



FIRST NATIONS
FINANCIAL MANAGEMENT BOARD
LE CONSEIL DE GESTION FINANCIÈRE
DES PREMIÈRES NATIONS

ANNUAL REPORT.
2007/08

OUR MISSION

The First Nations Financial Management Board
will provide the tools and guidance that will instill
confidence in First Nations' financial administration
and reporting systems to support economic and
community development.

TABLE OF CONTENTS

OUR MISSION	02
MESSAGE FROM THE CHAIR	04
ABOUT US	05
OUR BOARD OF DIRECTORS	06
OUR AUTHORITY	10
OUR MANDATE	10
OUR VALUES	11
OUR OBJECTIVES	11
OUR SERVICES	12
SUPPORTING FIRST NATION GOVERNMENTS	13
Financial Administration Law	14
Certification	14
Local Revenue Account Reporting	15
Intervention	15
Capacity Development	16
Results For 2007/2008	17
WORKING WITH OTHER PUBLIC INSTITUTIONS AND GOVERNMENTS	18
Results For 2007/2008	19
FINANCIAL STATEMENTS	20
FIRST NATIONS ARE GOVERNMENTS	29
CONTACT US	31

MESSAGE FROM THE CHAIR

The opportunities we have today are the result of decades of effort. Many communities and individuals have made exceptional commitments to assert First Nation jurisdiction and create our own institutions. It is now possible for First Nations to use the tools established by the *First Nations Fiscal & Statistical Management Act* (FSMA) to create real benefits for their communities.

The First Nations Financial Management Board (FNFMB) has been developing financial administration standards that we believe meet the requirements of the FSMA and the interests of First Nations, taxpayers, investors, and capital markets. I encourage you to contact us to review these standards and provide feedback. Putting financial management tools in place now will enable you to respond quickly to an economic opportunity when it arises.

Although a primary focus of the FNFMB will be to provide services to First Nations participating in the FSMA, the tools that we have been developing have the potential for a broader application. Many First Nation initiatives contemplate financial management issues.

The Canadian Institute of Chartered Accountants (CICA) report: *Financial Reporting by First Nations* is making recommendations that we expect will impact the way First Nations report to their membership, other governments and their business partners. We have attempted to keep these initiatives in mind as we developed the FNFMB standards, sample laws, policies and procedures.

This is an exciting and important time for First Nations to consider financial management and we welcome the opportunity to work with you!



Harold Calla, CGA, CAFM

Chair

First Nations Financial Management Board



ABOUT US

The First Nations Financial Management Board (FNFMB) is a shared governance institution established by the *First Nations Fiscal and Statistical Management Act* (FSMA). The FSMA received Royal Assent on March 23, 2005 and came into force on April 1, 2006.

The primary focus of the FNFMB is to provide financial administration certification services to First Nations that choose to use real property taxation revenue to repay an infrastructure loan from the First Nations Finance Authority.

The legislative mandate and services offered by the FNFMB have the potential to provide broader benefits to First Nations and Canada including improved fiscal transfer arrangements and more effective financial reporting.

In October 2006, the Chair was appointed and in May 2007 the Board of Directors were appointed. The Board of Directors held their first meeting in June 2007 and the FNFMB officially came into existence in August 2007.

OUR BOARD OF DIRECTORS

In October 2006, the Governor In Council appointed Harold Calla as the FNFMB Chair. Mr. Calla is a member of the Squamish Nation where he served two terms on Council. He has also held positions of Director of Finance and Surveyor of Taxes. Mr. Calla is a Certified General Accountant (CGA) and a Certified Aboriginal Financial Manager (CAFM).

The Board of Directors was appointed in May 2007. Five members were appointed by Canada: Elona Arnett, Ricky Fontaine, Gary Nott, Jim Prodger and Barrie Robb. Three members were appointed by AFOA Canada: Donna Morin, Marilyn Osecap, and Ernie Daniels. In November, an additional member was appointed by Canada: Aditya Jha.

The Board of Directors was appointed in May 2007. Five members were appointed by Canada and three members were appointed by the Aboriginal Financial Officers Association (AFOA). The Board of Directors bring a wealth of experience and perspectives on First Nations financial management to the FNFMB. "With these appointments the development process draws to a conclusion and the operational phase begins," said Harold Calla.



