

**First Peoples' Heritage, Language and Culture Council
Financial Statements**

March 31, 2007

Grant Thornton 

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Auditors' Report

To the Minister of Aboriginal Relations and Reconciliation, Province of British Columbia
To the Members of the Board of First Peoples' Heritage, Language and Culture Council

We have audited the statement of financial position of First Peoples' Heritage, Language and Culture Council as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Victoria, Canada
April 27, 2007

Grant Thornton LLP
Chartered Accountants

Third Floor
888 Fort Street
Victoria, British Columbia
V8W 1H8
T (250) 383-4191
F (250) 381-4623
E Victoria@GrantThornton.ca
W www.GrantThornton.ca

First Peoples' Heritage, Language and Culture Council

Statement of Operations

Year Ended March 31 2007 2006

Revenue		
Grants	\$ 2,837,896	\$ 1,698,772
Administration fees	-	43,000
Interest and other	49,717	16,176
Training and consulting	<u>17,400</u>	<u>12,000</u>
	<u>2,905,013</u>	<u>1,769,948</u>
Expenditures		
Grants	1,412,644	970,438
Advertising	22,089	8,572
Amortization	72,185	23,151
Bank charges	1,483	562
Contractor fees	75,239	235,921
Council and advisory committee expenses	72,697	50,684
Equipment rental	9,900	16,303
Insurance	2,033	1,511
Jury / Peer Review Committee	30,104	23,389
Licenses and fees	9,100	1,262
Office	41,876	22,333
Professional fees	31,151	21,579
Program supplies	23,724	-
Protocol	4,999	-
Rent	20,194	26,480
Repairs and maintenance	24,388	2,635
Telephone	15,351	5,702
Travel	107,953	74,739
Utilities	2,638	337
Wages and benefits	<u>448,407</u>	<u>144,334</u>
	<u>2,428,155</u>	<u>1,629,932</u>
Excess of revenue over expenditures	<u>\$ 476,858</u>	<u>\$ 140,016</u>

First Peoples' Heritage, Language and Culture Council

Statement of Financial Position

March 31

2007

2006

Assets

Current

Cash	\$ 435,575	\$ 467,874
Receivables	411,677	121,907
Prepays	692	5,458
Due from First People's Cultural Foundation (Note 3)	<u>48,637</u>	<u>46,769</u>
	896,581	642,008

Capital assets (Note 4)

	<u>233,023</u>	<u>45,756</u>
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	\$ <u>1,129,604</u>	\$ <u>687,764</u>
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Liabilities

Current

Payables and accruals	\$ 173,720	\$ 161,909
Deferred revenues (Note 5)	<u>101,589</u>	<u>148,418</u>
	275,309	310,327

Net Assets (Note 6)

Capital stock (Note 7)	100	100
Invested in capital assets	233,023	45,756
Unrestricted surplus	<u>621,172</u>	<u>331,581</u>
	854,295	377,437
	\$ <u>1,129,604</u>	\$ <u>687,764</u>

Commitments (Note 10)

On behalf of the Board


Director

Director

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Statement of Changes in Net Assets

Year Ended March 31, 2007

	Invested in Capital Assets		Unrestricted		Total	
	2007	2006	2007	2006	2007	2006
Balance, beginning of year	\$ 45,756	\$ 6,262	\$ 331,581	\$ 231,059	\$ 377,337	\$ 237,321
Excess (deficiency) of revenue over expenditures	(72,185)	(23,151)	549,043	163,167	476,858	140,016
Investment in capital assets	259,452	62,645	(259,452)	(62,645)	-	-
Balance, end of year	\$ 233,023	\$ 45,756	\$ 621,172	\$ 331,581	\$ 854,195	\$ 377,337

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Statement of Cash Flows

Year Ended March 31

2007

2006

Cash flows from operating activities

Cash received from 2010 Legacies Now	\$ 161,500	\$ 103,000
Cash received from B.C. Arts Council	45,000	235,000
Cash received from Ministry of Aboriginal Relations and Reconciliation	2,000,000	1,002,000
Cash received from the Ministry of Education	30,000	130,000
Cash received from the Ministry of Labour and Citizen's Services	25,000	-
Cash received from Canada Council of the Arts	10,000	54,000
Cash received from Department of Canadian Heritage	191,206	348,901
Cash received from First Nations Technology Council	4,000	-
Cash received from First Peoples' Cultural Foundation	40,300	43,000
Cash paid to Assembly of First Nations	(63,040)	-
Interest income and other miscellaneous receipts	64,017	15,776
Cash used for grants and awards	(1,357,477)	(912,137)
Cash used for salaries and benefits	(431,613)	(136,406)
Cash used for materials and services	<u>(453,193)</u>	<u>(499,143)</u>
Net cash provided from operating activities	265,700	383,991
Cash flows from financing activities		
Advances to First Peoples' Cultural Foundation	(38,547)	(41,300)
Cash flows from investing activities		
Purchase of capital assets	<u>(259,452)</u>	<u>(62,645)</u>
Net (decrease) increase in cash	(32,299)	280,046
Cash, beginning of year	<u>467,874</u>	<u>187,828</u>
Cash, end of year	<u>\$ 435,575</u>	<u>\$ 467,874</u>

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2007

1. Purpose

The First Peoples' Heritage, Language and Culture Council ("the Council") is a Crown Corporation, established under the First Peoples' Heritage, Language and Culture Act and is an agent of the Crown. The Council commenced operations April 1, 1991. The mission of the Council is as follows:

- To preserve, restore and enhance First Nations' heritage, language and culture;
- To increase understanding and sharing of knowledge, within both First Nations and non-First Nations communities; and
- To heighten appreciation and acceptance of the wealth of cultural diversity among all British Columbians.

