



2023–2024 ANNUAL REPORT

**Working
Together to
Build Better
Futures**



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

Cover Art by Jared Tait

Jared Tait belongs to the Lynx clan (Bizhiw doodem) with roots in Sachigo Lake First Nation and Thunder Bay, Ontario. Jared currently resides in Peterborough, Ontario, with his partner and children. He is an up-and-coming artist practising within this traditional style known as Woodland art. His exposure to this technique at a young age strongly built his connection and appreciation for this art form. Jared's mentorship from Tim Tait, another Woodland artist and father, began a journey into creating articulate imagery – contemporary imagery with bold black lines and natural to bright colours. Tait tells a story of Indigenous relations to the land – from the water to the spirits that inhabit it. Each piece encompasses a bit of his own spirit, from his own personal experiences. Jared creates in the hope of preserving sacred teachings, symbolisms, and stories for generations to come.

About his painting for the cover of our 2023–2024 Annual Report, Jared says, “The thunderbirds in this painting represent a powerful spiritual presence. When I have these birds in my paintings that is what I'm trying to share. In the designs you'll see lodges, portals, and ancestral figures. The thunderbird watches over us and we honour this spirit with offerings.”



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Message from the Executive Chair

The First Nations Financial Management Board's (FMB's) client base continued to grow over the 2023–2024 fiscal year. More First Nations now recognize and seek the benefits of using our various supports to advance their economic development and financial administration goals. More than 60 per cent of *Indian Act* First Nations are currently scheduled to the *First Nations Financial Management Act* (FMA).

Dennis Meeches, former Chief of Long Plain First Nation, commented on their success working with the FMA institutions at the recent First Nations Economic Forum in Winnipeg: “They’ve done some tremendous work and I think there’s a lot of opportunities going forward... I don’t think Long Plain could have done it the way we’ve been able to proceed without FMB and FNFA’s support.” Long Plain’s recent achievements include the opening of Odé Akiing, also known as the Wyndham Garden Winnipeg Airport Hotel, the Nation-owned full-service hotel on the first Urban Reserve in Winnipeg: Long Plain Madison Reserve on Treaty One territory.

Our impact is poised to grow following amendments to the FMA made in June 2023, expanding our mandate. We are now able to serve new client categories including tribal councils and First Nation treaty and self-governing groups. We are also starting to look at supports for government business enterprises.

The FMB has gathered and analyzed data showing the significant achievements of First Nations while working with the FMB and our sister FMA institutions, specifically in the areas of improved community outcomes and financial health of First Nations governments. The correlation results show that First Nations communities working with the FMB have significantly higher levels of formal education attainment; Nations with FMS Certification have an increased level of residential housing quality; and there is a higher level of own-source revenue according to a First Nation’s level of engagement with the FMB.



We hear the inspiring stories behind this data at the annual *First Nations Leading the Way* conference, which has grown to be one of the largest gatherings of First Nation leaders in Canada.

Our work to create new opportunities and supports to help First Nations grow their economies continues through the RoadMap Project. As outlined in this report, RoadMap is a framework for developing and implementing the new structures and tools needed to unlock the Indigenous economy and increase self-determination. In 2023–2024, we discussed the RoadMap

Project with First Nations leaders across Canada through a series of workshops and presentations in the RoadMap Roadshow. This ongoing engagement allows us to gather feedback from First Nations as we refine the solutions of RoadMap. We are currently focused on developing two key RoadMap proposals: an Indigenous Development Bank (IDB) and Indigenous Investment Commission (IIC).

The IDB would address the financing gap that restricts First Nations economic development. The *Indian Act* limits the ability of First Nation businesses and entrepreneurs to leverage on-reserve assets to secure loans and investments with mainstream lenders and investors. As an Indigenous-led institution, the IDB would reshape the economic landscape for Indigenous Peoples.

The IIC would provide pooled investment management services for Indigenous governments, trusts, and institutions. It would address the significant gap that exists in investment services and related financial benefits available to Indigenous governments and organizations, including those with significant asset portfolios and pending settlements.

We welcome the federal government’s recent support for an Indigenous Loan Guarantee Program. Eventually, we would like to see financing that supports First Nations’ equity positions to come through the IDB to ensure that decisions are independent of the Crown, Indigenous-led, and move at the speed of business.

Our core work supporting First Nations through capacity-building and financial certifications continued at a brisk pace this past fiscal year. We also continue to advocate for Indigenous factors to be embedded in new environmental, social, and governance (ESG) standards for businesses, through our work with the International Sustainability Standards Board (ISSB) and other organizations.

Our appearances at parliamentary committees helped secure the FMA amendments and increased support for measures to advance economic reconciliation. A key benefit of the amendments is the creation of the First Nations Infrastructure Institute (FNII) as a fourth institution of the FMA.

FMB's Support Services program continues to break down barriers that prevent First Nations – especially small and/or isolated communities – from achieving their goals and accessing the supports available under the FMA. Our Default Management (DMP) program continues to support First Nation governments to build their financial management capacity and de-escalate from a default management position. We are advocating for permanent funding for these two programs, both of which have grown – due to increased demand from First Nations – beyond pilot projects to become part of FMB's core services.

The success of the FMB is a credit to our talented team of staff across the country, now 122 strong. In 2023–2024 we welcomed three new Directors: Mike McIntyre, CFO at Membertou First Nation; Paul Rochon, Executive Advisor at Deloitte Canada; and Jean Vincent, Chairman of the Board of the Native Commercial Credit Corporation.

We look forward to continued discussions with Canada around our resourcing needs as we grow in response to increased requests for support from First Nations.

I am pleased to share this Annual Report as a summary of FMB's important work supporting First Nation governments in achieving their economic development and administrative governance goals over the past year.

Huy chexw a

Harold Calla
F CPA, F CGA, C AFM

Executive Chair
Squamish Nation
British Columbia

“The FMB has gathered and analyzed data showing the significant achievements of First Nations while working with the FMB and our sister FMA institutions, specifically in the areas of improved community outcomes and financial health of First Nations governments.”



Message from the Deputy Chief Executive Officer

The FMB continues to get results as we support First Nations in advancing their economic self-determination goals. I am pleased to report that our team in Standards and Certification, as well as Finance and Operations, stepped up at a time of increased demand in 2023–2024 to ensure we can continue to provide high-quality support to Nations in their financial administration and economic development journey. Our team approved 16 Financial Performance and six Financial Management System certifications for First Nation clients this past fiscal year, and continued to strengthen FMB's cybersecurity program.

With the growth in the organization, the FMB has put in place plans to support the growing number of employees, both through new and revised Human Resource management policies and through IT systems. The FMB has continued work on the IT Strategic Plan, including making good progress towards strengthening cybersecurity. We have also launched an initiative to ensure the FMB can meet the challenging standards of FMS Certification, using the new standard specifically developed for non-profit organizations.

I have continued to raise awareness among finance, accounting, and assurance professionals in Canada around Indigenous inclusion in accounting, investing, and sustainability standards. It's vital that the finance and accounting communities recognize and embrace their role in advancing economic reconciliation. This work includes my roles as a member of CPA Canada's Sustainability Advisory Committee and Vice-Chair of the Public Sector Accounting Board in 2023–2024, as well as numerous presentations I have made to finance, accounting, and business organizations.

The FMB has been invited to play an increasingly central role in the development of international environmental, social, and governance (ESG) standards. New ESG standards are emerging at a brisk pace in Canada and



around the world. There is an urgent need to get this right, and our work in this area – including with the International Sustainability Standards Board (ISSB) – has become a priority for us. If Indigenous factors are included at the centre of ESG, established standards will reduce the cost of capital to worthy projects that are greener and more sustainable. This can both attract investment to Canada, advance reconciliation, and breathe life into UNDRIP.

Through presentations and meetings with other organizations, I have also shared the RoadMap Project's optional proposals to help advance economic reconciliation and self-determination. This includes presentations in 2023–2024 to the Chartered Professional Accountants of British Columbia and CPA Canada's Public Sector Conference. Among First Nations, finance and accounting professionals, and other partners the response to RoadMap has been very positive. This framework for advancing economic self-determination is welcomed for its practical, Indigenous-led, and forward-thinking proposals for unlocking the Indigenous economy.

I am grateful to our many First Nations clients and partners, as well as our talented team across Canada, for the achievements highlighted in this report.

Sógá sénlá'

Scott Munro
F CPA, FCA, CAFM

Deputy Chief Executive Officer
Kaska Dena
Yukon Territory



The FMA and FMB

The FMB and our sister institutions of the *First Nations Fiscal Management Act* play a central role in unlocking Indigenous economies, which benefits not only Indigenous Peoples, but all Canadians.

First Nations Fiscal Management Act

The *First Nations Fiscal Management Act* (FMA) is federal legislation outside of the *Indian Act* that provides an optional pathway for First Nations to enhance their social and economic development. The FMA has established – and provides legislated authority for – four First Nations-led institutions offering complementary services and support to interested First Nations:

- The First Nations Financial Management Board (FMB), which supports First Nations in developing and being certified for high standards of financial management and accountability
- The First Nations Finance Authority (FNFA), which provides First Nations with access to borrowing to advance their social and economic development objectives and priorities
- The First Nations Tax Commission (FNTC), which enables First Nations to collect property and other taxes for community development and services
- The First Nations Infrastructure Institute (FNII), which provides the skills and processes necessary to ensure First Nation communities and Indigenous organizations can efficiently and effectively plan, procure, own, and manage infrastructure assets on their lands

FMB's Role Under the FMA

Upon request, the FMB supports First Nations to establish and implement their own financial administration laws and strengthen their financial management capabilities, procedures, and practices in line with standards established by the FMB. This enables a participating First Nation to demonstrate to its citizens, prospective lenders, investment partners, and others its commitment to transparency, accountability, and strong governance throughout its financial management systems. With FMB certification of its financial performance, a First Nation can, through the FNFA, leverage financing on terms similar to those available to other levels of government in Canada.

FMB's certification of First Nations, whether at the Financial Performance (FP) or Financial Management Systems (FMS) level, also give a Nation's citizens and partners confidence that the Nation is well-run, transparent, and accountable. The certifications are based on international finance and governance standards and adapted to meet the needs of First Nations.

FMB Mandate

The FMA sets out the broad powers, duties, and functions of the FMB, within which FMB plans, designs, and delivers its programs and services in support of First Nations wishing to participate.

Under Parts 3 and 6 of the FMA, the FMB operates as a national, not-for-profit shared governance institution. The FMA establishes an arm's 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. More specifically, the FMA establishes the following mandate for the FMB:

- Assist First Nations and other specified Indigenous entities in:
 - » developing the capacity to meet their financial management requirements;
 - » developing and implementing laws and by-laws respecting financial administration;
 - » their dealings with different levels of governments respecting financial management, including matters of accountability and shared fiscal responsibility; and
 - » the development, implementation, and improvement of financial relationships with financial institutions, business partners, and different levels of governments, to enable the economic and social development of First Nations and those other entities.
- Develop and support the application of general credit rating criteria to First Nations.
- Provide review and audit services respecting First Nation financial management.
- Provide assessment and certification services respecting First Nation financial management and financial performance.
- Provide monitoring and reporting services respecting financial management systems and financial performance.

- Provide First Nations and other specified Indigenous entities with monitoring and reporting services respecting the implementation of laws and by-laws respecting financial administration and the compliance of those laws and by-laws with applicable standards.
- Provide services respecting the co-management and third-party management of local revenues and other revenues.
- Provide advice, policy research and review and evaluative services on the development of fiscal arrangements between different levels of governments and First Nations, as well as on the development of fiscal arrangements between different levels of governments and other specified entities.
- Develop, implement, test, and evaluate, as well as conduct research with respect to proposals and pilot projects related to the purposes set out in the other paragraphs of this section.
- Assist First Nations, other specified Indigenous entities, other levels of government, and public and private organizations in the development and implementation of fiscal and economic proposals that contribute to responding to the Truth and Reconciliation Commission of Canada's Calls to Action and to implementing the United Nations Declaration on the Rights of Indigenous Peoples.
- Collect data, publish statistical information, and conduct research and analysis on matters related to the purposes set out in the Act.

Working with the FMB is optional for interested First Nations across Canada, and the FMB provides its financial management, capacity-building and certification services at no charge to all participating First Nations.

The FMB's services are funded by the Government of Canada through annual A-Base funding arrangements for ongoing core operations, as well as funding provided for Proposal-Based initiatives in support of communities the FMB serves.

The FMB is headquartered on Squamish Nation reserve land in West Vancouver and has offices in Winnipeg, Ottawa, and Montréal.



Vision, Mission and Values

Vision

Empowering Economic Self-Determination for all First Nations.

Mission

Driving economic reconciliation at the request of First Nations through strong financial governance standards, reporting, capacity-building, and the development of innovative solutions for economic inclusion through:

- Fiscal relationships
- Strategic partnerships
- Evidence-based solutions



Values

The FMB is a First Nations-led organization. The following core values guide the way the FMB carries out its work.

INTEGRITY

WE HONOUR OUR COMMITMENTS, OUR INDIGENOUS VALUES, AND OUR TEACHINGS.

COLLABORATION

WE WORK TOGETHER AS A TEAM AND WITH PARTNERS TO ADVANCE SHARED OBJECTIVES.

RESPONSIVENESS

WE ARE TIMELY IN OUR RESPONSE TO THE REQUESTS AND NEEDS OF OUR FIRST NATION CLIENTS AND COLLEAGUES.

INNOVATION

WE DEVELOP AND IMPLEMENT PRACTICAL SOLUTIONS.



What FMB Does and How It Works

Focus

The primary focus of the FMB is to support interested First Nations in building their fiscal and financial management capacity. The FMB achieves this by working with First Nations to encourage and support them in getting scheduled under the FMA; developing and adhering to a Financial Administration Law (FAL) (for First Nations under the FMA) or, as applicable, a Financial Administration By-Law (FAB) (for First Nations under the *Indian Act*); achieving FMB's Financial Performance (FP) Certification and subsequent Financial Management Systems (FMS) Certification; maintaining and continually improving ongoing financial management practices; and participating in other financial management initiatives offered by the FMB and our partners within the FMA framework.

Process

Delivery on the FMB's mandate involves the following key elements and processes:





FMB Profile

The FMB supports First Nations in achieving sound financial management and administrative governance. And like our sister Financial Management Act institutions, we're getting results.

Board of Directors

The Board of Directors is comprised of no fewer than nine and no more than 13 members from across Canada, including a Chairperson and a Vice-Chairperson. The Governor in Council (GiC), on the recommendation of the Minister of Crown-Indigenous Relations, appoints the Chairperson and a minimum of five and up to nine other Directors. AFOA Canada appoints up to three additional Directors.

At the time of writing, 11 of the 13 possible Board positions have been filled, with up to two vacant positions available to be filled through the GiC appointment process.