HAROLD CALLA - *Chair*

Mr. Harold Calla is a member of the Squamish Nation, located in North Vancouver, B.C. He is a Director of Partnership, B.C., a provincial Crown corporation, and is the Chair of the corporation's Audit and Risk Management Committee. He was appointed by the Governor in Council as a Director of the Canada Mortgage and Housing Corporation and is a member of the corporation's Audit and Risk Management Committee. He is also a Director for Terasen Inc and Terasen Gas Inc. and is the Chair of the Audit Committee. He holds the positions within Squamish Nation of Surveyor of Taxes and Co-Chair of Municipal Services Negotiation Committee.



MARILYN OSECAP – Vice Chair

Ms. Marilyn Osecap is member of Moosomin First Nation, Saskatchewan. She is the Finance Manager of the Painted Hand Casino in Yorkton, Saskatchewan. In addition, she has started a Financial Management Company serving the western provinces. She has served as the Controller for the St. Eugene Golf Resort & Casino and as Financial Services Controller and Acting Chief Financial Officer for the Federation of Saskatchewan Indian Nations. As well, she has served as the Finance Manager for the Saskatchewan Indian Equity Foundation, an aboriginal lending institution. She has served as the Chairperson of AFOA Canada from 2004 to 2007. She has a Bachelor of Commerce Degree from the University of Saskatchewan and a Business Administration Diploma from the Saskatchewan Indian Institute of Technologies.



ELONA ARNETT

Elona Arnett has been working for First Nation organizations since 2000. She has served over three years as a director of the Aboriginal Financial Officers Association of BC (AFOABC) and was a founding member of the Funding Agreement Management Committee, a joint INAC/First Nations working group formed for the purpose of developing flexible federal funding arrangements and management regimes by setting policies and procedures that support First Nations. She also is a member of the AFOABC Technical Advisory Group that consists of the CICA, CGA, INAC and AFOA BC representatives. This work has helped her to promote new accounting standards with accounting regulatory bodies and policy change within the federal government system.



ERNIE DANIELS

Mr. Daniels is the President and COO of the Aboriginal Financial Officers Association of Canada since March 2004. Mr. Daniels is a Certified General Accountant and a Certified Aboriginal Financial Manager. Prior to AFOA Canada, he was the Director of Assessment and Finance Operations at the Aboriginal Healing Foundation.

He has worked at a number of Aboriginal not-for-profit organizations in leadership and management positions. Mr. Daniels is currently a Board member of the First Nations Financial Management Board (FNFMB) and Chair of the Audit Committee for FNFMB. He is also a member of the Canadian Institute of Chartered Accounts (CICA) Research Study Group looking at financial reporting by First Nations. He has served as Chair of the NWT Legislative Assembly Building Society and as Vice-Chair of the NWT Development Corporation. He is also a former Board member of the Canadian Executive Service Organization (CESO).

OUR BOARD OF DIRECTORS (continued)



DONNA MORIN

Donna Morin is from Peter Ballantyne Cree Nation (PBCN). The population of PBCN is 7000 members. PBCN is a multi-community First Nation and is one of the largest First Nations in Saskatchewan. PBCN has seven communities which are located in various areas over the northeastern region of Saskatchewan.

She has three children who range in age from 15 to 19. Her children are very interested in their Cree Culture fishing, hunting and spending time in the Northern Saskatchewan. They are also interested in some contemporary activities such as golfing, hockey, and computer games.

Donna's work experience has been mostly working with First Nations. She spent the past 12 years working at Peter Ballantyne Child & Family Service Inc. She gained much experience which is helping out with her current job with the Peter Ballantyne Cree Nation in the administration department. She works with the management team to ensure efficient and effective operations for the Cree Nation.



GARY NOTT

Mr. Gary Nott is from Vancouver, British Columbia. He was a Senior Partner of Deloitte & Touche, and was the managing Partner for Western Canada, until his retirement from the firm in June, 2006. He has served as a senior auditor and advisor, serving the firm's largest clients. He has held a number of senior Chamber of Commerce offices and is a Fellow of the B.C. Chamber of Commerce. He was a Director of the Canadian Better Business Bureau, and Treasurer, Secretary and Governor of the Chartered Accountants' Education Foundation of British Columbia. He is currently a member of the Institute of Corporate Directors and a member of the Board of Directors of The Deloitte Foundation.



JIM PRODGER

Mr. Jim Prodger, resides in Truro, Nova Scotia where he owns and operates Prodger and Associates Business Consultants. He is a Certified Aboriginal Financial Manager and has worked with the Millbrook First Nation for 17 years first in a part time advisory capacity and full time since 2001 as the Finance Manager. He has also worked with 3 other First Nations in the past in an advisory role. He is serving his fourth term as treasurer of the First Nations Tax Administrators Association and sits on the Board of Trustees for the First Nations Market Housing Fund.

**BARRIE ROBB**

Mr. Barrie Robb resides in Alberta where he is the Vice President for Business Development with the Mackenzie Aboriginal Corporation. . He holds Master Degrees in Industrial Relations and Public Administration. He was for eight years the Regional Director General for the department of Indian Affairs in Alberta. He has also worked with the department on negotiations of land claims and self-government. He is a member of the Board of Directors of the Alberta Chamber of Resources, Chair for the aboriginal relations committee of the Alberta Chamber of Resources, and previously a member of the aboriginal affairs committee of Canadian Association of Petroleum Producers.

**ADITYA JHA**

Mr. Aditya Jha lives in Ontario. He has co-founded two software companies, Isopia Inc and Osellus Inc. The former company was acquired by Sun Microsystems. He is currently President & CEO of Karma Candy Inc. He had a successful career at Bell Canada as a General Manager, eBusiness and General Manager, Product Marketing. He started his professional career after 4 ½ years of his Ph.D. studies at the School of Computer & Systems Sciences, Jawaharlal Nehru University, India and worked in various capacities at technology companies in India, Singapore and Canada. He is the Founder & Chairman of POA Educational Foundation, the Chair of UNICEF Canada India HIV/AIDS Campaign, and a Board member for the Ontario Investment & Trade Advisory Council.

OUR AUTHORITY

The *First Nations Fiscal and Statistical Management Act* established the First Nations Financial Management Board as well as its three related institutions – the First Nations Tax Commission (FNTC), the First Nations Finance Authority (FNFA) and the First Nations Statistical Institute (FNSI).

OUR MANDATE

The purposes of the FNFMB are set out in Section 49 of the FSMA and include the following:

- » To assist First Nations in developing the capacity to meet their financial management requirements;
- » To develop and support the application of general credit rating criteria to First Nations;
- » To provide review and audit services respecting First Nation financial management;
- » To provide assessment and certification services respecting First Nation financial management and financial performance;
- » To provide financial monitoring services respecting First Nation financial management and financial performance;
- » To provide co-management and third party management services (respecting local revenues);
- » To assist First Nations in their dealings with other governments respecting financial management, including matters of accountability and shared fiscal responsibility;
- » To 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; and
- » To provide advice, policy research, and review and evaluative services on the development of fiscal arrangements between First Nations' governments and other governments.

OUR VALUES

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

INTEGRITY We will conduct ourselves at all times in a professional and ethical manner.

RESPONSIVE Consistent with the optional nature of this initiative, the FNFMB will respond to First Nation requests for services. Our services and standards will respond to the interests and priorities of First Nations and other stakeholders in the FSMA initiative. The FNFMB will respond to the cultural and economic diversity of our First Nation clients.

RELEVANT Our services and standards will reflect best practices in financial management that will enable First Nations to access capital at better terms. We will ensure that FNFMB services respect the unique and evolving needs of First Nation governments and communities.

OUR OBJECTIVES

The services offered by the FNFMB are meant to achieve the following objectives:

- » To increase First Nation access to capital through certification of financial management systems;
- » To strengthen First Nation financial administration by promoting sound, stable, and transparent First Nation financial management systems; and
- » To promote financial relationships between First Nations and other governments that are appropriate, effective, efficient, and mutually beneficial.

OUR SERVICES

Services to First Nations participating in the FSMA borrowing process are provided through the *Supporting First Nation Governments* business line. This is the core work of the FNFMB and includes financial administration law review, certification, capacity development and intervention services as required/requested. These services, with possible modifications, will also be made available to First Nations not participating in the FSMA borrowing process.

The FNFMB will also work with other public institutions, governments and organizations on behalf of First Nations through the *Supporting Other Governments* business line. This will include working with other First Nation institutions, the federal and provincial governments.