2. Summary of significant accounting policies

Revenue recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Donated services and materials

Donated materials are recorded both as donations and expenses at their fair value when fair value can be reasonably estimated. Donated services are not recorded in the financial statements, as they cannot be reasonably estimated. The Council also receives a number of volunteer hours, which have not been recognized, due to the difficulty of estimating their value.

Amortization

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Leasehold improvements	7 years, straight-line
Furniture and equipment	5 years, straight-line
Computers	3 years, straight-line
Computer software	3 years, straight-line

Financial instruments

The Council's financial instruments consist of cash, receivables, payables and accruals and amounts due from related parties. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2007

2. Summary of significant accounting policies (continued)

Use of estimates

In preparing the Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Related party transactions

First Peoples' Cultural Foundation

The Council and the First Peoples' Cultural Foundation (the "Foundation") are related due to the fact that they have some common members on their Boards of Directors and share certain employees. During the year, the Council had the following transactions with the Foundation:

- a) Were issued grants from the Foundation of \$3,620 (2006: \$40,300), of which no amount was deferred at March 31 (2006: \$24,626).
- b) Issued grants to the Foundation of \$30,000 (2006: \$10,000).
- c) Charged monthly administration fees totalling \$0 (2006: \$43,000)
- d) Rent charges of \$6,250 (2006: \$23,000). These charges are netted against the rent paid by the Council.
- e) Wages and benefits of \$109,727 (2006: \$66,563). These charges are netted against the wages and benefits paid by the Council.

Amounts due to (from) the First Peoples' Cultural Foundation are non-interest bearing and have no specified terms of repayment.

Other

The Council's directors are appointed by the Minister of Aboriginal Relations and Reconciliation from the Advisory Committee which has tribal council representatives from First Nations across the province of British Columbia. It is, therefore, inevitable that there will be grants made to a community within a tribal council that a Council member represents. A standard application and peer review process ensuring that there is not a conflict of interest is followed in all cases to determine which communities are awarded grants.

The First Peoples' Heritage, Language and Culture Council is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities are made under normal operational terms and conditions.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2007

4. Capital assets			<u>2007</u>	<u>2006</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	167,499	23,928	143,571	-
Equipment	\$ 68,698	\$ 33,131	\$ 35,567	3,386
Computers	142,644	101,394	41,250	21,586
Computer software	<u>35,355</u>	<u>22,720</u>	<u>12,635</u>	<u>20,784</u>
	\$ <u>414,196</u>	\$ <u>181,173</u>	\$ <u>233,023</u>	\$ <u>45,756</u>

5. Deferred contributions

	<u>2007</u>	<u>2006</u>
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The Council has continuing programs at March 31, 2007. Contributions related to the completion of these programs have been deferred as follows:

Arts Capacity Building Project	\$ 2,203	\$ 23,792
Mapping Project	95,386	124,626
Flying Eagle Project	<u>4,000</u>	<u>-</u>
	\$ <u>101,589</u>	\$ <u>148,418</u>

6. Net assets

The Council has \$854,295 in net assets at March 31, 2007, an increase of \$476,858 over the prior year. Of this increase, a net amount of \$187,267 was invested in capital assets, mainly for renovations and furniture for the Council's new leased office space on the Tsartlip Reserve in Brentwood Bay, BC. The remaining increase of \$289,591 is unrestricted operating surplus, which totals \$621,172 at March 31, 2007. This increase was generated by the FirstVoices program, as the bulk of the community work was not able to start until the new fiscal year. Therefore, the community grants were carried over. The Board has reallocated these surplus funds to the FirstVoices program in its 2007/08 budget.

7. Capital stock

The capital of the Council is one share with a par value of \$100. The share is issued to and held by Her Majesty the Queen in right of the Province of British Columbia.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2007

8. Employee pension plan

The Council and its employees contribute to the Public Service Pension Plan. The Plan is a multi-employer defined benefit plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act.

The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions. Based on the most recent actuarial valuation, the Public Service Pension Plan is in a surplus position. Portions of the surplus are not attributed to individual employers.

9. First Peoples' Cultural Foundation

The purpose of the Foundation is to generate funds through charitable and other activities which will be dispensed by the Council. The Foundation is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act. The Council and the Foundation have some common members on their Boards of Directors.