Harold Calla

Executive Chair
GIC Appointment
British Columbia
November 30, 2024



Mike McIntyre

GIC Appointment
Nova Scotia
January 24, 2029



Jean Vincent

GIC Appointment
Québec
January 24, 2029



Kelly Ballard

AFOA Appointment
British Columbia
June 30, 2027



Caroline Davis

GIC Re-Appointment
Ontario
March 24, 2025



Deanna Muise

GIC Appointment
Alberta
June 24, 2024



Dillon Johnson

Vice-Chair
GIC Re-Appointment
British Columbia
October 16, 2026



Paul Rochon

GIC Appointment
Ontario
January 24, 2029



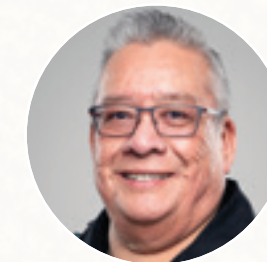
Katherine Stevens

AFOA Appointment
British Columbia
June 30, 2027



Norm Grdina

GIC Re-Appointment
British Columbia
March 21, 2026



Louis LeDoux

AFOA Appointment
Saskatchewan
February 23, 2025

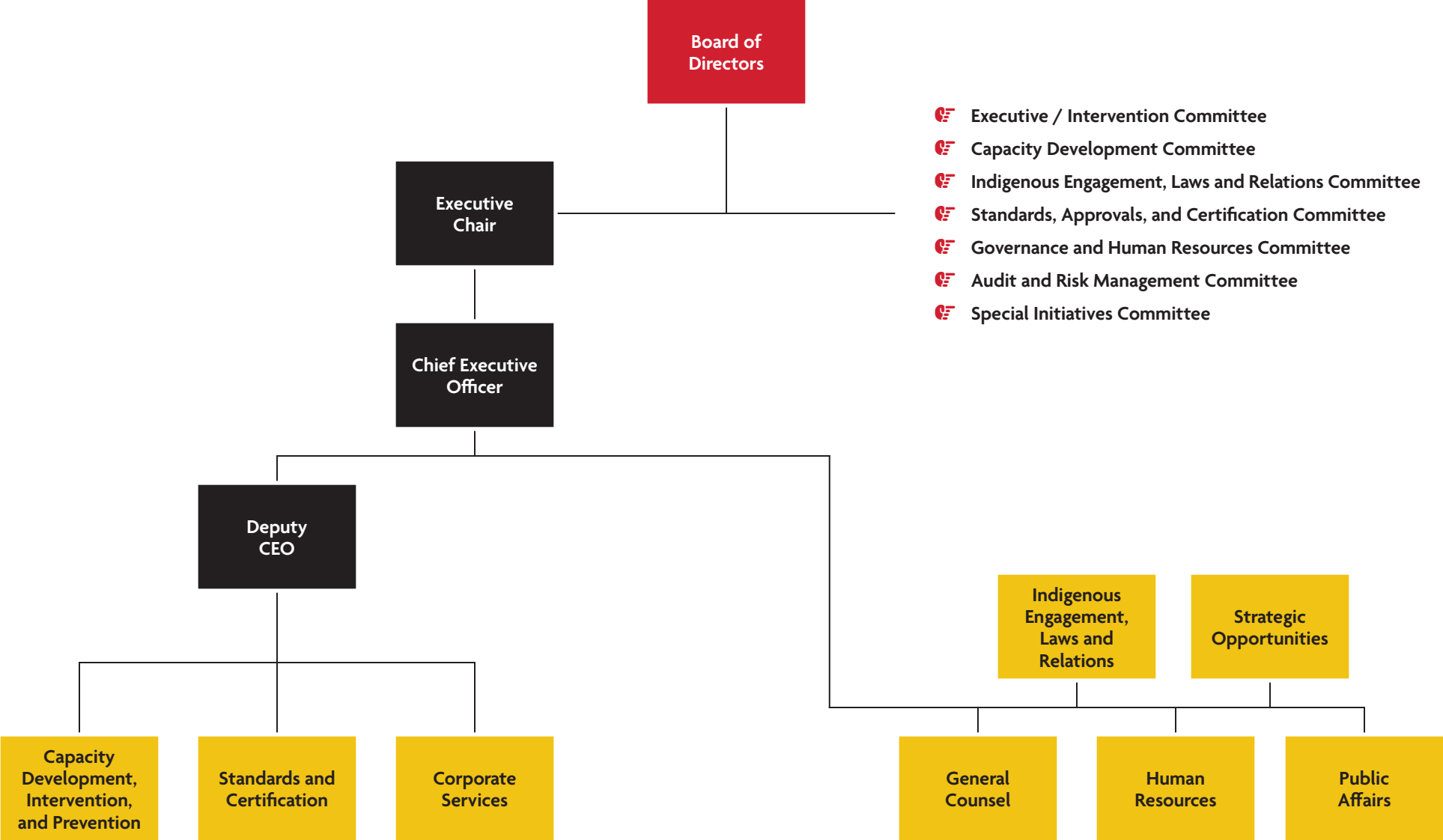


Leonard Odjick

Elder Advisor
Québec

Organizational Structure

The Executive Chair and the Board provide direction to the Chief Executive Officer, who works closely with the Deputy Chief Executive Officer. The FMB's Board committee and organizational structures are set out below.



Indigenous Engagement, Laws, and Relations

Committed to ensuring that all interested First Nations can enjoy the benefits of FMB services and support under the FMA, the Indigenous Engagement, Laws, and Relations (IELR) function actively reaches out to, and engages with, interested First Nations across Canada to:

- make them aware of the nature and benefits of participation as a scheduled First Nation under the FMA; and
- provide information, operational guidance, and support in their development of a FAL or FAB (as applicable).

FMB's IELR function also engages with participating First Nations to review, assess, and provide legal opinions and recommendations on FAL compliance approval to the Board of FMB and, as applicable, FAB compliance opinions for recommendation for Ministerial approval. In addition, the FMB's IELR function supports First Nations on their journey to Financial Performance (FP) Certification, Financial Management Systems (FMS) Certification, and eligibility for the ISC 10-Year Grant Program.

IELR supports and conducts outreach to new client segments following the expansion of FMB's mandate with the FMA amendments of 2023. The IELR team also supports client engagement on the RoadMap Project and other initiatives.

Capacity Development, Intervention, and Prevention

For First Nations pursuing FMS Certification, the FMB's Capacity Development, Intervention, and Prevention (CDI) function provides capacity-building assistance and support in the form of special tools,

services, training, and guidance. These supports are designed to encourage, equip, and enable First Nations to establish strong financial management capacities, processes, and practices that meet FMB-established standards. The FMB's CDI function also assists First Nations to get—and stay—out of default

management. The FMB's CDI function maintains capacity, procedures, and readiness to intervene when required under the FMA to respond to adverse financial management situations facing participating First Nations.

Standards and Certification

In support of its financial management capacity development and support offerings to First Nations, FMB's Standards and Certification (SAC) function develops and maintains

standards of practice, and related certification procedures and criteria, for First Nation governments and not-for-profit organizations. Adherence to these standards and protocols is a requirement for receipt of FMB's FP and FMS Certification. In addition, the FMB's SAC function provides support and compliance opinions for First Nations seeking eligibility for participation in ISC's 10-Year Grant Program.

Strategic Opportunities

With a commitment to supporting First Nations across Canada in the advancement of jurisdiction in financial and economic matters and in their ability to fulfill their social and economic development objectives, FMB's Strategic Opportunities (SO) function advocates for, and supports, the establishment of relationships with financial institutions, business partners, and other governments based on effective and meaningful Indigenous-Crown principles. This includes advancing initiatives that explore and accelerate the responsible devolution of federal government services as well as the identification and initiation of new First Nation service organizations in support of identified community priorities. This is achieved in collaboration with ISC, CIRNAC, and other federal government departments.

General Counsel

The FMB's General Counsel is responsible for provision of advice and support for legislative amendments and regulation development; monitoring of FMB's compliance with all relevant legislation and regulations; and provision of legal advice and related policy research and development support.

Public Affairs

The Public Affairs function of the FMB delivers a diverse array of activities in external relations and communications, including events planning; management of internal and external communications products and services; and delivery of intergovernmental affairs services and support.

Corporate Services

The FMB's Corporate Services function is responsible for a wide range of services related to the ongoing operation of the organization, including records and information management; financial accounting, planning and reporting; administrative support to all business functions, including office and facilities management; development and maintenance of organizational policies and procedures; support for information technology (IT) security, project management, network administration, help desk, and digital media services; and delivery of payroll, employee benefits, and compensation management services.

Human Resources

The FMB's Human Resources (HR) function provides employment-related services, including recruitment and performance management; employee training and onboarding; development and maintenance of HR-related policies and procedures; and development of employee well-being initiatives.





Strategic Direction

The FMB's overall strategic direction comes from its Board of Directors. On a periodic basis, the Board and senior staff undertake a strategic planning session to revisit plans and priorities for the years ahead.

Broad, Longer-Term Goals and Priorities

Five-year Strategic Plan

The Board-approved 2019–2024 *Five-Year Strategic Plan, Exploring and Establishing New Horizons*, identified 10 ongoing strategic goals:

1. Increase clientele
2. Improve communication
3. Improve technology
4. Optimize the 10-Year Grant Program
5. Provide support services
6. Enhance client services
7. Be intervention ready
8. Be the default administrator
9. Enhance overall organizational strength
10. Proactively support other institutions

Long-term Priorities

To provide a longer-term vision and broad strategic context to guide implementation of these specific goals, in 2021 the Board held a strategic planning session that set out four long-term strategic priorities:

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 (United Nations Declaration on the Rights of Indigenous Peoples) 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. Implementation of these four strategic themes is interpreted and reflected in the pace, tone, and emphasis of specific FMB actions and initiatives each year.

2023–2024 Update

In 2023–2024, the Board started a strategic planning process to update the FMB's priorities and guide our work in 2024–2025 and beyond. New Board members appointed in 2023–2024 and 2024–2025 are now engaged in this continuing work, to be completed in fall 2024.

The strategic planning process to date has identified four new strategic priorities to guide FMB's activities going forward:

Priority 1: Preparing and Supporting First Nations

Priority 2: Maintaining FMB's Impact for First Nations

Priority 3: Building FMB's Capacity to Better Serve First Nations

Priority 4: Collaborating on Fiscal and Economic Opportunities for First Nations

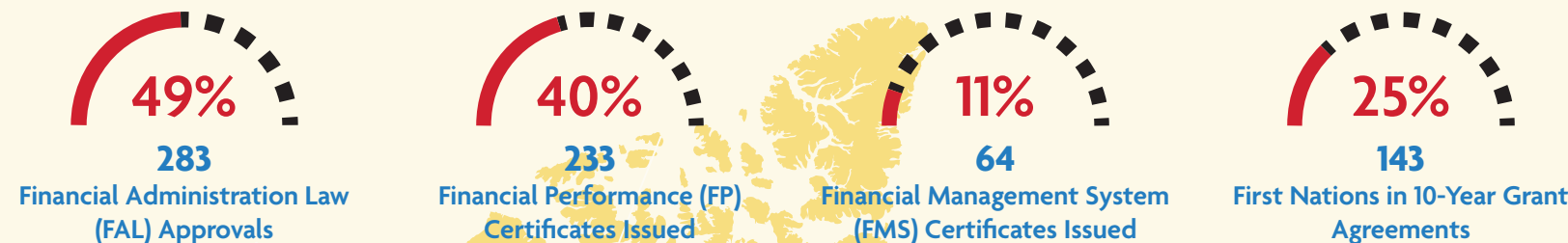


Ongoing Programs and Services

To meet the immediate needs and priorities of our clients, the FMB continues to deliver ongoing programs and services that strengthen the financial management capacity and practices of client First Nations. We also respond to all enquiries and requests for information, advice, and support from interested First Nations who are not yet scheduled under the FMA.

FMB's Milestone Achievements as of 2023–2024

A growing number of First Nations have achieved FALs, FMB certifications, and 10-year grants to advance their economic development goals.



British Columbia			Manitoba			New Brunswick			Newfoundland		
FAL	119	63%	FAL	31	48%	FAL	8	53%	FAL	4	100%
FP	103	55%	FP	22	34%	FP	5	33%	FP	4	100%
FMS	37	20%	FMS	6	9%	FMS	0	0%	FMS	1	25%
10-Year	73	39%	10-Year	9	14%	10-Year	2	13%	10-Year	1	25%

Alberta			Ontario			Prince Edward Island			Northwest Territories		
FAL	14	32%	FAL	40	32%	FAL	1	50%	FAL	5	23%
FP	11	25%	FP	33	26%	FP	1	50%	FP	3	14%
FMS	1	2%	FMS	10	8%	FMS	0	0%	FMS	0	0%
10-Year	2	5%	10-Year	21	17%	10-Year	1	50%	10-Year	0	0%

Saskatchewan			Québec			Nova Scotia			Yukon		
FAL	32	46%	FAL	17	59%	FAL	12	92%	FAL	0	0%
FP	23	33%	FP	16	52%	FP	12	92%	FP	0	0%
FMS	3	4%	FMS	2	7%	FMS	4	31%	FMS	0	0%
10-Year	17	24%	10-Year	8	28%	10-Year	9	69%	10-Year	0	0%

Indigenous Engagement, Laws, and Relations

The IELR 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. In 2023–2024, our Relationship Managers provided outreach activities to promote the FMA and grow our client base. We showcased FMB services, including the FAL, FAB, FP Certification, and FMS Certification.

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



Shayla Point
BA, LL.B, MBA

**Director,
Indigenous Engagement,
Laws and Relations
Musqueam
British Columbia**

independent legal advice. We 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 New Fiscal Relationship (10-Year Grant) program, also known as the NFR Grant.

Our team builds and maintains relationships with internal and external collaborators. In 2023–2024, we kept our partners engaged and often sought feedback on improving our services. The team participated in 22 First Nation events across Canada. In addition, IELR hosted two national webinars on “NFR Grant Eligibility” and “Planning Your Nation’s Financial Future.”

IELR also hosted three Empowering Nations workshops, showcasing the benefits of the FMA and certification. Testimonials from Nations who work with FMA institutions highlight the challenges and opportunities in achieving

certification. Twenty-one Nations sent representatives to these workshops, and we received excellent feedback.

We were pleased that 16 First Nations opted into the FMA this fiscal year, making a total of 364 participating – about 63% of all *Indian Act* First Nations in Canada. Additionally, 24 First Nations became new clients by signing a Letter of Cooperation and their Band Council Resolution to kick-off the process of developing their FAL. The IELR team held 80 virtual and in-person presentations across Canada. We also supported 20 First Nations to develop their FAL. Additionally, we worked with 14 First Nations to update their existing FAL to meet FMB standards in preparation for FMS Certification.

The FMB supports First Nations interested in the New Fiscal Relationship 10-Year Grant. This ISC and AFN initiative drew expressions of interest from 51 First Nations this fiscal year. Ultimately, 20 met the eligibility criteria and 15 entered into grant agreements with ISC beginning April 1, 2024.

The IELR business line is now comprised of 17 team members in all regions across Canada.

FIGURE 2: Letters of Cooperation (LOCs) – Most Recent Five Years, as of 2023–2024

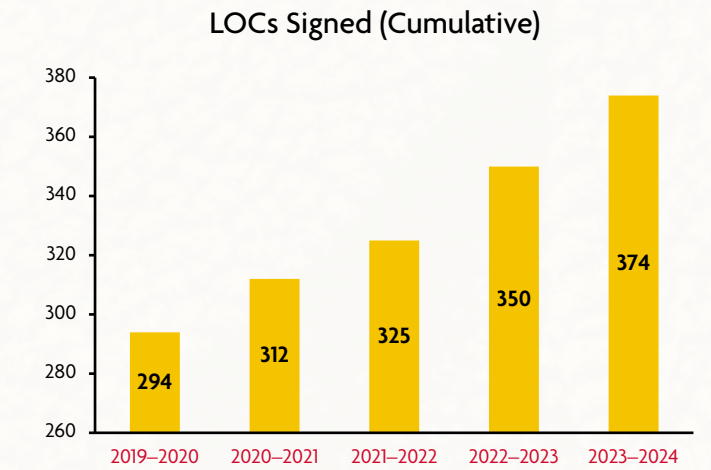
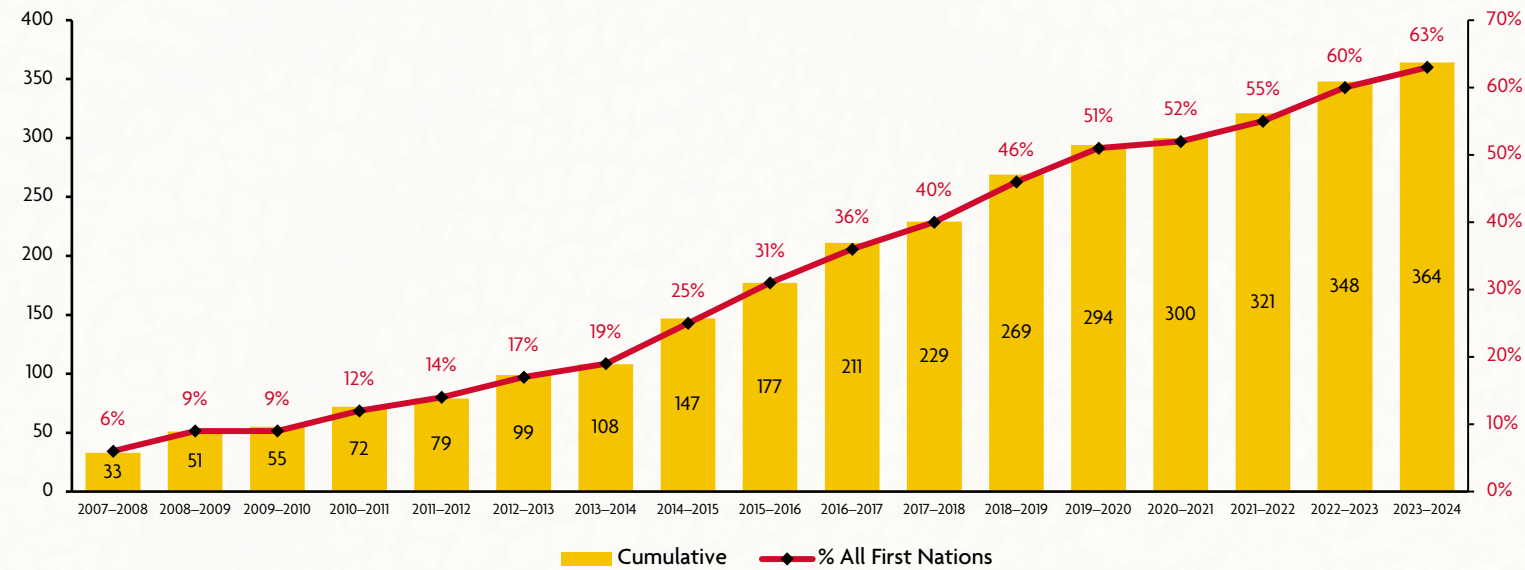


FIGURE 1: First Nations in Canada Scheduled Under the FMA as a % of Eligible *Indian Act* First Nations in Canada, Cumulative, 2007–2008 to 2023–2024

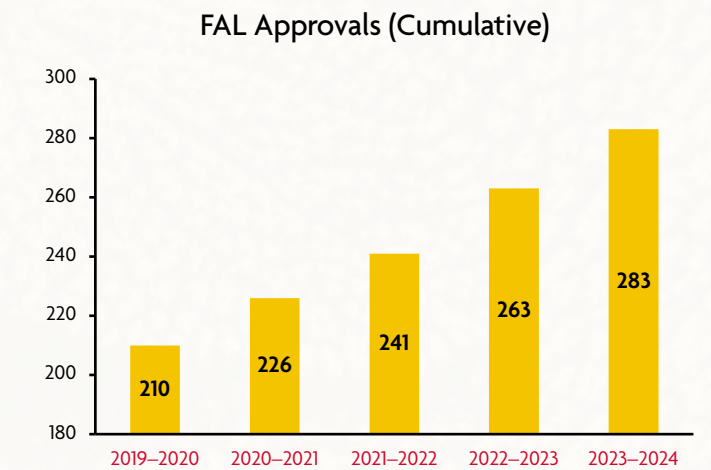


IELR OVERVIEW

20
New FALs for a total of 283 Nations that have enacted a FAL – 78% of all scheduled Nations

10
Nations updated their FAL for FMS Certification

FIGURE 3: Financial Administration Law (FAL) Approvals – Most Recent Five Years, as of 2023–2024



Capacity Development, Intervention, and Prevention

As we reflect on the journey with the Nations we serve, we want to say Chi Miigwetch – huge thanks! It's been an honour to have been invited to join communities for ceremony, feasting, and spending time at their tables.

With a changing landscape of governance and finance, it is exciting to see the dedication and development of each Nation's leadership and team members as they navigate the path to strong financial management systems.

Our Journey and Achievements

Over the past year, we have walked together on a path guided by the wisdom of our ancestors. Here are some highlights of our journey:

- As the CDI team responded to increasing demands for service over the past year, it has been exciting to deliver services in-person while assisting with FAL implementation through the ongoing development of financial and governance policies and procedures. With the challenges of climate change and the impact of wildfires from coast to coast to coast, communities continued to display courage and resiliency.
- The main demand continued to be workshop delivery models that allowed for Nations to come together to share successes and challenges. Ultimately, regional presentation allows the FMB to present all services available and engage Nations both collectively and on an individual basis.



Melanie Assiniwe
CPA, CA

**Director,
Capacity Development,
Intervention and
Prevention
Wiikwemkoong
Ontario**

- This was an exciting time of growth for the CDI team. Our 38 team members, in areas stretching from Support Services and DMP to FMS Certification, delivered services both in-person and virtually. The team has been honoured to be invited into communities and is thankful for the hospitality shared.

CDI Delivered 1,300 Workshops for First Nations in 2023–2024

Increased delivery of CDI services meant almost 1300 workshops delivered in community and during various in-person regional workshops. Presentations to Nations focused on integrated planning and annual budgets, among other policy development efforts that assist Nations in achieving FMS Certification.

FIGURE 4: CDI Workshops by Support Category, 2023–2024

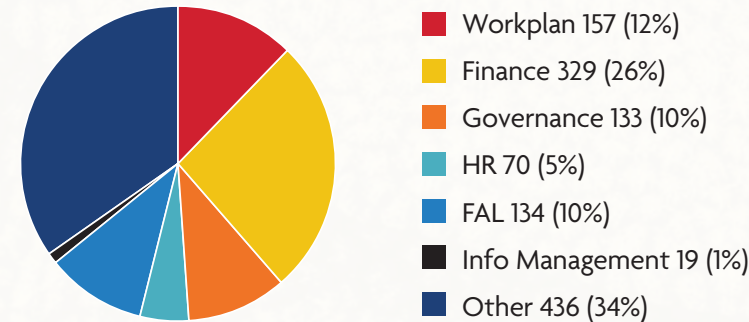


FIGURE 5: CDI - Workshops Delivered by Client Type, 2023–2024

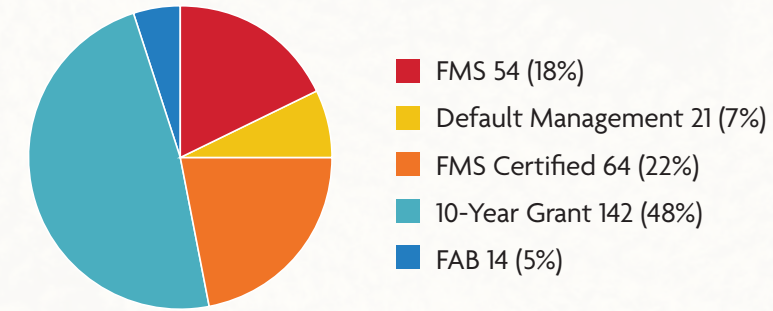


FIGURE 6: CDI - Workshops Delivered by Workshop Type 2023–2024

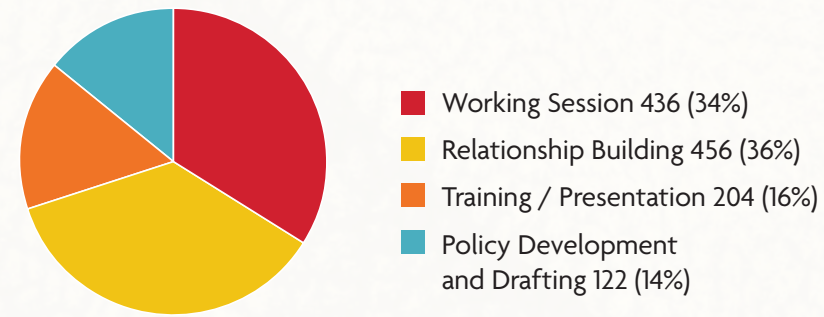
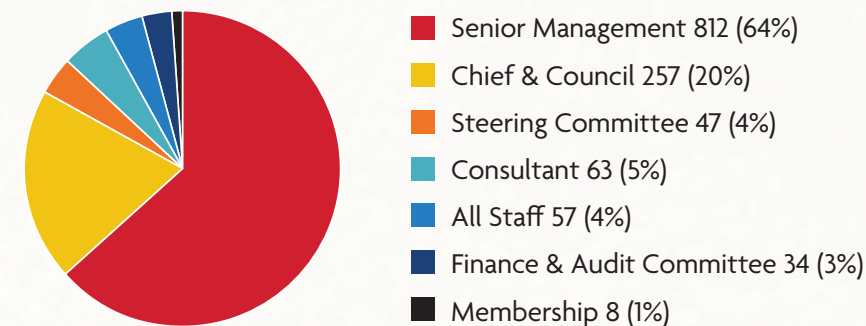


FIGURE 7: CDI - Workshops Delivered by Target Audience, 2023–2024



Transitions

The 2023–2024 year saw eight First Nations transition from capacity development to preparation for the FMS Certification review process. The Nations' successes were celebrated during the year and each Nation was recognized individually.

Celebrating each Nation's success is always a highlight for the CDI team. We are honoured to be part of this journey with Nations and stand in awe in their tenacity and resilience.

Looking ahead, we rely on the vision of our ancestors.

As we move forward, we do so with a united spirit and a strong heart. We draw strength from our ancestors, from the land, and from each other. Together, we will continue to support Nations in building a thriving, resilient community.

The CDI team recognizes 'wins' in our clients' journey along the way, further celebrating the Nations' successes. The following communities transitioned to FMS Certification review:

- Esquimalt - BC
- Fort Nelson - BC
- Kwantlen - BC
- Lake Babine - BC
- Haisla - BC
- Bingwi Neyaashi - ON
- Mississaugas of Scugog Island - ON
- Wolastoqiyik Wahsipekuk - QC

THRIVING NATIONS WORKSHOPS

The CDI team hosted two dynamic sessions simultaneously in Thunder Bay, Ont., and Richmond, B.C. The workshop is designed as a platform for clients who have demonstrated commitment to their FMS Certification journey, where they can connect, share their experiences, and learn about the successes of other Nations who have already completed this process.

Drawing over 65 attendees from 22 Nations in the West and over 55 participants from 22 nations in the Eastern and Central Regions combined, both gatherings facilitated meaningful exchanges, fostering a collaborative spirit with Nations empowering each other to keep moving forward on their journey.

The event focused on highlighting a few Nations from across Canada that achieved FMS Certification, including Enoch Cree Nation, Lower Nicola Indian Band, and Skowkale First Nation from the Western Region; Caldwell First Nation from the Eastern Region; and Gambler First Nation from the Central Region. It showcased their unique journeys towards achieving FMS Certification.

The participants gave excellent feedback on the event and expressed eagerness for future workshops.

A couple of testimonials:

“Enjoyed the keynote speakers from the Fireside Chat and the Role Play exercise.”

– Senior Finance Manager, Heiltsuk Nation

“Enjoyed speeches from leaders, meeting persons from other bands, good location and food. Would have liked it to be longer.”

– Special Projects Advisor, McLeod Lake Indian Band



Thriving Nations West workshop, March 13, 2024



FMS Support Services

Some First Nations, especially smaller and remote communities, require assistance attracting qualified staff for financial administration services. The FMB initiated the FMS Support Services program to address this need, offering remote financial and administrative support, training, and coaching. The program operates on the principle of empowering First Nation governments to retain control over their finances while benefiting from crucial support in bookkeeping, accounts management, payroll, and financial reporting. This unique model ensures that decision-making authority remains at the community level, with FMB stepping in to provide supplementary support to enhance financial management processes.

At its inception in 2021–2022, FMS Support Services engaged with 10 Nations as a pilot project. It has since expanded, having served a total of 26 Nations by the end of the 2023–2024 fiscal year.

FMS Support Services’ remote accounting service and the demand for training increased significantly during the fiscal year. Many clients requested training in budgeting.

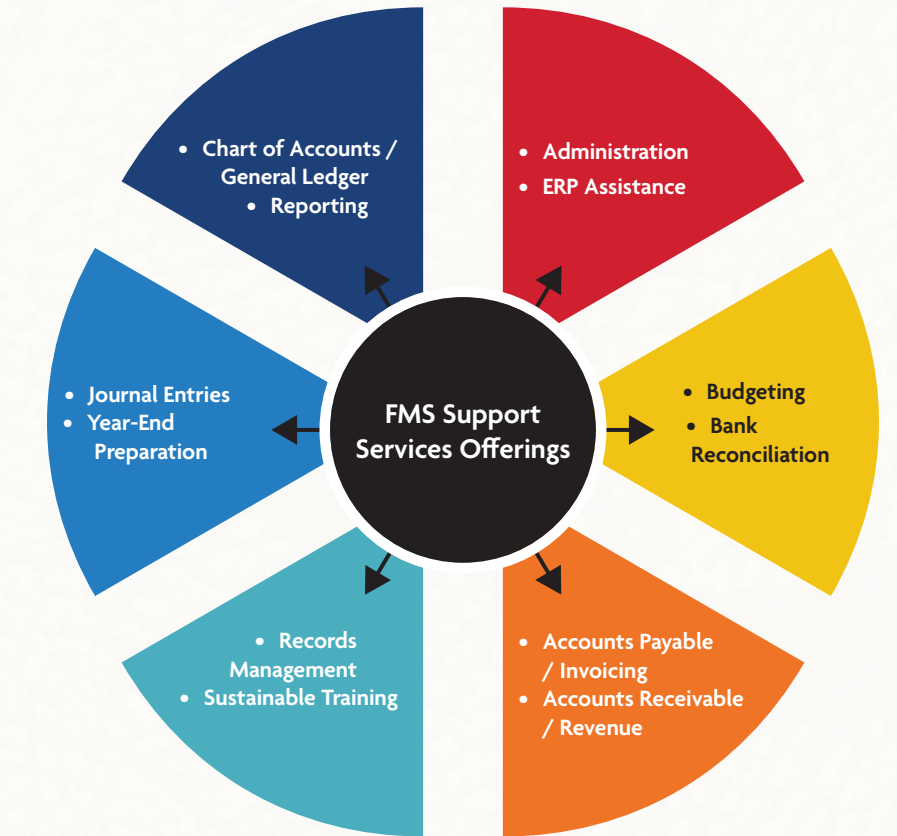
As a result of the demand during the pilot, the FMB Board of Directors approved a plan to expand services to allow an additional offering. This expansion is now under discussion with ISC.

FIGURE 8: FMS Support Services Participation

	2022–2023	2023–2024
Number of Participants	10	26
Total Hours of Support Services	1554	11,588

First Nations’ demand for FMS Support Services has grown significantly in recent years. In response, CDI added team members and expanded services in 2023–2024, enabling support for more Nations in building capacity and achieving their goals in administrative governance.

FIGURE 9: FMS Support Services Highlights



Default Management Prevention

The FMB's Default Management Prevention (DMP) program provides First Nation governments with capacity development resources to assist them in achieving de-escalation from default management. The FMB's CDI team helps these communities reach their goals and supports them in building sustainable governance and finance practices.

Highlights from this fiscal year include:

- Two Nations signed FALs.
- One Nation achieved FP Certification.
- Four Nations chose to join the FMS Support Services project, to be able to access remote accounting services.
- Comprehensive budgets were created, including approximately 100 program-based budgets specific for individual First Nations.

Further to this is the excitement expressed by Nations looking forward to bringing their FAL to life and, ultimately, FMS Certification. Of the 21 Nations engaged during the fiscal period, distribution was as follows:

- 11 in Central Region – N.W.T, Sask., Man., NW Ont.
- 9 in Eastern Region – Ont., Que., Atlantic

FMB research covering 2019–2022 shows that First Nations saw a significant improvement in their financial health while participating in the DMP program. The average operating margin ratio (OMR – profitability ratio) more than doubled from 0.068 in 2019 to 0.159 in 2022. Likewise, the net debt ratio (NDR – measuring ability to manage overall level of debt) has increased from -0.17 in 2019 to +0.17 in 2022. Of the 27 First Nations that have chosen to work with the FMB's DMP program so far, 24 were on ISC's default management list when they began this journey. To date, half of the 24 have been completely removed from ISC's default management list.

These positive financial outcomes are a testament to the hard work carried out by the First Nations governments, their leadership, and their staff. By using the tools and supports of DMP, First Nations are making significant progress towards stronger financial health and fiscal independence.

DMP OVERVIEW

21

Participants

2

Nations signed FALs

1

Nation achieved FP Certification

These results demonstrate the efficacy of the DMP program. As an Indigenous-designed and -led program, the DMP initiative provides supports and tools that build up financial capacities within First Nations communities and achieves tangible financial results on-the-ground.

INTERVENTION

CDI conducted a Mock Intervention training session with partner organizations FNFA and FNII to ensure readiness response planning is in place if an intervention is necessary. The FMB was assured that the collaborative response plan would serve well to assist in the process overall.

TOOLS AND RESOURCES

The FMB assists First Nation 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 FAL development and implementation can do for them.

[FAL Quick Reference Guide \(fnfmb.com\)](#)

FMB's toolkit helps leaders, managers, and staff of First Nations evaluate where they are and where they need to go to meet their certification goals. These downloadable resources include sample policies and procedures, self-assessments, guidebooks, tools, templates, educational videos, webinars, and standards on FALs, as well as FP and FMS certifications. FMB's downloadable suite of tools and resources is available free on our website.

[Tools and Templates | First Nations Financial Management Board \(fnfmb.com\)](#)

For Homalco First Nation, Healing is Central to Economic Development Journey

Chief Darren Blaney of Homalco First Nation is on a mission to address the economic marginalization of his people.

This marginalization is the product of the harms of colonization, spanning generations, including forced relocations and the impacts of the residential schools system.

Prior to the introduction of Smallpox in British Columbia around 1780, Homalco numbered around 10,000 citizens, says Chief Blaney. After the scourge, they numbered only 87. The Nation was also held back by forced moves and residential schools in the 1900s. The Homalco people established their new reserve in Campbell River in the 1990s, following a land exchange with the Province of British Columbia.

The Nation's territory stretches from south of Hornby Island, west through Johnstone Strait, north to Tatla Lake and east to Bishop River. The community has approximately 470 citizens in 85 households.

In recent years, Homalco has achieved numerous economic development objectives, including establishing a water taxi, developing rental properties downtown in Campbell River, and securing a heli-ski license from the province.

The Nation has also secured \$1 million for the development of a resort and is working to bring

additional partners onto that project and raise the total funds needed to make it a reality.

"We are also getting a dock put back in our old community that government forced us out of," he said. "And we're going to tear the old school down and put a trauma treatment centre there."

The trauma treatment centre is key to moving ahead with community development. "All the economic development we do, we come up against trauma all the time," the chief explains. "To get going on these bigger projects, we have to start to work on healing our people."

The Nation has already been given \$3 million for the treatment centre, with efforts underway to secure additional funding.

"The planning we with did with the FMB opened up these opportunities for us," he says, noting that when he was elected in 2017, the Nation had only \$280 in its bank account. A forensic audit found \$1.5 million missing.

"Because we are small and our lack of policies, an accountant took advantage of us, and other Nations," he explains.

At that time, Homalco's bear tours company was \$500,000 in debt; its logging company owed \$1 million. The school district was owed money.

Through hard work and fresh thinking, the Nation turned things around. A first step was to secure funding to research traditional territories that it had been trying to acquire for about 26 years.

"We just signed off on a deal to get that land from a forest company," says Chief Blaney. "The 390 acres is now added to our small reserve in Campbell River. We can do economic development along the highway now."

Having achieved Financial Performance Certification from the FMB, Homalco plans to access funding from the FNFA to "get some infrastructure at the corner of the highway and start some leasing and exercising some tax authority," he says. "We are looking at all different options. Certification has opened up a lot of doors for us to build our economy."

The overarching goal is to generate economic activity to benefit future generations. "So at some point with all our businesses we will be setting up trust funds. One will be for stewardship for our territory, another for our culture and language. We'll also have a trust fund for healing and a legal defense fund for our territory.

"We will be in control of our own future. We won't have to worry about funding from any government. That is what my goal is."





Natalia Valeev
CPA, CA

**Director,
Certification**



Lee Fulla
CPA, CA

**Director,
Standards**

Standards and Certification

The SAC business line establishes standards for FALs, FMS Certification, FP Certification, and the reporting of local revenues. We also provide certification services in relation to those standards upon request. Our team also established standards for Indigenous Not-for-Profit Organizations and can perform reviews and issue opinions on compliance with these standards.

The SAC team prioritizes responsiveness when it comes to requests for review against FMB's standards. We are happy to provide services either in-person or virtually to best meet the needs of our clients.

Our team congratulates each of the six First Nations that worked exceptionally hard to meet FMB's Financial Management System standards and achieved certification in 2023–2024. This achievement represents the commitment by each First Nation to bring their FAL to life and demonstrate accountability and transparency to their citizens.

The SAC team supports First Nations' access to capital markets through the First Nations Finance Authority (FNFA). During the past year, independent FP reviews led to the issuance of 16 FP Certifications for First Nations in seven provinces. This has supported the continued expansion of the FNFA's borrowing pool.

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

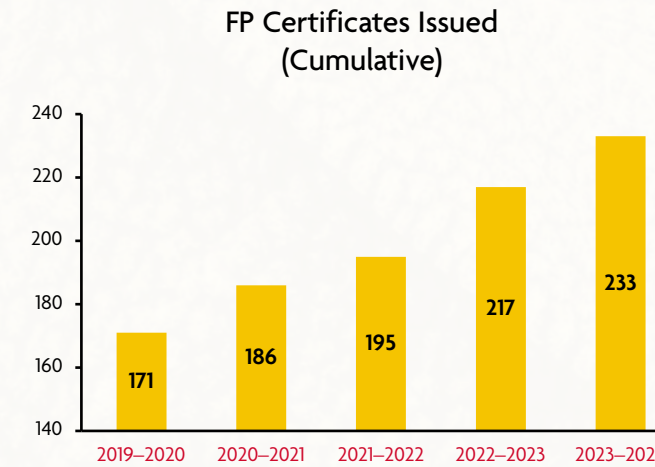
We also continued our role within the New Fiscal Relationship 10-Year Grant program. The team completed reviews of Financial Performance and issued 20 compliance opinions to First Nations who expressed interest in the grant, with 18 of those First Nations expected to enter into an NFR 10-Year Grant agreement with ISC beginning April 1, 2024.

The SAC team also contributed to research and provided comments relating to the consultation initiated by the International Sustainability Standards Board on future priorities. Similarly, we participated in discussions hosted by the International Auditing and Assurance Standards Board and the Canadian Auditing and Assurance Standards Boards and responded to consultation papers published by the International Federation of Accountants.

Pursuant to an MOU between the FMB and the Public Sector Accounting Board, the SAC team has continued its work to analyze and report on financial reporting challenges faced by First Nation governments in aggregate and advocated for increased engagement and consideration within standard-setting processes.

The SAC team continues to hold status of the pre-approved training office for future CPAs in British Columbia and recently added the role of pre-approved training office with CPA Ontario. We are working with other provincial bodies to expand this role to other provinces and continue to support our internal CPA candidates on their path towards becoming a CPA in a pre-determined and efficient manner. In addition, we are working with various provincial bodies across the country to create awareness around encouraging Indigenous youth to pursue an accounting designation.

FIGURE 10: Financial Performance (FP) Certificates – Most Recent Five Years, as of 2023–2024



FP CERTIFICATIONS OVERVIEW

16

FP Certificates Issued in 2023–2024

233

Total number of First Nations with an FP Certificate

FMS CERTIFICATIONS OVERVIEW

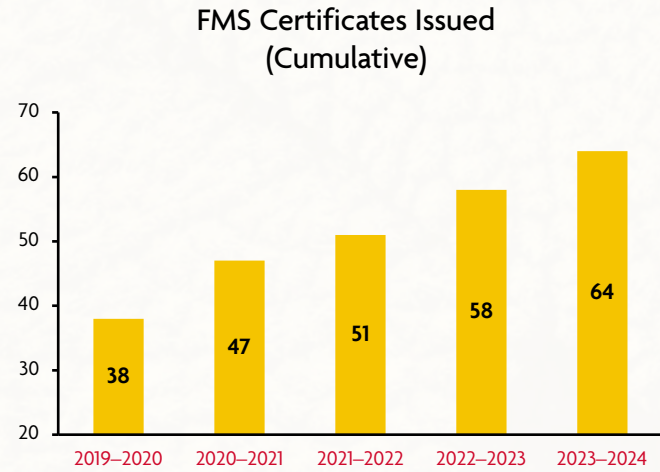
6

FMS Certificates Issued in 2023–2024

64

Total number of First Nations with an FMS Certificate

FIGURE 11: Financial Management System (FMS) Certificates – Most Recent Five Years, as of 2023–2024



NPO STANDARDS

The SAC team has been developing the tools and templates needed to support the delivery of compliance opinion services for Indigenous non-profit organizations (NPOs). The team has also had information sessions with a number of interested NPOs to answer questions about available services as well as promote the value of compliance opinions. The SAC team has also collaborated with Indigenous Services Canada, and the Assembly of First Nations on the development of eligibility criteria for a potential future expansion of the New Fiscal Relationship 10-Year Grant to Indigenous-led NPOs.

FMB Clients that Achieved FMS Certification in 2023–2024

The process of achieving FMS Certification requires commitment, training, and often years of hard work. The FMB is pleased to acknowledge the hard work and dedication of the following First Nation governments that achieved Financial Management System Certification in 2023–2024.

 Première Nation Wolastoqiyik (Malécite) Wahsipekuk Quebec January 31, 2024	 Gambler First Nation Manitoba November 2, 2023
 Lower Similkameen British Columbia November 2, 2023	 Caldwell First Nation Ontario July 27, 2023
 Takla First Nation British Columbia July 27, 2023	 Tsay Keh Dene Nation British Columbia July 27, 2023

New Fiscal Relationship – 10-Year Grant Initiative

The 10-Year Grant is a funding mechanism, co-developed by ISC and the Assembly of First Nations (AFN), that provides more flexibility and predictability in how a First Nation government uses its funding to address the Nation’s needs and priorities. Most programs which provide core funding are covered under the grant.

The 10-Year Grant allows First Nations to:

- better manage finances over a longer period to meet changing community needs,
- keep unspent funds (no clawbacks of surplus funds at year end),
- reduce the amount of reporting and resources needed to manage finances, and
- permit easy transition to the FMA.

The FMB supports First Nations seeking participation in ISC’s New Fiscal Relationship (NFR) 10-Year Grant program by providing:

- analysis, assessment, and provision of a legal and financial performance compliance opinion on the First Nation’s eligibility for participation in the program according to criteria established by Canada;
- follow-up, monitoring, and reporting; and
- capacity-development support for First Nations approved for participation in the program.

10-YEAR GRANT OVERVIEW

Work to advance New Fiscal Relationship between First Nations and Canada:

20

First Nations who received compliance opinions in 2023–2024

143

Total number of First Nations in 10-Year Grant agreements

51

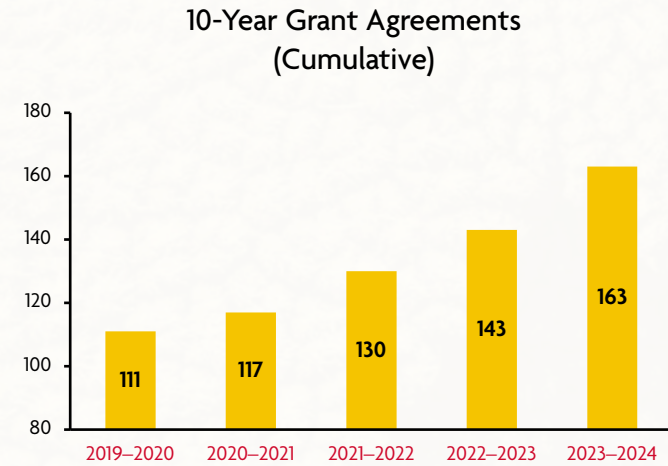
Expressions of Interest in 2023–2024

163

Total number of First Nations in 10-Year Grant agreements PLUS current year compliance opinions

A total of 143 First Nations participated in NFR 10-Year Grant agreements during the 2023–2024 fiscal year. In addition, 20 First Nations received eligibility opinions for the year beginning April 1, 2024, with 18 expected to enter into an NFR 10-Year Grant agreement with ISC.

FIGURE 12: 10-Year Grant Agreements – Most Recent Five Years, as of 2023–2024



* 2023–2024 data is for First Nations for whom FAL and FP compliance opinions were issued. The number of First Nations who enter into a 10-Year Grant Agreement at April 1, 2024 is yet to be determined.

The FMB has continued to work with ISC and 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 FAL or FAB. 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 2023–2024 fiscal year, 14 First Nations were provided specific capacity development support related to meeting the continuing eligibility requirements of the NFR grant, including the activities shown in the table below.

FIGURE 13: Capacity Development Support Related to Requirements of the NFR Grant

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



Opportunities for FMB staff from diverse locations to gather together during the year include our annual holiday gatherings in West Vancouver and Ottawa.





Emerging Opportunities and External Engagement

FMB's ongoing work to establish new programs and services in response to First Nations' needs means keeping pace with emerging challenges and seizing opportunities to support and advocate for First Nation interests.



Grant Christoff
LL.B, ICD.D, BComm

**General Counsel and Director,
Strategic Opportunities**
**Saulteau First Nations
British Columbia**



Catherine Irwin-Gibson
BA, LL.B, MPA

**Legal Counsel and
Associate Director,
Strategic Opportunities**

Strategic Opportunities

The Strategic Opportunities Team's mission continues as we respond to emerging and unaddressed needs identified by First Nations and for which they seek FMB's support. Together with leading Nations and partner institutions, we are progressing in research that we hope will advance economic reconciliation and support the Nations that we serve.

We continued to advance the Roadmap Roadshow, engaging First Nations on optional pathways to deliver on the promise of UNDRIP, as Nations move from managing poverty to creating wealth. RoadMap is designed to be a living, breathing project and it will continue to be adapted to the needs of Nations based on the feedback we receive.

We are pleased with the quality of the staff on the Strategic Opportunities team. They propose innovative ideas and push for strong, irrefutable data to support decisions. This past fiscal year we completed a scoping study of the RoadMap Project's proposal for the Indigenous Investment Commission and completed pre-scoping work on the proposed Indigenous Development Bank, working with a world expert in development banks. We continue to advance market research on both

initiatives and look to form steering committees of interested Nations and organizations to guide their continued development. Ultimately, these initiatives are at the behest of and for the benefit of First Nations, and we want them leading the way.

The FMB has supported the completion of many of the policies associated with FMS Certification for non-profit organizations and has completed the first NPO standards review.

Strategic Opportunities, along with colleagues in other areas of the FMB, continues to advance New Fiscal Relationship discussions with the Assembly of First Nations and ISC. First Nation governments need long-term, sustainable, predictable, and flexible revenue streams and the FMB is advancing solutions for First Nations to consider.

Over the course of the coming year, the Strategic Opportunities team will continue its work of supporting the FMB's leadership and other business lines, while always being prepared to respond to requests from FMB clients on emerging issues.

Atlantic First Nations Water Authority Economic Regulator Role, Future Developments

The FMB has been and continues to be a steadfast supporter and partner of the Atlantic First Nations Water Authority (AFNWA). We are proud to provide economic oversight of AFNWA operations. The AFNWA has successfully completed their first full operating year and is currently providing water utility services to 12 communities, with plans to engage with additional communities.

Our oversight role includes determining the prudence of the water utility's budgetary and planning decisions, a responsibility we take seriously. The functions of oversight are based on the Practice Directives developed in cooperation with the AFNWA and ISC. In performing our economic oversight function, we completed reviews of several budgets and plans related to operations and capital spending, which were found to be prudent. As we got deeper into the Practice Directives, it was determined that they could benefit from some revisions and streamlining to improve the directives' overall effectiveness and FMB efficiency in this oversight role.

As a part of FMB's economic oversight operations, we have also engaged in research to identify other possible First Nation communities to take over their own water utilities in a similar model as the AFNWA. The initial phase of this research has been completed and phase II will begin in the 2024–2025 fiscal year. Phase II will take the parameters and criteria identified in Phase I and expand them to identify possible communities that could collaboratively work with other nearby communities to provide water utility services in partnership. Phase III will develop a cost-benefit analysis of identified communities in providing water utility services, which will provide the basis for those communities to pursue their own water utility.

The FMB has also met and will continue to meet with similarly aligned organizations to discuss partnerships in other infrastructure projects, such as housing or other utility services.



The RoadMap Project and RoadMap Roadshow

The RoadMap Project is a fully optional, Indigenous-led plan to support First Nations in achieving economic prosperity and self-determination. RoadMap empowers First Nations to achieve economic development goals, self-reliance, and the capacity for effective self-government. It also supports implementation of the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP) through Indigenous-led initiatives, as well as the inherent rights of Indigenous Peoples in the Canadian Constitution. The RoadMap Project offers realistic and meaningful options to support First Nations governments in moving past the one-size-fits-all approach of the failed colonial system.

RoadMap is designed to empower:

- Informed policy decisions supported by statistics and data
- Better infrastructure through institutional support and improved access to capital
- Economic reconciliation through strong Indigenous economies
- Greater self-sufficiency through options to expand First Nations jurisdiction and fiscal powers
- Economies of scale and improved service delivery through First Nations working together
- Strengthened governance through capacity development and support from Indigenous institutions

The FMB developed an illustration of how RoadMap can benefit First Nations through a short, animated video available on our [website](#).

In 2023–2024, the cross-Canada RoadMap Roadshow began. We held 23 RoadMap Roadshow workshops and presentations with First Nations leaders and senior staff over the fiscal year. The Roadshow provides opportunities for Nations to discuss the barriers they face in working to achieve their socioeconomic goals and explore potential solutions. Honest and open conversations with First Nations leaders at these Roadmap events reinforced the notion that immediate concerns for safety and health sometimes detract from Nations' ability to focus on opportunities for economic and social development.

The RoadMap Roadshow engaged with Nations on the eight chapters of RoadMap, which total more than 400 pages of concrete proposals for change.

Through the RoadMap Roadshow, First Nation communities and leaders spoke with us about their experiences, priorities, and which solutions would have the most impact for them.

Outreach through the RoadMap Roadshow continues to actively engage First Nation governments, organizations, and thought leaders in advancing the RoadMap proposals.

23
RoadMap presentations and workshops were held in 2023–2024 as part of the continuing RoadMap Roadshow

INDIGENOUS INVESTMENT COMMISSION: SCOPING STUDY

A significant gap exists in investment services and related financial benefits available to Indigenous governments and organizations, including those with significant asset portfolios and pending settlements. For example, the Royal Bank of Canada estimates that there is \$20 billion of investment assets held in trusts for Indigenous Peoples. Canada-wide, an additional \$20–\$100 billion is anticipated in future years via outstanding land claims, settlements, and resource developments.

A proposed solution is creation of the Indigenous Investment Commission (IIC), which could act as an investment asset management regime for First Nations, similar to the *Caisse de dépôt et placement du Québec* and other provincial asset managers. The IIC would support First Nations to collectively:

- Pool their investments and achieve economies of scale to gain greater diversification and potentially better rates of return.
- Invest back into their communities.
- Use their investments to shape corporate decision-making and have a positive impact for generations to come.

In 2023–2024, the FMB completed an initial scoping study – supported by CIRNAC Proposal-Based funding – to engage in research and outreach to other parties and create an action plan for the establishment of the IIC. Initial responses from many Nations voiced support for the proposal. The scoping study found that there is significant interest among Indigenous leaders in seeing an Indigenous asset manager created and that the relatively small size of most Indigenous trusts inhibits long-term investment returns due to high fees. The scoping study also found that an IIC would support Indigenous self-determination and culturally appropriate investments, while aligning with both UNDRIP and Government of Canada strategic priorities.

In March of 2024, the FMB secured \$500,000 in funding to continue advancing the IIC proposal. In keeping with this funding, in 2024–2025 the FMB will continue market research to determine demand for an IIC and form a steering committee of Nations interested in seeing it come to light. Ultimately, the IIC must be guided and led by those who see value in its creation.

Completed scoping study on proposed Indigenous Investment Commission

INDIGENOUS DEVELOPMENT BANK: ADDRESSING THE LACK OF ACCESS TO CAPITAL

We have often heard from First Nation leaders and First Nation entrepreneurs of their need for better access to capital, specifically:

- access to more capital than charter banks can currently provide for projects on reserve,
- access to more capital than entrepreneurs can access now through specialized financing designed for them, and
- access to capital at the speed of business.

FMB advocated, together with other institutions, for federal loan guarantees, and \$5 billion in loan guarantees were promised as part of Budget 2024. But loan guarantees are not the whole solution to the gaps in access to capital for First Nation projects and businesses.

This past fiscal year, the FMB conducted a pre-scoping study on the existing access to capital and the need for enhanced access to capital – and the potential for an Indigenous Development Bank as the solution in closing gaps. Working with development bank experts at Momentus, who have helped to create development banks around the world, the FMB mapped out the requirements to see these needs met. A central recommendation of the pre-scoping study is to establish an Indigenous Development Bank as a preferred approach to mobilizing financing for the Indigenous economy. An Indigenous Development Bank would serve as a complementary source of finance, filling market gaps and providing support for economic development and reconciliation efforts.

In 2024–2025 the FMB will conduct more in-depth market research to bring together those in need of capital to shape a solution that ensures access to capital is available when needed, where needed, and as needed. We continue to work closely with our partners, NACCA and FNFA, to shape how development financing might come about and what form it might take.

In this endeavour, the FMB's first and most important priority is to meet the needs of the Nations we serve. By working together with other Indigenous-led institutions, we aim to build the momentum needed to close the gaps in access to capital and support meaningful growth in the Indigenous economy.

Completed initial pre-scoping study on proposed Indigenous Development Bank

First Nations Statistics and Data

The FMB is driving the transformative FMA Statistical Initiative as part of the RoadMap Project. This initiative is founded on three pillars:

1. establishing a comprehensive economic and fiscal database,
2. building collaborative relationships with First Nations governments and partners, and
3. advancing applied statistics to provide profound insights for First Nation leaders and policymakers.

With its specialized knowledge in First Nations fiscal matters, the FMB is poised to create value by developing its data, statistical, and research capacities to better serve First Nation governments. The FMB is working with its sister FMA institutions to create the means for First Nations to access their data and receive analytics that benefit them most, while ensuring security around the confidentiality of their information. The focus remains on economic and fiscal policy, but will overlap in some cases to well-being and socio-economic indicators. The goal is to allow Nations to determine what information is most relevant to them, what key performance indicators they value most, and ensure that the data and analysis provided to them serves their needs best. We hope, in the coming year, to begin piloting the database with Nations interested in testing the Statistical Initiative, to help shape it.

Data and statistics will play a crucial role in informing decision-making within the FMA institutions, First Nations governments, and other partners. By coupling statistical analysis with an Indigenous worldview, this initiative will provide new insights that benefit First Nations communities and advance Indigenous perspectives, both locally, provincially, and nationally.

On February 5, 2024, the FMB published Value of the FMA to First Nations – our first public report featuring data collected as part of the Statistical Initiative. The report outlines the advancements that First Nation governments have achieved through collaboration with the FMA institutions, focusing on the period from 2006 to 2021. It reveals that active engagement with the FMA is associated with significantly higher levels of financial health

and sociodemographic outcomes among First Nation communities. Through a detailed analysis of data, including a comparison of census information and audited financial statements, the report highlights the critical role of robust financial management and the positive outcomes of FMA engagement for fostering community development and fiscal autonomy.

INDIGENOUS ECONOMIC COUNCIL

Chapter Four of the RoadMap Project, entitled, “Unlocking First Nations Economies,” highlights that there “is no single organization driving the conditions for First Nations economic development,” and that the creation of an Indigenous Economic Council (IEC) could “coordinate institutional support for First Nations investment climates and promote policy changes to benefit First Nations.”

An important opportunity to advance the creation of the IEC came when ISC allocated resources in the 2023 federal budget to develop an Indigenous Economic Reconciliation Framework that would build on existing work such as the RoadMap Project and the National Indigenous Economic Strategy.

The FMB and the National Aboriginal Capital Corporations Association (NACCA) volunteered to facilitate the process to gather National Indigenous Organizations (NIOs) to generate a national policy framework. The FMB recognized this as an opportunity to advance the concept of the IEC as proposed in the RoadMap Project.

Through our initial collaborative work, the FMB and our partner NIOs have demonstrated professionalism and commitment in proving the IEC concept can work. We look forward to continuing our collaboration to strengthen Indigenous economic development.



FMB Executive Chair Harold Calla received the Public Policy Forum's Testimonial Dinner Award at their April 27, 2024, event for his outstanding contributions to public policy and good governance.

Public Affairs

The FMB's Public Affairs team builds dialogues with First Nations, advances policy discussions with federal and provincial governments, engages the financial community on the realities First Nations face, organizes impactful events, responds to media requests, and informs the general public.

With staff in communications, government relations, and events management, the Public Affairs unit shares the success of our First Nations clients with diverse audiences, supports advocacy efforts in the interest of First Nations, and raises awareness of FMB's various programs and services. The team also amplifies the success of the FMA and the FMA institutions and supports calls for investments to support First Nations in achieving their economic and social development goals.

In 2023–2024, the team led the planning and execution of the successful *First Nations Leading the Way 6* conference, coordinated advocacy efforts in support of the FMA amendments, and enhanced the FMB's social media presence to widely share First Nation success stories and FMB offerings.

First Nations Leading the Way 6 was our largest and most successful national gathering yet, with more than 500 attendees

FMB's collaboration with First Nations in Australia grew with FNLTW delegation, MOU



Robert South
BA

**Director,
Public Affairs**

Public Submissions

The FMB is increasingly invited to provide expert commentary on proposed legislation, regulations, and guidelines proposed by governments, agencies, and organizations. These range from corporate standards setting to policy changes that impact or could impact First Nations. Below are some of our submissions/public comments provided over the 2023–2024 fiscal year.

UNDA Action Plan

The Government of Canada developed a draft United Nations Declaration on the Rights of Indigenous Peoples Act (UNDA) Action Plan to inform and advance implementation of UNDRIP. The draft UNDA Action Plan was met with concerns expressed by numerous Indigenous organizations. Many of those concerns revolve around the effectiveness of the measures contained in the plan and the extent to which it reflects the vision of UNDRIP. The FMB was among

organizations responding to the UNDA Action Plan. Our feedback was compiled with support and input from many Indigenous institutions. It communicates present concerns and ideas surrounding the UNDA Action Plan. More importantly, we submitted our response to signal that the FMB, as well as other Indigenous-led institutions, are willing, ready, and able to move forward with the Canadian government in a stronger and more complete implementation of UNDRIP.

Bill 85

The FMB commented on Bill 85 in the Northwest Territories, which would see the Government of the Northwest Territories (GNWT) adopt UNDRIP and outlines how it will be implemented. FMB's submission commended the GNWT for its leadership on UNDRIP and made comments on the

substance of Bill 85, including recommendations on recognizing the fiscal powers First Nation governments need and that Indigenous governments lead in the development of the GNWT UNDRIP Action Plan.

ISSB Priorities

The FMB has been involved with the International Sustainability Standards Board (ISSB) since its inception and was a strong advocate that the ISSB have an office in Canada. The FMB was asked to give our opinion about what the ISSB should work on next. In our September 1, 2023, submission we stated that the ISSB should prioritize biodiversity, with an Indigenous focus.

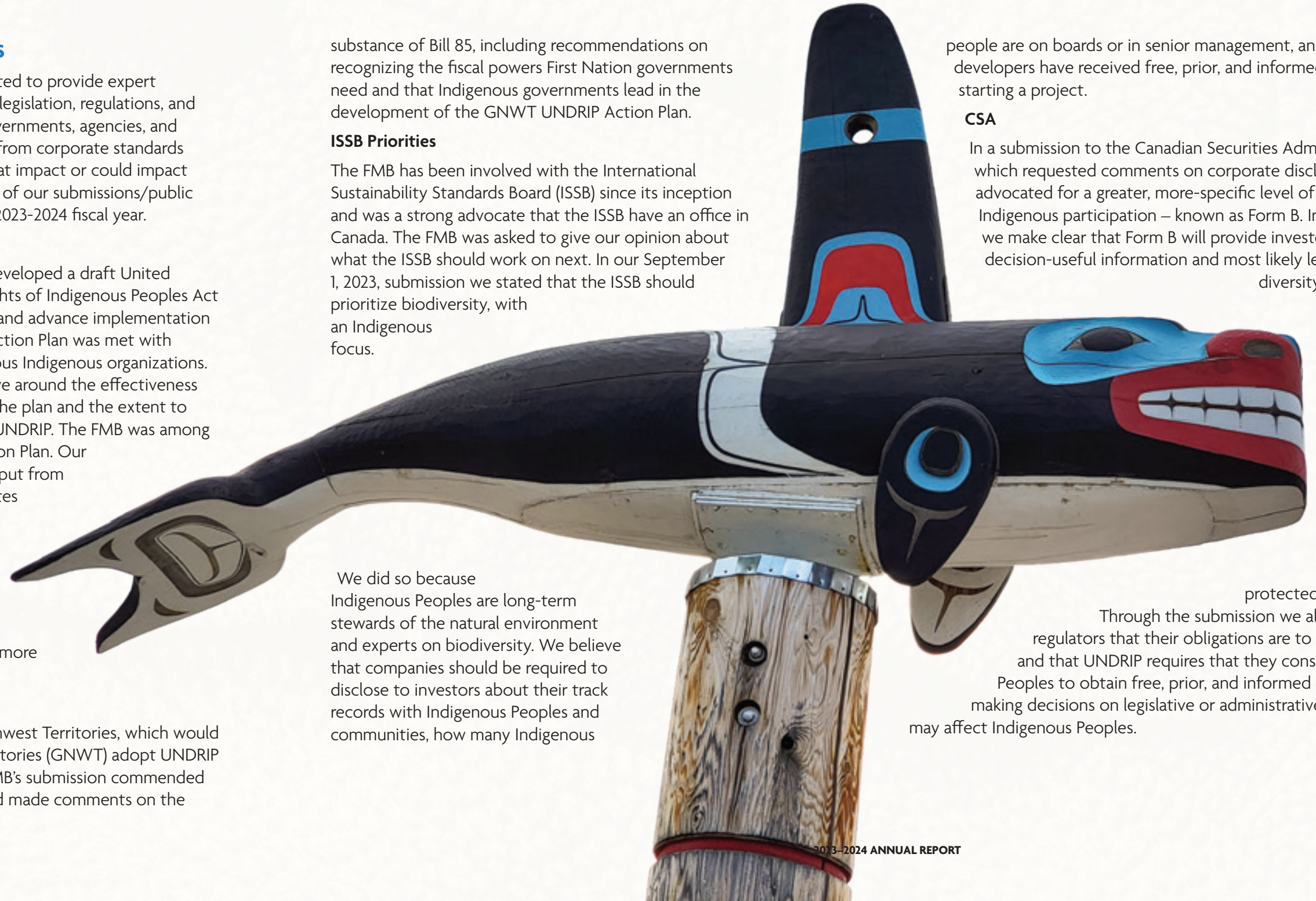
We did so because Indigenous Peoples are long-term stewards of the natural environment and experts on biodiversity. We believe that companies should be required to disclose to investors about their track records with Indigenous Peoples and communities, how many Indigenous

people are on boards or in senior management, and whether developers have received free, prior, and informed consent before starting a project.

CSA

In a submission to the Canadian Securities Administrators, which requested comments on corporate disclosure, the FMB advocated for a greater, more-specific level of disclosure on Indigenous participation – known as Form B. In the submission, we make clear that Form B will provide investors with decision-useful information and most likely lead to greater diversity, including of Canada's

constitutionally protected First Peoples. Through the submission we also remind regulators that their obligations are to the public and that UNDRIP requires that they consult Indigenous Peoples to obtain free, prior, and informed consent before making decisions on legislative or administrative measures that may affect Indigenous Peoples.





First Nations Leading the Way 6: Taking Control of Our Destiny

On November 14-16, 2023 in Gatineau, Quebec, the 6th Annual *First Nations Leading the Way* Conference (FNLW6), titled “Taking Control of our Destiny”, was hosted by the First Nations Finance Authority (FNFA), First Nations Tax Commission (FNTC), First Nations Infrastructure Institute (FNII), First Nations Lands Advisory Board (LAB) and the FMB. The FNLW6 conference showcased First Nations from across Canada who are at the forefront of expanding their jurisdiction and growing their economies. It provided Nations with a platform to highlight some of their achievements in using First Nations-led agreements and legislation to achieve greater fiscal independence, improved financial management, debenture financing, and sound land governance.

This hybrid event included more than 500 delegates from across Canada participating in person, delegates

from Australia participating in person, as well as nearly 100 delegates from across Canada participating online. FNLW6 provided an opportunity for First Nations to learn more about how the FMA institutions and Lands Advisory Board support and enhance innovations in First Nations fiscal relations with the Crown. It also provided opportunities for First Nations to network and learn more about:

- what First Nations fiscal relations will look like in the future,
- expanded First Nations tax jurisdiction,
- accessing global capital markets for First Nations,
- Financial Management Certifications,
- 10-Year Grants, and
- the Land Registry.



Photos from First Nations Leading the Way 6 in Gatineau, Quebec.

Legislative Amendments Update

The FMB and the FMA regime as a whole must continue to evolve and improve if they are to meet the evolving needs of the First Nations governments they serve.

On June 20, 2023, amendments to the *First Nations Fiscal Management Act* received Royal Assent. The amendments provide improvements to the FMA so that institutions such as FMB can better serve First Nations governments. Key amendments include:

- The establishment of the First Nations Infrastructure Institute as a fourth institution under the FMA.
- Broadening access to FMB services for a new group of clients, including tribal councils and First Nations Modern Treaty and Self-Governing Nations.
- Allowing the FMA institutions to collect data to monitor growth and enhance their capacity to support First Nations governments in evidence-based planning and decision-making.
- Lifting the Financing Secured by Other Revenues Regulation into the Act to simplify the process through which First Nations access capital through the FMA regime.
- Allowing the FMB to conduct its Annual General Meetings virtually.
- Changing the Executive Chair of the FMB from a part-time to a full-time position.

The FMB was involved throughout the drafting of the amendments and Parliament's consideration of them. We organized townhalls with both Nations scheduled to the FMA and with Modern Treaty and Self-Governing Nations prior to the amendments' introduction to Parliament on March 23, 2023. The clear support of First Nations as well as the continued optionality of the Act helped ensure the amendments had swift passage through Parliament.

“*The FMA amendments respond to the needs of First Nations, and we're pleased to see them become law in Canada. They answer calls for infrastructure development tools and mean the FMB can now offer our optional financial management and administrative governance supports to Tribal Councils, Modern Treaty Nations, Self-governing Groups, and Indigenous not-for-profit organizations.*”

– Harold Calla, FMB Executive Chair

Manny Jules, FNTC; Harold Calla, FMB; and Allan Claxton, FNII presented at the Senate Committee on Indigenous Peoples on June 6, 2023, about the need for passage of Bill C-45, an Act to amend the First Nations Fiscal Management Act.





Organization Strength and Capacities

The FMB continues to pursue transformational change within the organization to ensure we keep pace with client demand and further strengthen our collaboration with FMA institutions and government partners. We are committed to delivering our programs effectively and efficiently, with competence, nimbleness, and integrity.

Human Resources

The FMB works hard to build and nurture a strong Indigenous culture across the organization. In Human Resources, this includes focused efforts in recruiting and retaining Indigenous talent and offering cultural experiences to all staff.

Nurturing Indigenous Culture

From Elder prayers, drumming or singing at the start of staff events to collective observances of important days, such as Indigenous Peoples' Day and Indigenous Veterans Day, the FMB offers a safe space for cultural expression, awareness, and celebration. In 2023–2024, we created a new position for an Indigenous Cultural Learning Specialist on the HR team, which supports ongoing cultural growth and learning.

We offer unique and engaging opportunities for employees to learn about Indigenous cultures from across Canada. In 2023, this included two regional events for all staff to gather for Indigenous experiences and team building. Whether members are Indigenous or not, everyone has the chance to learn about and embrace different Indigenous cultures. We nurture a cohesive team with shared values, cultivating a sense of belonging that enhances employee retention.

As the illustration below shows, we have strong Indigenous representation in our leadership ranks and on our Board. We also have an Elder on our leadership team.



Jennifer Tetrault

Senior Human Resources Manager

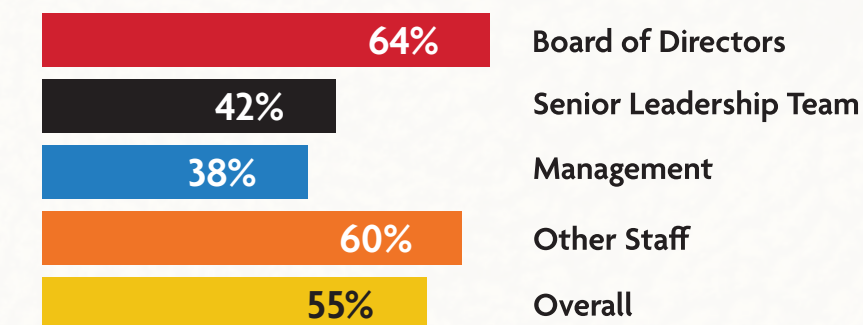
Talent Development

In 2023–2024, the FMB became the first Indigenous organization approved to support the training of future CPAs in B.C. In this way, the FMB can support future CPAs by providing them supervision, guidance, on-the-job training, instruction on ethical issues, and progress reviews.

This past fiscal year we also launched the Udemy online education platform for all staff, with free access to more than 180,000 courses.

The Canada Summer Jobs program is one way in which we support the development of young Indigenous talent. In 2023–2024 we had six Canada Summer Jobs positions. Our HR team also grew this year, with the addition of an Executive Assistant position to help us meet the needs of our growing organization, with our staff now numbering 122 people.

FIGURE 14: Percentage of Indigenous Representation Within FMB Staff, by Level, 2023–2024



Health and Well-being

The FMB prioritizes the health and well-being of employees, both inside and outside of work, through comprehensive benefits, mental health supports, and a flexible health spending account. These offerings are complimented by the activities of our Health & Well-being and Social & Cultural committees. As well, our Diversity, Equity and Inclusion Committee is key to supporting an inclusive work environment.

Our flexibility is another asset in attracting and retaining top talent. We offer hybrid, remote, and in-office options. Fifty-six per cent of FMB's staff had hybrid work arrangements at the end of fiscal 2023–2024.



Increased staff from 103 to 122 team members to meet increasing First Nations' demand for services

Corporate Services

The Corporate Services team supports strategic, corporate, and financial planning at FMB. Corporate Services includes finance, technology, digital media, records management, access to information, property management, administrative support, and policy development and implementation.

Following FMS Certification Process

As the FMB continues to provide high-quality service to its clients, expand its client base, and undertake new initiatives, the Corporate Services team ensures that our internal systems and financial management systems continue to reflect best practices. The Corporate Services team is focused on continually strengthening our internal systems and improving our management accounting, budgeting, and forecasting capabilities.

In 2023–2024, the team launched a new initiative to ensure our own financial processes and standards meet the same criteria our First Nation clients are required to meet for FMS Certification. This will give us a better understanding of our client's experience through this process, enabling us to better connect and understand this FMS Certification journey from their perspective. At the same time, it will allow FMB to lead by example and resolve any gaps that may have occurred over the recent growth of the organization.



Sarah Berto
CPA, CA

**Director,
Finance and
Operations**

IT Strategic Plan

FMB is committed to the highest standards in technology tools, security, training, and innovation to support all business lines in delivering results for First Nations. During 2022–2023, the FMB completed a comprehensive review of IT systems, which resulted in the development of a five-year IT Strategic Plan that will enable the FMB to build a high quality, responsive, and cost-effective IT environment with reliable technology services that facilitate collaboration and support effective and efficient administration.

During 2023–2024, the FMB embarked on its long-term IT strategy. As well, significant enhancements were made to strengthen the level of FMB's cybersecurity maturity based on findings identified in the 2021–2022 IT security assessment.



Where We Are Going

The FMB's 2024–2025 Corporate Plan was approved by the Board of Directors on March 14, 2024. Key initiatives for 2024–2025 and beyond include the following major commitments and strategic directions.

Expand FMS Support Services program: The FMB will expand the FMS Support Services outreach program, which has proven successful in breaking down barriers that have prevented First Nations from accessing services and support under the FMA, for example because of the community's isolation, small size, and/or inability to attract qualified staff.

Continue implementation of the RoadMap for advancing First Nation financial jurisdiction and capacity: The FMB will continue to promote and implement its collaborative effort to provide a path for Canada and First Nations to achieve greater Indigenous self-governance through Indigenous-led institutions.

Secure future of default management: The FMB will proceed to secure permanent funding for its Default Management Prevention (DMP) program, by which the FMB helps First Nation governments build their financial management capacity and de-escalate from their default management position. The funding will allow the FMB to expand the DMP program over time to all interested First Nations.

Expand FMB services: With the recent approval of FMA amendments, the FMB will continue to expand and clarify its mandate in support of the communities we serve. The FMB will also continue to collaboratively work on initiatives designed to facilitate the offering of certification services to modern treaty and self-governing Nations.

Support new fiscal relationships between First Nations and Canada: Since its inception in 2018, 143 First Nations have seen the benefits of a long-term funding arrangement with Canada and have signed on to a 10-Year Grant funding arrangement. The FMB will continue to support the 10-Year Grant initiative through its Memorandum of Understanding (MOU) with ISC, including expansion of the program to health authorities and tribal councils.

Establish First Nations statistics and data capacity for informed policy decisions: Under amendments to the FMA, the FMB and the other FMA institutions are provided with enhanced data collection roles and abilities that will allow them to monitor growth and enhance evidence-based planning and decision making around organizational objectives.

Obtain stable and sustainable long-term funding for FMB: The FMB will continue to pursue new funding arrangements with CIRNAC and ISC that will offer more stability and enable FMB to plan and make longer-term commitments for more complex and significant initiatives.

Promote and integrate Indigenous perspectives in sustainability standards: The FMB will support domestic and global efforts to ensure that Indigenous perspectives, sensibilities, and circumstances are integrated in new standards for the reporting of impacts of Environmental, Social and Governance (ESG) arrangements and commitments.

Continue FMB's oversight role with the Atlantic First Nations Water Authority: The FMB will continue to enhance its role in the provision of independent oversight for the AFNWA, which is responsible for water and wastewater services to over 4,500 on-reserve households and businesses in Atlantic Canada. The FMB provides the services of an independent economic oversight and monitoring agency to oversee the economic activities of the AFNWA. This arrangement will be showcased as a model for First Nations-led initiatives that transfer responsibility from the federal government while ensuring adequate funding.

Enhance organizational strength of the FMB: The FMB will continue to pursue transformational change within the organization to ensure that it keeps pace with client demand for FMB's services and continues to strengthen its collaboration with FMA institutions and government partners.





2023–2024 Financial Results and Highlights

The following highlights of FMB's financial results for the year ended March 31, 2024, should be read in conjunction with the accompanying annual financial statements, note disclosures, and Independent Auditor's Report. The discussion and analysis below focus on balances and transactions that are likely of most interest to users of the FMB's annual financial statements. This is not intended to be an exhaustive list.

Our 2023–2024 annual financial statements tell the story of FMB's continued responsiveness in expanding and enhancing our services to meet the needs of client First Nations. From a financial perspective, FMB's growth continued in 2023–2024, as reflected in both increased revenues and expenses. This growth allowed us to continue to support existing clients, respond to growing calls for support from First Nations, and pursue initiatives that are important in advancing First Nations' economic self-determination.

Total revenues in 2023–2024 of \$27.9 million were one-third higher than in 2022–2023. This allowed the FMB to increase expenses by a similar percentage, with client services receiving most of the increase.

The FMB receives program funding from the Government of Canada under contribution agreements, and records revenue in its financial statements when the corresponding expenses are incurred. Because funding is often received late in the fiscal year, before plans to expend it can be executed, the FMB has continued to build up a deferred revenue balance. Funding received from the Government of Canada (CIRNAC and ISC) increased from \$26.9 million in 2022–2023 to \$38.2 million in 2023–2024, and total deferred revenue on the Statement of Financial Position increased from \$16.9 million to \$27.7 Million. Revenue deferred from the previous year is always considered fully when FMB prepares its Annual Corporate Plan and Budget for approval by the Minister of CIRNAC.

Statement of Financial Position Highlights

Cash and Deferred Revenue

The cash balance increased from \$18.7 million at March 31, 2023 to \$28.4 million at March 31, 2024, reflecting an increase in deferred revenue. As at March 31, 2024, FMB had \$27.7 million of deferred revenue related to funding received, but not yet spent on ongoing programs and services. This deferred revenue balance is needed to fund FMB's ongoing growth and cashflow needs over the next 12 months. Deferred revenue from CIRNAC and ISC funding from 2023–2024 will be fully spent on core services in 2024–2025, as reflected in FMB's 2024–2025 Corporate Plan & Budget that was submitted to the Ministers of CIRNAC and ISC on April 19, 2024.