SUPPORTING FIRST NATION GOVERNMENTS

FNFMB standards for financial management will instill confidence in a system regardless of whether a First Nation is exercising its jurisdiction in property tax.

First Nations participating in the FSMA will need to have their financial administration system certified by the FNFMB in order to be approved for a loan from the First Nations Finance Authority. There are currently thirty-three (33) First Nations on the FSMA schedule.

First Nations may have other reasons for seeking services from the FNFMB including those that are participating in the initiatives listed in the table below.

	NUMBER OF FIRST NATIONS (estimate)	WHY SEEK FNFMB SERVICES?
Applied to FSMA Schedule First	33	Certification required to borrow
Engaged in Real Property Taxation	132	Confidence in financial management of property tax revenue
First Nations GST Act	37	Confidence in financial management of sales tax revenue
Land Management Initiative	47	Confidence in financial management of lease revenue
First Nations Oil and Gas Monies Management Act	No schedule to this Act	Confidence in financial management of revenue raised from Oil and Gas
In Canada	More than 600	Improved fiscal transfer arrangements with Canada

FINANCIAL ADMINISTRATION LAW

The FNFMB has prepared a sample Financial Administration Law that will be available for First Nations to consider. The sample law is an example that would meet FNFMB standards. It includes a set of rules – “best practices” – for the establishment and operation of a successful financial administration system. Standards have been developed using existing models and internationally recognized standards such as the COSO framework for internal controls.

COSO stands for “Committee of Sponsoring Organizations” and is a committee of professional associations including the Institute of Internal Auditors, the Institute of Management Accountants, the American Institute of Certified Public Accountants, the American Accounting Association, and Financial Executives International. COSO is recognized for providing guidance on critical aspects of organizational governance, internal control, enterprise risk management and financial reporting.



CERTIFICATION

The FNFMB will offer services to confirm that a First Nation's financial administration system is operating in compliance with its Financial Administration Law. A certificate will be required by a First Nation to be accepted as a member of the First Nations Finance Authority. This certificate will ensure that a First Nation has implemented a financial administration system in compliance with FNFMB standards. Another certificate will be required at the time of a specific borrowing to provide a signal of a First Nation's good financial performance.

LOCAL REVENUE ACCOUNT REPORTING

The FNFMB will provide guidance on the preparation of financial statements for revenues generated using the authority of FSMA local revenue laws and expenditures of those revenues. Considerable attention has been devoted to ensuring that these reporting standards will be consistent with those contemplated by the CICA / PSAB Common Government Reporting Model.

INTERVENTION

These services are intended enhance confidence in the property tax regime, to protect First Nations participating in a First Nations Finance Authority (FNFA) debenture and to maintain the integrity of the FNFA credit rating. The FNFMB will be able to assist First Nations by providing stability through periods of transition and financial difficulty. Intervention services relate to Local Revenues only.

The FNFMB will work with First Nations, as well as the FNTC and the FNFA to identify and address challenges in a timely manner, with the minimum intervention required by the FNFMB. The intention will be to leave the responsibility with the First Nation borrowing member to address the problem wherever possible.

The ability of the FNFMB to offer these services will enhance the credit rating of an FNFA debenture and in turn support more attractive borrowing terms for the First Nations participating in the debenture.

CAPACITY DEVELOPMENT

The first purpose of the FNFMB is to “*assist First Nations in developing the capacity to meet their financial management requirements.*” To meet this purpose, the FNFMB is pursuing several strategies including: (a) offering support directly to First Nations through services provided above; (b) working in partnership with organizations to develop curriculum that can be offered for individuals; and (c) identifying training opportunities at post-secondary institutions. The objective of the FNFMB is to identify a variety of opportunities for First Nations and individuals working within First Nation financial administration systems to develop their capacity.

THE ABORIGINAL FINANCIAL OFFICERS ASSOCIATION (AFOA)

The FNFMB is currently working with the AFOA to develop curriculum for courses that could be offered through the Certified Aboriginal Financial Management program. Also under consideration are courses to be developed for the executive development program.

TULO CENTRE OF INDIGENOUS ECONOMICS

The TULO Centre of Indigenous Economics is based at Thompson Rivers University in Kamloops, British Columbia. The TULO Centre is offering a certificate program for individuals in which some financial management lectures may be offered.

RESULTS FOR 2007/2008

The FNFMB has been actively developing standards and seeking feedback on these standards from a variety of professional advisors and First Nations. The table below outlines the progress to date in the development of standards and capacity development initiatives to support First Nations in meeting the FNFMB standards.

CATEGORY	RESULTS	DESCRIPTION
Financial Administration Law	<ul style="list-style-type: none"> • Law Standards • Sample Law 	<ul style="list-style-type: none"> • Law standards and sample law have been reviewed by the Board of Directors • Law standards and sample law distributed to First Nations participating in case studies and at the National FSMA First Nation meeting in October for feedback
Certification	<ul style="list-style-type: none"> • System Standards • Policy & Procedures Templates 	<ul style="list-style-type: none"> • System standards have been reviewed by the Board of Directors • System standards have been distributed to First Nations at the National FSMA First Nation meeting in October for feedback • Policy templates are currently under development
Local Revenue Account Reporting	<ul style="list-style-type: none"> • Reporting Standards 	<ul style="list-style-type: none"> • Reporting standards have been drafted • Sample statements have been prepared
Intervention	<ul style="list-style-type: none"> • Policy, procedures and templates 	<ul style="list-style-type: none"> • Presented to Board of Directors for consideration
Capacity Development	<ul style="list-style-type: none"> • Inventory of training opportunities • Course outline development 	<ul style="list-style-type: none"> • The FNFMB is currently working with the AFOA to develop course outlines for several courses to be offered through the CAFM and Executive Development programs • The FNFMB has prepared an inventory of financial management training opportunities
Outreach	<ul style="list-style-type: none"> • Fifteen (15) presentations to First Nations • Advice to five (5) First Nations on transition to FSMA • Upgrades to website • Newsletter 	<ul style="list-style-type: none"> • AFOA National Conference • First Nation Tax Administrators Association Conference • Presentation to inaugural course at the TULO Centre of Indigenous Economics • 4 (four) First Nations are participating with the FNFMB in Case Studies / Joint Projects • 5 (five) First Nations requested advice on transition • Web site available at www.fnfmb.com • The first edition of the FNFMB newsletter "The Balance Sheet" available online and distributed at the AFOA National Conference • National FSMA First Nations Conference

WORKING WITH OTHER PUBLIC INSTITUTIONS AND GOVERNMENTS

The FNFMB is working with other public institutions, professional organizations and governments in support of the development of standards and on research projects that will enhance First Nation financial administration systems. The table below outlines some of the organizations that the FNFMB is working with.

PUBLIC INSTITUTIONS / GOVERNMENT	RELEVANCE TO FNFMB
First Nations Tax Commission	• Interdependent policy related to certification and intervention
First Nations Finance Authority	• Interdependent policy related to certification and intervention
First Nations Statistical Institute	• Financial data may be inputs for FNSI community profiles that are utilized by rating agencies in credit analysis
Aboriginal Financial Officers Association	• Partnered approach to capacity development initiatives
Canadian Institute of Chartered Accountants (CICA) / Public Sector Accounting Board (PSAB)	• FNFMB standards should be consistent with government accounting standards set out by PSAB
Indian and Northern Affairs Canada	• First Nation reporting requirements • INAC co- and third party management impacts FNFMB intervention policy and procedures
Finance Canada	• Interests in improved fiscal framework and confidence in financial management of tax collection agreements
Lands Advisory Board	• Framework Agreement on Land Management includes financial administration requirements
National Centre for First Nation Governance	• FNFMB Financial Administration Law includes section about organizational structures, roles and responsibilities which are relevant to governance structures
Blue Ribbon Panel – Grants & Contributions	• Review of funding models, horizontal approaches to service delivery
Treasury Board Renewal of Aboriginal Directive	• Review of funding models • Horizontal management of federal programs • Review of reporting requirements

RESULTS FOR 2007/2008

The following results have been achieved during the period from the commencement of operations to March 2008.

CATEGORY	RESULTS	DESCRIPTION
Research	Project Review Process	<ul style="list-style-type: none"> • The Board of Directors has established a process for considering research proposals that would support the development of FNFMB standards or other FNFMB services.
Research	Research Projects Underway	Several research projects were conducted including: <ul style="list-style-type: none"> • Multi-year budget • Life-cycle costing • Preparation of Local Revenue Account statements to conform with the Common Government Reporting Model • Fiscal Transfers research
Research	CICA Study Group – Financial Reporting by First Nations	<ul style="list-style-type: none"> • FNFMB Chair participated in the CICA Study Group that has made recommendations to address void in accounting standards for First Nations • FNFMB standards contemplate potential move to Common Government Reporting Model
Research	INAC / SRAD Research Partnership	<ul style="list-style-type: none"> • Developing relationship with Strategic Research and Analysis Directorate of Indian and Northern Affairs Canada • Five (5) priority areas identified for possible research projects
Institutional Coordination	Working with other Fiscal Institutions	<ul style="list-style-type: none"> • Feedback on draft standards and sample laws • Feedback on intervention policies, procedures and templates • Development of an effective risk management strategy for regulatory regime contemplated by the FSMA

FINANCIAL STATEMENTS

For the period from Commencement
of Operations, August 29, 2007, to
March 31, 2008



FIRST NATIONS
FINANCIAL MANAGEMENT BOARD
LE CONSEIL DE GESTION FINANCIÈRE
DES PREMIÈRES NATIONS



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AUDITORS' REPORT

To the Members of the First Nations Financial Management Board

We have audited the Statement of Financial Position of the First Nations Financial Management Board for the period from Commencement of Operations, August 29, 2007, to March 31, 2008 and the Statements of Operations, Changes in Net Assets and Cash Flows for the period then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the First Nations Financial Management Board as at March 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink that reads 'BDO Dunwoody LLP'.

Chartered Accountants
Vancouver, British Columbia
May 15, 2008

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2008

ASSETS

CURRENT

CASH	159,826
TEMPORARY INVESTMENT (NOTE 1)	513,081
ACCOUNTS RECEIVABLE (NOTE 2)	108,101
PREPAID EXPENSES	15,246
	796,254

SECURITY DEPOSIT (NOTE 3)	54,005
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PROPERTY & EQUIPMENT (NOTE 4)	182,785
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\$ 1,033,044

LIABILITIES & NET ASSETS

LIABILITIES

CURRENT

ACCOUNTS PAYABLE & ACCRUED LIABILITIES	346,549
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NET ASSETS

INVESTED IN PROPERTY & EQUIPMENT	182,785
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UNRESTRICTED	503,710
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686,495

\$ 1,033,044

APPROVED ON BEHALF OF THE BOARD:



DIRECTOR



DIRECTOR

STATEMENT OF OPERATIONS

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS, AUGUST 29, 2007 TO MARCH 31, 2008

REVENUE

INAC FUNDING	2,431,327
RENTAL FEES	350
INTEREST INCOME	9,995
	2,441,672

EXPENSES

AMORTIZATION	39,930
OPERATIONS	1,337,536
SALARIES AND BENEFITS	299,924
START-UP	121,899
TRAVEL	144,688
	1,943,977
EXCESS OF REVENUE OVER EXPENSES FOR THE PERIOD	\$ 497,695

STATEMENT OF CHANGES IN NET ASSETS

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS, AUGUST 29, 2007 TO MARCH 31, 2008

	INVESTED IN PROPERTY & EQUIPMENT	UNRESTRICTED	TOTAL
BALANCE, BEGINNING OF PERIOD	-	-	-
EXCESS OF REVENUE OVER EXPENSES	(39,930)	537,625	497,695
CONTRIBUTION FROM BRITISH COLUMBIA FIRST NATIONS SUMMIT (NOTE 7)	118,477	70,323	188,800
PURCHASE OF EQUIPMENT	104,238	(104,238)	-
BALANCE, END OF PERIOD	\$ 182,785	\$ 503,710	\$ 686,495

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS, AUGUST 29, 2007 TO MARCH 31, 2008

CASH PROVIDED BY (USED IN)

OPERATING ACTIVITIES

EXCESS OF REVENUES OVER EXPENSES FOR THE PERIOD	497,695
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ITEM NOT INVOLVING CASH

AMORTIZATION OF PROPERTY & EQUIPMENT	39,930
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	537,625
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CHANGES IN NON-CASH WORKING CAPITAL BALANCES

ACCOUNTS RECEIVABLE	(91,783)
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PREPAID EXPENSES	(15,246)
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ACCOUNTS PAYABLE & ACCRUED LIABILITIES	346,549
--	---------

	777,145
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INVESTING ACTIVITIES

PURCHASE OF TEMPORARY INVESTMENT	(513,081)
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PURCHASE OF EQUIPMENT	(104,238)
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	(617,319)
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INCREASE IN CASH DURING THE PERIOD AND CASH, END OF PERIOD	\$ 159,826
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The First Nations Financial Management Board (“FNFMB” or the “Board”) is a statutory body established by Federal Statute that is equivalent to a corporation without share capital and has the capacity, rights, powers and privileges of a natural person.