The Foundation has not been consolidated in the Council's financial statements. Financial statements of the First Peoples' Cultural Foundation are available upon request. The financial summary of the Foundation as at March 31, 2007 and 2006 and for the years then ended is as follows:

	<u>2007</u>	<u>2006</u>
<u>Financial Position</u>		
Total assets	\$ <u>607,745</u>	\$ <u>275,365</u>
Total liabilities	\$ 562,434	\$ 201,540
Total net assets	<u>45,311</u>	<u>73,825</u>
	\$ <u>607,745</u>	\$ <u>275,365</u>
<u>Results of Operations</u>		
Total revenue	\$ 262,982	\$ 746,226
Total expenses	<u>291,496</u>	<u>733,608</u>
(Deficiency) excess of revenue over expenses	\$ <u>(28,514)</u>	\$ <u>12,618</u>

(a) Total revenue includes grants received from the Council of \$30,000 (2006: \$10,000).

(b) Total expenses includes grants paid to the Council of \$3,620 (2006: \$40,300) and other administrative costs paid to the Council of \$115,977 (2006: \$132,563).

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2007

10. Commitments

The Council has entered into a lease agreement for its premises. Minimum rent payable in aggregate and for each of the next five years are as follows:

2008	\$	42,000
2009		42,000
2010		42,000
2011		42,000
2012		<u>42,000</u>
	\$	<u>210,000</u>

11. Comparative figures

Certain figures have been restated to conform to the presentation adopted in the current year.

First Peoples' Heritage, Language and Culture Council

Schedule of Operations by Program (Unaudited)

March 31, 2007

	Admin	Arts Program	FirstVoices	Language Program	TOTAL
Revenue - Grants					
2010 Legacies Now	-	185,741	-	-	\$ 185,741
Assembly of First Nations	-	-	-	41,430	41,430
BC Arts Council	-	242,000	-	-	242,000
BC Ministry of Aboriginal Relations	585,000	40,000	500,000	875,000	2,000,000
BC Ministry of Education	-	-	-	4,613	4,613
BC Ministry of Finance	44,700	-	-	-	44,700
BC Ministry of Labour and Citizen's Services	-	-	25,000	-	25,000
Canada Council for the Arts	-	21,590	-	-	21,590
Department of Canadian Heritage	-	-	-	222,076	222,076
First Nations Technology Council	-	-	22,500	-	22,500
First Peoples' Cultural Foundation	-	3,620	-	24,626	28,246
	<u>629,700</u>	<u>492,951</u>	<u>547,500</u>	<u>1,167,745</u>	<u>2,837,896</u>
Revenue - Other					
Administration fees	-	-	-	-	-
Interest and miscellaneous	49,717	-	-	-	49,717
Training and consulting fees	1,400	-	16,000	-	17,400
	<u>51,117</u>	<u>-</u>	<u>16,000</u>	<u>-</u>	<u>67,117</u>
Total revenue	<u>680,817</u>	<u>492,951</u>	<u>563,500</u>	<u>1,167,745</u>	<u>2,905,013</u>
Expenditures - Grants					
Grants/awards	-	295,620	4,375	1,132,868	1,432,863
Recovered grants	-	-	-	(50,219)	(50,219)
First Peoples' Cultural Foundation	30,000	-	-	-	30,000
	<u>30,000</u>	<u>295,620</u>	<u>4,375</u>	<u>1,082,649</u>	<u>1,412,644</u>
Expenditures - Operations					
Administration fees	(23,000)	23,000	-	-	-
Advertising	20,455	-	1,334	300	22,089
Bank charges	1,471	12	-	-	1,483
Contractor fees	33,109	20,420	2,516	19,194	75,239
Council and Advisory Committee expenses	72,697	-	-	-	72,697
Capital asset purchases	215,057	4,712	15,056	24,626	259,451
Equipment rental	9,900	-	-	-	9,900
Insurance	2,033	-	-	-	2,033
Jury/Peer Review Committee	-	11,293	-	18,811	30,104
Licenses and dues	2,141	-	2,777	4,182	9,100
Office	33,749	3,149	2,272	2,706	41,876
Professional fees	25,267	-	5,884	-	31,151
Program Supplies	-	-	23,724	-	23,724
Protocol	4,999	-	-	-	4,999
Rent	20,194	-	-	-	20,194
Repairs and maintenance	24,388	-	-	-	24,388
Telephone	12,180	1,325	1,046	800	15,351
Travel	42,338	36,306	22,466	6,843	107,953
Utilities	2,638	-	-	-	2,638
Wages and benefits	131,049	95,775	138,330	83,253	448,407
	<u>630,665</u>	<u>195,992</u>	<u>215,405</u>	<u>160,715</u>	<u>1,202,777</u>
Total expenditures	<u>660,665</u>	<u>491,612</u>	<u>219,780</u>	<u>1,243,364</u>	<u>2,615,421</u>
Excess of revenue over expenditures	<u>20,152</u>	<u>1,339</u>	<u>343,720</u>	<u>(75,619)</u>	<u>289,592</u>
Add back: Capital asset purchases capitalized					259,451
Less: Amortization taken on capital assets for the year					(72,185)
Excess of revenue over expenditures					<u>\$ 476,858</u>