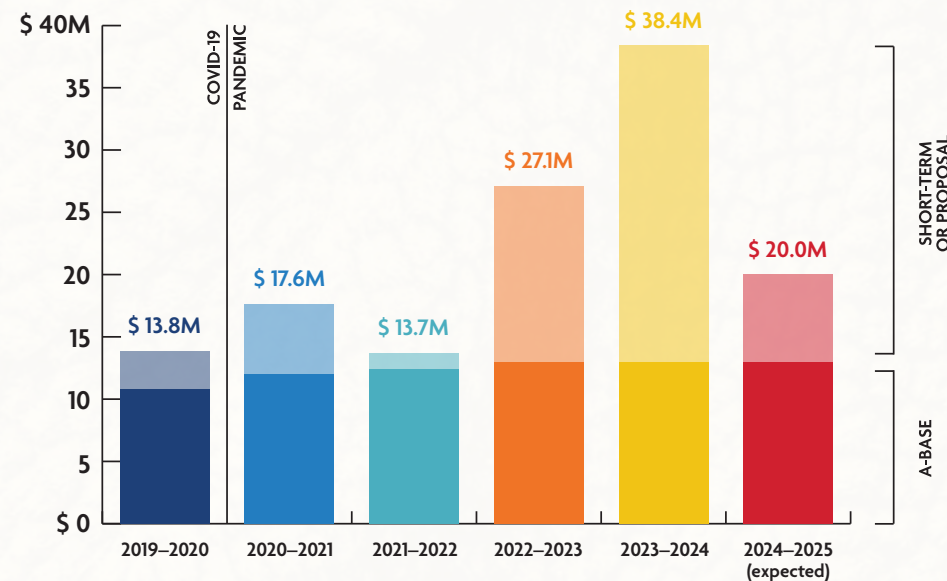
A variety of factors have contributed to the increase in FMB's deferred revenue balance over the previous two years. The most significant of which are:

- **Timing mismatch.** The timing of funding received does not align with funding terms or FMB's operating cycle. Funding is frequently received late in the fiscal year, or after projects have started, often requiring the work (and related funding) to be carried into the following year. During 2023–2024, late-year funding included \$4.5 million received in March 2024 related to the Indigenous Economic Council, and the First Nations Economic Forum event scheduled for 2024–2025.
- **Funding uncertainty.** The FMB has been growing quickly in order to respond to the needs of First Nations by adding new initiatives and staff. We have grown from 17 staff at the end of 2017–2018 to 122 at the end of March 2024, an increase of over 600 percent during this period. Our long-term base level of funding (A-Base) has not kept pace with this growth, remaining at \$13 million since 2022–2023. As a result, much of FMB's growth has been funded through short-term proposal-based funding, including ISC NFR initiatives like DMP, Support Services, and the NFR Grant (10-Year Grant). The FMB relies on deferred revenue and short-term, proposal-based funding to scale up its operations.

As at March 31, 2024, there was no committed or confirmed source of funding for the DMP, Support Services and NFR 10-Year Grant initiatives in 2024–2025. These initiatives alone accounted for nearly \$4.7 million, or 19 percent of FMB’s core operations expenses (\$25.0 million as shown in Figure 19), supported by approximately 26 full-time employees.

FMB’s operations have grown significantly year-over-year, as shown in Figure 15, however our committed level of base funding has not changed since fiscal 2022–2023. While the FMB has received short-term funding increases or proposal-based funding, our long-term, committed funding remains at \$13.0 million. Figure 15 below shows the fluctuating level of in-year funding received by the FMB over the last five fiscal years and looking ahead to fiscal 2024–2025, including the split between what is short-term or proposal-based and what is A-Base. The amounts for 2024–2025 include only confirmed sources of in-year funding as at March 31, 2024. In 2023–2024, A-Base funding represented only 50 percent of FMB’s core operations expenses (\$25.0 million as shown in Figure 19). The FMB must utilize a combination of deferred revenue and in-year proposal-based funding to meet operational needs.

Figure 15: 2023–2024 In-Year Funding Year-Over-Year Summary (in millions)



Intervention Reserve

Included in the statement of financial position is \$0.5 million of restricted cash and an offsetting liability for FMB’s intervention reserve. In the event a First Nation defaults, or is at risk of defaulting on a First Nations Finance Authority (FNFA) borrowing agreement or fails to comply with local revenues laws as governed by the First Nations Tax Commission (FNTC) under the *First Nations Fiscal Management Act* (FMA), the FMB has the authority to step in to provide intervention support and assistance to the First Nation, when called upon by the FNFA or the FNTC. This reserve allows the FMB to maintain constant readiness to intervene and help if necessary.

Crown Indigenous Relations and Northern Affairs Canada has authorized the FMB to contribute up to \$1.15 million to the fund, however no specific funding has been provided for FMB to increase the reserve fund up to the authorized amount. Since the inception of the FMA, and the establishment of the intervention reserve fund, the FMB’s intervention authorities have not been called upon and no amounts have been withdrawn from the fund.

Deferred Lease Inducements

The FMB leases office space for its head office in West Vancouver, as well as offices in Winnipeg, Ottawa, and Montréal. Some of the arrangements for office space included rent-free periods, step rent, furniture, or other benefits when the FMB entered into the lease. The FMB accounts for tenant inducements on a straight-line basis as a reduction of rental expense over the term of the lease, in accordance with Canadian accounting standards for not-for-profit organizations. As at March 31, 2024, the FMB had \$0.3 million of leasehold inducements recorded as a liability on the statement of financial position, compared to \$0.4 million at March 31, 2023. The reduction in leasehold improvements during the year reflects the amortization of the balance over the term of the lease.

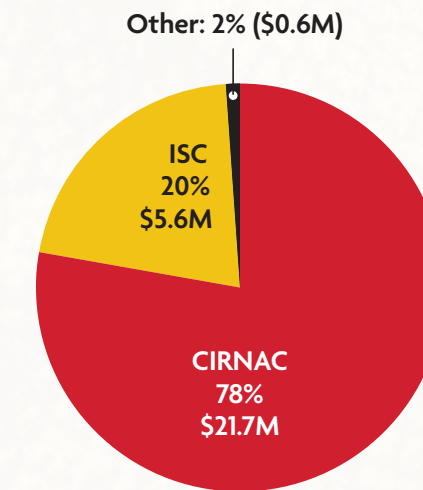
Statement of Operations Highlights

Revenue

Revenues of \$27.9 million for the year-ended March 31, 2024, were \$6.8 million higher compared to revenues of \$21.1 million for the prior year, an increase of over 30 percent. This increase is primarily due to additional funding recognized as revenue, correlating with increased expenditures during the year related to the expansion of FMB’s services.

As shown in Figure 16 below, the largest components of FMB’s revenue for the year-ended March 31, 2024 came from funding from CIRNAC (\$21.7 million) and funding from ISC (\$5.6 million). Revenue from CIRNAC represented over three-quarters of FMB’s revenue in 2023–2024.

Figure 16: 2023–2024 Revenue by Funding Source (in millions)



As shown in Figure 17, the largest area funded by CIRNAC is FMB’s core operations, for which FMB recognized \$19.9 million of revenue for the year ended March 31, 2024. Activities falling under CIRNAC core operations funding include our outreach, certification, capacity development, and internal administrative functions. The increased revenue is directly related to growth in expenditures in this area, as FMB continued to expand our services to more First Nations.

Funding from CIRNAC also includes six one-time, proposal-based projects, such as the Indigenous Investment Commission scoping study, part of FMB’s RoadMap Project. 2023–2024 was the first year FMB took on the lead-organizer role for the national *First Nations Leading the Way* (FNLTW) conference, and revenues include \$0.9 million in CIRNAC funding related to that event.

As shown in Figure 17, funding from ISC’s New Fiscal Relationship (NFR) secretariat covers the FMB’s Default Management Prevention Pilot Project (DMP), the FMS Support Services Pilot Project, and the NFR 10-Year Grant initiative. Revenues recognized for these three areas totalled \$4.7 million in 2023–2024, compared to \$3.8 million in 2022–2023, with the growth directly related to the increased expenditures for DMP and FMS Support Services as those initiatives continue to expand to serve more First Nations. At the end of 2023–2024, there were 47 First Nations working with FMB through those initiatives, up from 30 at the end of 2022–2023.

The FMB also receives funding from ISC for the FMB’s role as the economic regulator of the Atlantic First Nations Water Authority (AFNWA). Revenues recognized in 2023–2024 for this program were \$0.7 million, up from \$0.6 million in 2022–2023, as this initiative continued to come online.

Figure 17: Revenue by Funding Source (in millions)

Funding Agreement	2022–2023	2023–2024
CIRNAC Core	\$ 15.8	\$ 19.9
CIRNAC IIC	0.0	0.6
CIRNAC FNLTW	–	0.9
CIRNAC Other Proposal-Based	0.6	0.3
ISC NFR DMP	1.3	1.6
ISC NFR 10YG	1.5	1.5
ISC NFR Support Services	1.0	1.6
ISC AFNWA	0.6	0.7
ISC Other Proposal-Based	0.0	0.2
Other	0.3	0.6
Total	\$ 21.1	\$ 27.9

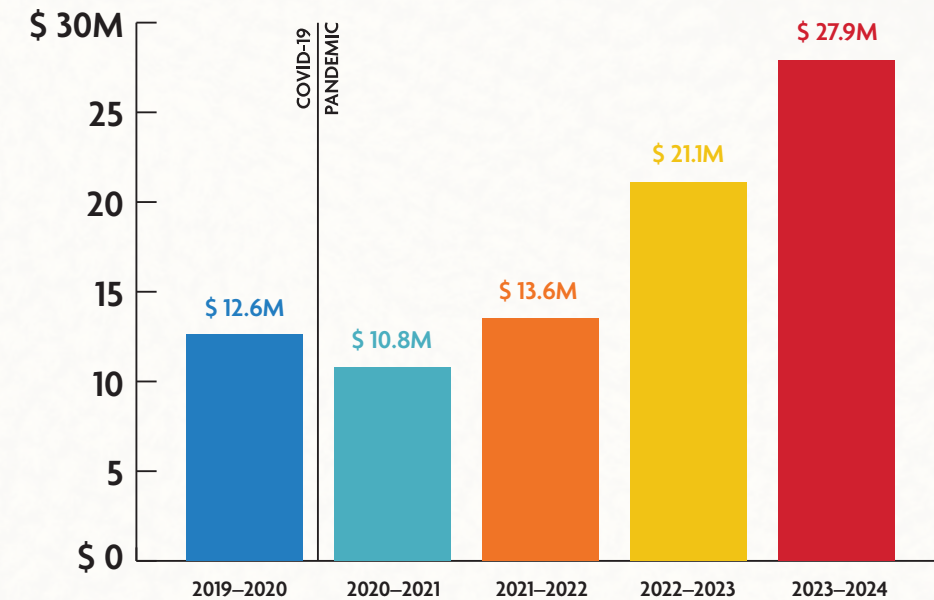
Expenses

FMB's expenses tell the story of how and where we spend our revenue to support First Nations.

Expenses by Service Area

Expenses of \$27.9 million for the year-ended March 31, 2024, were \$6.8 million higher compared to expenses of \$21.1 million for the prior year, an increase of over 30 percent. Since 2020–2021, FMB's expenses have increased nearly three-fold, as shown in Figure 18.

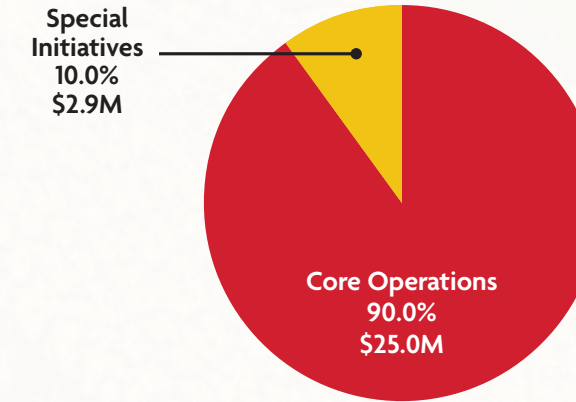
Figure 18: Expenses Year-Over-Year Summary (in millions)



As shown in Figure 19, the majority of expenses, or nearly 90 percent, were for FMB's core service areas. Core services includes expenditures generally funded by FMB's A-Base funding and related to FMB's workforce, operations, and other expenditures that allow the FMB to carry out the activities under its mandate. Core operations also include expenditures for activities related to DMP, NFR 10-Year Grant, and FMS Support Services. FMB's expenditures on core services represent FMB's commitment to serving our First Nation clients.

The remaining 10 percent of expenses were related to Special Initiatives. Special initiatives represent one-time or pilot projects that are generally dependent on ad-hoc, or annual proposal-based funding. Special Initiatives includes activities such as the annual *First Nations Leading the Way* Conference, FMB's work with the Atlantic First Nations Water Authority, and research and engagement related to advancing the Indigenous Investment Commission proposal.

Figure 19: Expenses Breakdown by Core Operations and Special Initiatives



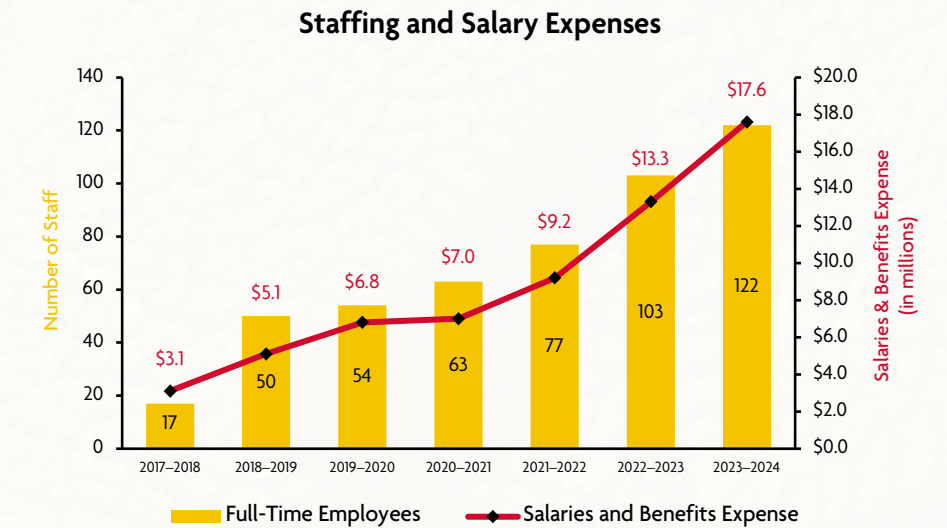
Expenses by Type

Combined, FMB's largest area of expense continues to be in salaries and benefits. It is our staff who have built the trusted relationships with our First Nation clients. Our people represent our most important resource and the FMB continues to invest in our people by offering competitive compensation and benefits.

Over the course of the 2023–2024 fiscal year, the FMB grew from 103 employees at April 1, 2023 to 122 employees at March 31, 2024, as shown in Figure 20. For the year ended March 31, 2024 salaries and benefits expense increased by over \$4.3 million, or 32 percent. The increase in salaries and benefits expense is due not only to the addition of new employees in the 2023–2024 fiscal, but also reflects the full-year impact of new positions added in the 2022–2023 fiscal year. Also reflected in the increased salaries and benefits expense are cost of living and market salary adjustments to keep FMB staff compensation competitive, as part of FMB's efforts to attract and retain top talent.

Our staffing numbers grew to keep pace with the increasing need for supports to First Nations in building capacity in administrative governance and financial management. This year we grew staffing in both our client-facing business areas and internal services, as we increased staffing to keep pace and support our client-facing teams.

Figure 20: Year-Over-Year Staffing, and Salaries & Benefits Expense (in millions)



Operations and administrative costs also grew by nearly 40 percent. Increasing operational costs this year are reflective of the investment the FMB is making to strengthen our internal structure as we grow to meet the needs of our clients. During 2023–2024, FMB made investments in IT and expanding our office space. In late 2022–2023, we moved into a new shared office space with FMA sister institutions, the First Nations Tax Commission and the First Nations Infrastructure Institute in Ottawa, with the full cost of this expanded office space reflected in 2023–2024. FMB balances the need for office space with our growing number of staff by adopting a hybrid model of working to achieve more utilization from our existing spaces over time.

Travel represents a significant portion of FMB's expenditures and has continued to increase significantly every year since the COVID-19 pandemic, which temporarily halted in-person travel to First Nation communities. Since the return to travel in the 2021–2022 fiscal year, travel has increased from \$0.1 million to over \$2.2 million in the year ended March 31, 2024. The in-person experience is how the FMB builds relationships and trust with our First Nation clients. Travel by FMB's client-facing teams accounted for 89 percent of total travel expenses in 2023–2024. In addition to community travel, FMB's Executive Chair and members of the Senior Leadership Team are frequent guest speakers, panelists, and participants at large regional, national, and international events, requiring travel to support and advocate for First Nation interests. Other major events contributing to travel expenses in 2023–2024 include the *First Nations Leading the Way* annual conference and the Thriving Nations workshops for First Nations on the path to FMS Certification.

Financial Risk and Uncertainties

The FMB's ongoing operations are dependent on continued funding from the federal government to carry out our services to First Nations. The FMB receives its funding from CIRNAC and ISC through an annual A-Base funding arrangement for ongoing core operations and individual proposal-based funding arrangements for specific projects and initiatives. The FMB's funding levels and arrangements for ongoing operations with CIRNAC and ISC have not kept pace with the increasing demand and support for FMB services, putting future operations beyond 2024–2025 at risk if funding levels do not increase over the long-term. Stable and sustainable multi-year funding is needed to enable FMB's long-term planning and management of organizational growth.

Subsequent to the year-ended March 31, 2024, the FMB entered into a new 5-year funding agreement with CIRNAC on June 20, 2024. The agreement provides the FMB with \$13.0 million of annual A-Base funding over the 5-year period, with an additional \$7.0 million in each of the next two years. This \$13.0 million level of A-Base funding is significantly below FMB's current annual level of operations, represented by expenditures of \$27.9 million for the year-ended March 31, 2024. In 2024–2025, the FMB will continue to rely heavily on deferred revenue to make up the shortfall between the annual funding level and operational needs. The new funding agreement on its own is insufficient to provide for FMB's ongoing operations beyond 2024–2025.

With the uncertainty around funding, the FMB has been actively pursuing new funding arrangements with CIRNAC and ISC, including a sustained increase in A-Base funding, that will offer more stability in the long term. The delay in stabilizing the FMB's recent growth through a long-term funding commitment has resulted in delays in having the necessary systems and specialized human resources in place and has forced the FMB to defer some important new strategic activities.



Cultural experiences are a key part of learning opportunities that the FMB offers to all staff.



2023–2024 Financial Statements and Independent Auditor’s Report

**Financial Statements of
FIRST NATIONS FINANCIAL MANAGEMENT BOARD
And Independent Auditor’s Report thereon**

Year ended March 31, 2024



KPMG LLP
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INDEPENDENT AUDITOR’S 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 “FMB”), which comprise:

- the statement of financial position as at March 31, 2024
- 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 FMB as at March 31, 2024, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our auditor’s report.

We are independent of the FMB 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.

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 FMB’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 FMB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the FMB’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 FMB’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 FMB’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the FMB 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 19, 2024

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 28,387,821	\$ 18,651,612
Restricted cash (note 2)	500,000	500,000
Accounts receivable	213,277	280,941
Prepaid expenses	166,733	108,625
	29,267,831	19,541,178
Security deposits	493,728	517,128
Capital assets (note 3)	1,196,589	1,320,529
	\$ 30,958,148	\$ 21,378,835

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Statement of Financial Position (continued)

March 31, 2024, with comparative information for 2023

	2024	2023
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,288,196	\$ 2,347,175
Deferred revenue (note 5)	27,690,157	16,927,525
Intervention reserve fund (note 2)	500,000	500,000
Current portion of capital lease obligation (note 6)	34,835	31,708
Current portion of deferred lease inducements (note 7)	113,256	113,308
	29,626,444	19,919,716
Capital lease obligation (note 6)	10,481	28,103
Deferred lease inducements (note 7)	191,336	292,714
	29,828,261	20,240,533
Net assets:		
Invested in capital assets (note 8)	935,715	943,718
Unrestricted	194,172	194,584
	1,129,887	1,138,302
Commitments and contingent liabilities (note 9)		
Economic dependence (note 10)		
	\$ 30,958,148	\$ 21,378,835

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, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Federal government funding	\$ 27,580,751	\$ 20,763,324
Other income	327,772	284,280
Interest income	16,974	9,644
	27,925,497	21,057,248
Expenses:		
Salaries and benefits	17,557,370	13,272,156
Operations and administration	4,707,030	3,388,202
Professional fees	2,113,098	1,662,248
Travel	2,152,850	1,308,416
Director fees and expenses	800,764	627,964
Direct cost of client service (note 11)	274,869	539,186
Amortization	327,931	288,647
	27,933,912	21,086,819
Deficiency of revenue over expenses	\$ (8,415)	\$ (29,571)

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Invested in capital assets	Unrestricted	Total 2024	Total 2023
	(note 8)			
Balance, beginning of year	\$ 943,718	\$ 194,584	\$ 1,138,302	\$ 1,167,873
Deficiency of revenue over expenses	(254,945)	246,530	(8,415)	(29,571)
Net change in investment in capital assets (note 8)	246,942	(246,942)	—	—
Balance, end of year	\$ 935,715	\$ 194,172	\$ 1,129,887	\$ 1,138,302

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating:		
Deficiency of revenue over expenses	\$ (8,415)	\$ (29,571)
Items not involving cash:		
Amortization of capital assets	327,931	288,647
Amortization of deferred lease inducements	(126,285)	—
Loss on disposal of capital assets	28,456	—
Changes in non-cash operating working capital:		
Accounts receivable	67,664	(184,771)
Prepaid expenses	(58,108)	(23,579)
Security deposits	23,400	(28,550)
Accounts payable and accrued liabilities	(1,058,979)	729,304
Deferred revenue	10,762,632	6,175,753
	9,958,296	6,927,233
Investing:		
Purchase of capital assets	(219,306)	(318,454)
Proceeds from disposition of capital assets	4,500	—
	(214,806)	(318,454)
Financing:		
Capital lease principal payments	(32,136)	(29,644)
Lease inducements received for step rent	24,855	89,022
	(7,281)	59,378

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Statement of Cash Flows (continued)

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Increase in cash	9,736,209	6,668,157
Cash, beginning of year	19,151,612	12,483,455
Cash, end of year	\$ 28,887,821	\$ 19,151,612
Cash consists of:		
Cash	\$ 28,387,821	\$ 18,651,612
Restricted cash	500,000	500,000
	\$ 28,887,821	\$ 19,151,612
Non-cash transactions:		
Lease inducement for capital assets	—	\$ 317,000
Capital assets financed by capital lease	17,641	—

See accompanying notes to financial statements.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements

Year ended March 31, 2024

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 recorded 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 (3 to 5.5 years)

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Capital assets (continued):

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. The related capital asset is amortized over the asset’s useful life in accordance with the amortization policy in note 1(b). All other leases are recorded as operating leases with lease payments expensed as incurred.

Deferred lease inducements include capital assets given by the lessor to the FMB and free-rent periods. Amortization of deferred lease inducements is recognized over the initial term of the related lease net of the related lease expense.

(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.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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 (continued)

Year ended March 31, 2024

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 \$1,150,000. During the year, no expenditures were incurred from this fund (2023 - nil) and the balance in the fund as at March 31, 2024 is \$500,000 (2023 - \$500,000). The cash related to this fund has been segregated as restricted cash.

3. Capital assets:

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Computer equipment	\$ 1,138,888	\$ 678,071	\$ 460,817	\$ 502,705
Leasehold improvements	534,347	287,106	247,241	276,148
Office furniture and fixtures	817,515	372,669	444,846	483,710
Office equipment under capital lease	177,050	133,365	43,685	57,966
	\$ 2,667,800	\$ 1,471,211	\$ 1,196,589	\$ 1,320,529

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$26,118 (2023 - \$4,537) relating to federal taxes and payroll taxes.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

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-base (amendment #33, 40)	\$ 11,017,755	\$ 20,046,187	\$ 19,958,506	\$ 11,105,436
CIRNAC Eureka (amendment #42)	—	200,000	200,000	—
CIRNAC ISSB (amendment #27)	22,074	—	22,074	—
CIRNAC COP 15 (amendment #29)	22,250	—	22,250	—
CIRNAC Indigenous Investment Commission Scoping Study (amendment #34)	24,864	772,346	585,815	211,395
CIRNAC <i>First Nations Leading the Way</i> Conference (amendment #44)	—	1,500,000	930,573	569,427
CIRNAC Indigenous Economic Council (amendment #45)	—	4,540,000	17,045	4,522,955
Indigenous Services Canada ("ISC") 10-Year Grant Eligibility (amendment #30, 35)	1,048,102	2,235,127	1,495,885	1,787,344
ISC default management prevention pilot (amendment #31,36)	1,606,309	4,296,532	1,611,112	4,291,729
ISC FMS support services (amendment #32, 37)	2,206,802	3,579,408	1,624,275	4,161,935
ISC AFNWA (amendment #24, 43)	831,102	883,095	684,261	1,029,936
ISC governance modernization (amendment #38)	—	183,529	183,529	—
First Nations Tax Commission – national joint conference	128,267	117,159	245,426	—
Aboriginal Peoples Television Network – documentary license fee	20,000	—	10,000	10,000
	\$ 16,927,525	\$ 38,353,383	\$ 27,590,751	\$ 27,690,157

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Capital lease obligations:

The FMB has entered into capital leases to acquire office equipment, secured by the leased assets (note 3). These leases expire in February 2025 and February 2027. Future minimum payments for the year ended March 31 are as follows:

2025	\$ 35,712
2026	6,732
2027	6,171
	48,615
Less amount representing interest at 6.75% to 9.00% per annum	3,299
	45,316
Less current portion	34,835
	\$ 10,481

7. Deferred lease inducements:

The deferred lease inducements represent capital assets given by the lessor to the FMB and rent-free periods as inducements to enter into an office lease. These inducements are amortized on a straight-line basis as a reduction of rental expense over the term of the lease.

	2024	2023
Deferred lease inducements, beginning of year	\$ 406,022	—
Lease inducements received – step rent	24,855	89,022
Lease inducements received – capital assets	—	317,000
Amortization of deferred lease inducements	(126,285)	—
Deferred lease inducements, end of year	304,592	406,022
Less current portion	113,256	113,308
	\$ 191,336	\$ 292,714

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Net assets invested in capital assets:

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

	2024	2023
Capital assets	\$ 1,196,589	\$ 1,320,529
Capital lease obligation	(45,316)	(59,811)
Deferred lease inducement – capital assets	(215,558)	(317,000)
	\$ 935,715	\$ 943,718

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

	2024	2023
Acquisition of capital assets	\$ 236,947	\$ 635,454
Proceeds from disposition of capital assets	(4,500)	—
Repayment of capital lease obligation	32,136	29,644
Capital assets financed by capital lease obligation	(17,641)	—
Deferred lease inducement received – capital assets	—	(317,000)
	\$ 246,942	\$ 348,098

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Net assets invested in capital assets (continued):

(c) Deficiency of revenue over expenses:

	2024	2023
Amortization of capital assets	\$ (327,931)	\$ (288,647)
Loss on disposal of capital assets	(28,456)	—
Amortization of deferred lease inducements – capital assets	101,442	—
	\$ (254,945)	\$ (288,647)

9. Commitments and contingent liabilities:

(a) Operating leases:

The FMB leases its office premises under operating lease agreements expiring between 2027 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 2025 and 2027.

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

2025	\$ 1,615,483
2026	1,634,438
2027	1,518,673
2028	1,273,872
2029	1,300,163
Thereafter	423,886
	\$ 7,766,515

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Commitments and contingent liabilities (continued):

(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.

(c) Contractual obligation:

On May 10, 2022, the FMB entered into a pledge agreement with Chartered Professional Accountants of Canada related to the establishment of a new International Sustainability Standards Board in Canada. Under the terms of the agreement, the FMB has committed \$1,000,000 to be paid in five annual installments, each in the amount of \$200,000. As at March 31, 2024, the FMB has made the first two payment totaling \$400,000. The third, fourth and fifth payments are due on or before June 30 in each of 2024, 2025 and 2026, respectively. The FMB's financial commitment is supported by annual funding from CIRNAC.

FIRST NATIONS FINANCIAL MANAGEMENT BOARD
Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Economic dependence:

The FMB's ongoing operations are dependent on continued funding from the federal government to carry out its programs. On April 2, 2024, the government extended the FMB's multi-year funding agreement for one year to March 31, 2025. During the 2024 federal government budget announcement, FMB received a further commitment of funding over two years from ISC for funded programs. Together with deferred revenue, this base level of funding will be sufficient to fund the objectives set out in the FMB's 2024-25 Corporate Plan.

11. 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.

12. 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.



Acronyms

AASOC	Auditing and Assurance Standards Oversight Council	FNTC	First Nations Tax Commission
AcSOC	Accounting Standards Oversight Council	FP	Financial Performance
AFI	Aboriginal Financial Institution	GiC	Governor in Council
AFN	Assembly of First Nations	HR	Human Resources
AFNWA	Atlantic First Nations Water Authority	ICFRSS	Indigenous Council on Financial Reporting and Standards Setting
AFOA	AFOA Canada (Association representing Aboriginal Financial Officers)	IDB	Indigenous Development Bank
ANU	Australian National University	IELR	Indigenous Engagement, Laws and Relations
CDI	Capacity, Development, Intervention & Prevention	IFRS	International Financial Reporting Standards
CEO	Chief Executive Officer	IIC	Indigenous Investment Commission
CFA	Chartered Financial Analyst	IPSASB	International Public Sector Accounting Standards Board
CIRANO	Centre interuniversitaire de recherche en analyse des organisations	IRCSSC	Independent Review Committee on Standard Setting in Canada
CIRNAC	Crown-Indigenous Relations and Northern Affairs Canada	ISC	Indigenous Services Canada
CPA	Chartered Professional Accountant	ISSB	International Sustainability Standards Board
DEI	Diversity, Equity and Inclusion	IT	Information Technology
DMP	Default Management Prevention (program)	JACFR	Joint Advisory Committee on Fiscal Relations
ESG	Environmental, Social and Governance	LOC	Letter of Cooperation
FAB	Financial Administration By-Law	NPO	Not-for-Profit Organization
FAL	Financial Administration Law	NRCan	Natural Resources Canada
FMA	<i>First Nations Fiscal Management Act</i>	OSC	Ontario Securities Commission
FMB	First Nations Financial Management Board	OSFI	Office of the Superintendent of Financial Institutions
FMS	Financial Management Systems	PSAB	Public Sector Accounting Board
FNAG	First Nations Auditor General	SAC	Standards and Certification
FNFA	First Nations Finance Authority	SEC	Securities and Exchange Commission
FNII	First Nations Infrastructure Institute	SO	Strategic Opportunities
FNLTW	<i>First Nations Leading the Way</i>	UNDRIP	<i>United Nations Declaration on the Rights of Indigenous Peoples</i>



First Nations
**FINANCIAL
MANAGEMENT
BOARD**

**CONSEIL
DE GESTION
FINANCIÈRE** des
Premières Nations

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