FNFMB is one of the four institutions created through Bill C20 the First Nations Fiscal and Statistical Management Act, 2005 (the “ACT”) which went into effect April 1, 2006. The Act established a framework to provide First Nation governments with the tools for modern fiscal management, improving the investment climate and promoting economic growth. The FNFMB helps First Nations strengthen their financial management systems and provides independent financial management assessment services.

The duly appointed FNFMB signed its first comprehensive funding arrangement with the Minister of Indian Affairs and Northern Development for activities commencing August 29, 2007. Prior to this time, the British Columbia First Nations Summit managed the activities related to the development of the Act and related policies. The Summit provided a contribution of the equipment and other assets to the FNFMB upon the commencement of its operations as outlined in Note 7.

The Board prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles for not-for-profit organizations.

PROPERTY & EQUIPMENT

Additions to property and equipment are recorded at cost. The Board amortizes its property and equipment over the estimated useful life of each asset on a straight-line basis over the following number of years:

Computer Equipment - 5 years

Leasehold Improvements - 5 years

Office Furniture and Fixtures - 10 years

When property and equipment no longer contribute to the Board’s ability to provide services, its carrying value is written down to its residual value.

REVENUE RECOGNITION

Contributions from Indian and Northern Affairs Canada (“INAC”) are recorded in the year the contribution becomes receivable under the terms of the applicable funding agreement.

Rents and interest are recognized as revenue in the period earned and when collection is reasonably assured.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

The Board classifies all financial instruments as held-for-trading, loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are initially recorded at fair value and subsequent adjusted using the effective interest rate method. Held-for-trading instruments are measured at fair value with unrealized gains and losses recognized in the Statement of Operations.

NEW ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Board are as follows:

CASH DISTRIBUTIONS

CICA Handbook Section 1540, Cash Flow Statements, has been amended to require additional disclosures where cash distributions are made in accordance with a contractual obligation for cash distributions. The revised requirements are effective for the 2009 fiscal year. The Board is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

FINANCIAL INSTRUMENTS - DISCLOSURES & PRESENTATION

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for the 2009 fiscal year. The Board is currently evaluating the impact of the adoption of these changes on the disclosure within its financial statements.

GENERAL STANDARDS ON FINANCIAL STATEMENT PRESENTATION

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for the 2009 fiscal year. The Board does not expect the adoption of these changes to have a material impact on its financial statements.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2008

1. TEMPORARY INVESTMENT

The temporary investment is a term deposit earning interest at 4.1% per annum and is redeemable on demand.

2. ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE IS COMPRISED OF THE FOLLOWING:

FUNDING RECEIVABLE	60,778
GST RECOVERABLE	39,787
INTEREST RECEIVABLE	7,536
	\$ 108,101

3. SECURITY DEPOSIT

The security deposit of \$54,005 is held by Maple Leaf Property Management in relation to Board's leased premises.

4. PROPERTY & EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
COMPUTER EQUIPMENT	89,020	16,113	72,907
LEASEHOLD IMPROVEMENTS	38,449	11,539	26,910
OFFICE FURNITURE & FIXTURES	95,246	12,278	82,968
	\$ 222,715	\$ 39,930	\$ 182,785

Property and equipment acquired by the British Columbia First Nations Summit for the sole purpose of First Nations Financial Management Advisory Panel operations were transferred to the Board on August 29, 2007 at net book value, which approximated fair market value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MARCH 31, 2008

5. COMMITMENT

The Board leases its office premises under a lease agreement expiring at various dates during the 2011 and 2012 fiscal years. The Board is obligated to make the following lease payments under its office lease agreement in each of the fiscal years ending March 31:

2009	94,461
2010	94,820
2011	94,820
2012	7,902
	\$ 292,003

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial instruments at March 31, 2008, were estimated based on relevant market information and the nature and terms of financial instruments. Management is not aware of any factors which would significantly affect the estimated fair market amounts; however, such amounts have not been comprehensively revalued for purposes of these financial statements. Disclosure subsequent to the balance sheet dates and estimates of fair value at dates subsequent to March 31, 2008, may differ significantly from that presented.

Fair value approximates the amounts reflected in the financial statements for cash, temporary investment, accounts receivable and accounts payable and accrued liabilities.

INTEREST RATE RISK

The Board's temporary investment bears interest at fixed rates. The temporary investment is therefore subject to interest rate price risk as fluctuations in market rates of interest may increase or decrease their fair value.

7. CONTRIBUTION OF NET ASSETS

The assets of the British Columbia First Nations Summit were transferred to the Board resulting in a contribution of \$188,800. The contribution of these assets was recorded at the carrying amounts of the assets transferred which approximated fair market value.

ACCOUNTS RECEIVABLE	16,318
SECURITY DEPOSIT	54,005
NET BOOK VALUE OF PROPERTY & EQUIPMENT	118,477
	\$ 188,800

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MARCH 31, 2008

8. ECONOMIC DEPENDENCE

Operations of FNFMB are dependent on continued funding from the Ministry of Indian Affairs and Northern Development to carry out its programs.



FIRST NATIONS ARE GOVERNMENTS

The Canadian Institute of Chartered Accountants has published a Report called, “Financial Reporting by First Nations”. The Report is the result of the work of a volunteer study group, extensive outreach activities and comments received on the draft report. The Report is available for download at the website of the Aboriginal Financial Officers Association (www.afoa.ca).

The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants established the study group to address the void in accounting standards for First Nations. Their mandate was to consider the following: the changing environment for First Nations financial reporting; summary of present practices; the difference between general purpose and special purpose statements; user needs; objectives of general purpose statements; and the reporting entity. The FNFMB Chair, Harold Calla, participated in the study group.

The Report recommends that the common government reporting model as described in the PSA Handbook applies and should be adopted by First Nation governments. In arriving at these recommendations the Study Group reflected on a substantial portion of the Public Sector Accounting Handbook.

If the recommendations were implemented, First Nations would use the common government reporting model which would require reporting on tangible capital assets.



CONTACT US



**FIRST NATIONS
FINANCIAL MANAGEMENT BOARD**
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The screenshot shows the homepage of the First Nations Financial Management Board (FNB) website. The header features the organization's name in both English and French, along with navigation links for Home, About Us, Services, News, Employment, FAQ, and Contact Us. A large banner image of a forest is displayed below the header. The main content area includes a welcome message, a section about the board's focus on financial management system certification, and a profile of Harold Calla, the Chair. A sidebar on the right lists recent news items, including the appointment of a CEO and board members. The footer contains a link to download a copy of the FNB newsletter, "The Balance Sheet", and a note about the requirement for Acrobat software.

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WELCOME TO THE FIRST NATIONS FINANCIAL MANAGEMENT BOARD (FNB)

The legislation is in force, the board appointments have been made, and the First Nations Financial Management Board (FNB) is now ready for operations. It is now possible for First Nations to begin using the tools established by the *First Nations Fiscal and Statistical Management Act (FSMA)* to create real benefits for their communities.

A primary focus of the FNB is to provide financial management system certification for First Nations that choose to apply for a property tax secured loan from the First Nations Finance Authority. To this end, the FNB will offer services in support of financial administration law development, financial management system certification, intervention and capacity development.

Although a primary focus of the FNB will be to provide services to First Nations participating in the FSMA, the tools that we have been developing have the potential for broader application. Many First Nation initiatives contemplate financial management issues. The Canadian Institute of Chartered Accountants (CICA) draft report: "Financial Reporting by First Nations" is making recommendations that we expect will impact the way First Nations report to their membership, other governments and their business partners. We have attempted to keep these initiatives in mind as we developed FNB standards and sample laws.

I encourage you to explore our web site to learn more about the FNB. If you have any questions or comments, please do not hesitate to contact us at mail@fnfmb.com.

Harold Calla
Chair
First Nations Financial Management Board

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11/02/07
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First Nations Financial Management Board Moves Forward With Board Appointments
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THE BALANCE SHEET
Download a copy of the FNB newsletter "The Balance Sheet".
(ACROBAT REQUIRED)





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