\$ 13,726,287	\$ (13,557,068)	\$ 10,751,772

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

6. Capital lease obligation:

The FMB has entered into a capital lease to acquire office equipment, secured by the leased assets (note 3). The lease expires in February 2025. Future minimum payments for the year ended March 31 are as follows:

2023	\$ 34,776
2024	34,776
2025	28,980
	98,532
Less amount representing interest at 6.75% per annum	9,077
	89,455
Less current portion	29,644
	\$ 59,811

7. Net assets invested in capital assets:

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

	2022	2021
Capital assets	\$ 973,722	\$ 953,244
Capital lease obligation	(89,455)	(117,169)
	\$ 884,267	\$ 836,075

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

	2022	2021
Net change in investment in capital assets:		
Purchase of capital assets	\$ 235,136	\$ 59,199
Repayment of capital lease obligation	27,714	25,910
	\$ 262,850	\$ 85,109

(c) Deficiency of revenue over expenses:

	2022	2021
Amortization on capital assets	\$ (214,658)	\$ (206,728)

FIRST NATIONS FINANCIAL MANAGEMENT BOARD

Notes to Financial Statements

Year ended March 31, 2022

8. Commitments and contingent liabilities:

(a) Operating leases:

The FMB leases its office premises under operating lease agreements expiring between 2024 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:

2023	\$ 1,240,001
2024	1,175,893
2025	1,094,900
2026	1,032,590
2027	1,056,822
Thereafter	2,466,196
	\$ 8,066,402

(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. On March 29, 2022 the government extended the FMB's multi-year funding agreement for two years, to March 31, 2024, and together with deferred revenue, this base level of funding will be sufficient to fund the objectives set out in the 2022-23 Corporate Plan. FMB has requested a substantial increase in funding for subsequent years, and this request is still under consideration by the departments of Crown Indigenous Relations and Northern Affairs Canada, and Indigenous Services Canada.

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.



Key acronyms used in the FMB Annual Report

AFNWA	Atlantic First Nations Water Authority
CDI	Capacity Development and Intervention
CIRNAC	Crown-Indigenous Relations and Northern Affairs Canada
DMP	Default Management Prevention
FAB	Financial Administration By-Law
FAL	Financial Administration Law
FMA	<i>First Nations Fiscal Management Act</i>
FMB	First Nations Financial Management Board
FMS	Financial Management System
FP	Financial Performance
ISC	Indigenous Services Canada
MLS	Market Development, Laws, and Stakeholder Relations
SAC	Standards and Certification
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples



FIRST NATIONS FINANCIAL MANAGEMENT BOARD

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First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations