

First Peoples' Heritage, Language and Culture Council
Financial Statements

March 31, 2005

Grant Thornton 

Contents

	<u>Page</u>
Auditors' Report	1
Statement of Operations and Surplus	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-8
Statement of Program Activities (unaudited)	9

Auditors' Report

To the Minister of Community, Aboriginal, and Women's Services, 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, 2005 and the statements of operations and surplus 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, 2005 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
May 6, 2005

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First Peoples' Heritage, Language and Culture Council

Statement of Operations and Surplus

Year Ended March 31 2005 2004

Revenue		
Grants	\$ 1,543,753	\$ 1,291,349
Administration fees	1,498	32,000
Rental income	-	27,600
Interest and other	<u>15,920</u>	<u>13,443</u>
	<u>1,561,171</u>	<u>1,364,392</u>
Expenditures		
Grants	979,506	918,541
Advertising	11,160	3,229
Amortization	4,895	11,099
Bank charges	595	651
Contractor fees	152,612	183,295
Council and advisory committee expenses	47,751	53,458
Equipment rental	9,979	9,460
Forgiveness of debt	-	205,935
Insurance	1,410	1,219
Jury / Peer Review Committee	14,459	21,322
Office	12,968	13,979
Professional fees	11,985	4,275
Rent	51,604	50,848
Repairs and maintenance	2,137	-
Telephone	6,523	8,684
Travel	26,247	19,753
Utilities	2,693	3,206
Wages and benefits (Note 7)	<u>122,281</u>	<u>211,308</u>
	<u>1,458,805</u>	<u>1,720,262</u>
Excess (deficiency) of revenue over expenditures	\$ <u>102,366</u>	\$ <u>(355,870)</u>
<hr/>		
Unrestricted surplus, beginning of year	\$ 134,955	\$ 490,825
Excess (deficiency) of revenue over expenditures	<u>102,366</u>	<u>(355,870)</u>
Unrestricted surplus, end of year	\$ <u>237,321</u>	\$ <u>134,955</u>

First Peoples' Heritage, Language and Culture Council

Statement of Financial Position

March 31

2005

2004

Assets

Current

Cash	\$ 187,828	\$ 150,447
Receivables	197,329	61,460
Prepays	<u>4,914</u>	<u>525</u>
	<u>390,071</u>	<u>212,432</u>

Capital assets (Note 3)

<u>6,262</u>	<u>7,630</u>
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<u>\$ 396,333</u>	<u>\$ 220,062</u>
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Liabilities

Current

Payables and accruals	\$ 124,080	\$ 85,007
Due to First Peoples' Cultural Foundation (Note 5)	<u>34,832</u>	<u>-</u>
	<u>158,912</u>	<u>85,007</u>

Net Assets

Capital stock (Note 4)	100	100
Unrestricted surplus	<u>237,321</u>	<u>134,955</u>
	<u>237,421</u>	<u>135,055</u>
	<u>\$ 396,333</u>	<u>\$ 220,062</u>

Commitments (Note 8)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Statement of Cash Flows

Year Ended March 31	2005	2004
Cash flows from operating activities		
Cash received from M.C.A.W.S.	\$ 1,000,000	\$ 871,000
Cash received from Assembly of First Nations	56,460	174,352
Cash received from B.C. Arts Council	135,000	120,000
Cash received from Department of Canadian Heritage	209,223	-
Cash received from First Peoples' Cultural Foundation	78,442	65,950
Cash received from Canada Council of the Arts	-	2,200
Interest income and other miscellaneous receipts	8,976	55,528
Cash used for grants and awards	(1,009,478)	(905,847)
Cash used for salaries and benefits	(130,713)	(200,094)
Cash used for materials and services	<u>(341,863)</u>	<u>(334,390)</u>
Net cash used for operating activities	6,047	(151,301)
Cash flows from financing activities		
Advances from (to) First Peoples' Cultural Foundation	34,832	(3,367)
Cash flows from investing activities		
Purchase of capital assets	<u>(3,528)</u>	<u>(6,668)</u>
Net increase (decrease) in cash	37,351	(161,336)
Cash, beginning of year	<u>150,477</u>	<u>311,813</u>
Cash, end of year	<u>\$ 187,828</u>	<u>\$ 150,477</u>

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2005

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 significant 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:

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, 2005

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. Capital assets			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 25,824	\$ 22,026	\$ 3,798	7,404
Computers	67,468	65,728	1,740	226
Computer software	<u>1,086</u>	<u>362</u>	<u>724</u>	-
	\$ <u>94,378</u>	\$ <u>88,116</u>	\$ <u>6,262</u>	\$ <u>7,630</u>

4. 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.

5. 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 are controlled by the same Board of Directors and share certain employees.

During the year, the Council had the following transactions with the Foundation:

- Received grant revenue of \$70,000 (2004: \$65,950).
- Paid grants of \$82,683 (2004: \$23,195).
- Paid the Foundation's expense of \$7,851 (2004: -\$1,755).
- Charged monthly administration fees and rent charges of \$0 (2004: \$59,600) to cover the cost of shared resources.

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

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2005

5. Related party transactions (continued)

Other

The Council's directors are appointed by the Minister of Community, Aboriginal and Women's Services 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.

6. 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.

7. Wages and benefits

The current coordinators of the Council's arts and language programs are contracted for through an aboriginal organization. The costs of these peoples' services, therefore, are reflected in contractor fees.

8. Commitments

The Council has entered into lease agreements for its premises and certain office equipment. Minimum rents payable in aggregate and for each of the next two years are as follows:

2006	\$	47,028
2007		<u>21,214</u>
	\$	<u>68,242</u>

In addition to the above rents, the Council pays applicable common area costs and taxes.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2005

9. Comparative figures

Certain 2004 comparative figures have been reclassified 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, 2005

	Aboriginal Arts Program	Aboriginal Language Initiative	FPHLCC Language Program	Admin	TOTAL
Revenue – Grants					
Ministry of Community Aboriginal & Women's Services	\$ -	\$ -	\$ 635,000	\$ 365,000	\$ 1,000,000
BC Arts Council	135,000	-	-	-	135,000
Department of Canadian Heritage	-	338,753	-	-	338,753
First Peoples' Cultural Foundation	70,000	-	-	-	70,000
	<u>205,000</u>	<u>338,753</u>	<u>635,000</u>	<u>365,000</u>	<u>1,543,753</u>
Revenue – Other					
Administration fees	-	-	1,498	-	1,498
Interest and other	-	-	-	15,920	15,920
	<u>-</u>	<u>-</u>	<u>1,498</u>	<u>15,920</u>	<u>17,418</u>
Total revenue	<u>205,000</u>	<u>338,753</u>	<u>636,498</u>	<u>380,920</u>	<u>1,561,170</u>
Expenditures - Grants					
Partnership projects	-	25,000	2,500	-	27,500
Grant / award expenditures	150,000	208,723	567,423	-	926,146
Recovered grants	-	(1,400)	(55,423)	-	(56,823)
First Peoples' Cultural Foundation	-	82,683	-	-	82,683
	<u>150,000</u>	<u>315,006</u>	<u>514,500</u>	<u>-</u>	<u>979,506</u>
Expenditures - Operations					
Administration fees	-	9,585	-	(9,585)	-
Advertising	-	-	3,514	7,646	11,160
Bank charges	-	-	-	595	595
Contractor fees	39,203	11,000	49,808	52,601	152,612
Council and advisory committee	318	-	-	47,433	47,751
Equipment purchased	-	-	-	3,528	3,528
Equipment rental	-	-	-	9,979	9,979
Insurance	-	-	-	1,410	1,410
Jury / Peer Review Committee	7,653	2,244	4,562	-	14,459
Office	217	617	162	11,972	12,968
Professional fees	-	-	-	11,985	11,985
Rent	-	-	-	51,604	51,604
Repairs and maintenance	-	-	-	2,137	2,137
Telephone	-	-	-	6,523	6,523
Travel	5,418	301	2,766	17,763	26,247
Utilities	-	-	-	2,693	2,693
Wages and benefits	91	-	-	122,190	122,281
	<u>52,900</u>	<u>23,747</u>	<u>60,812</u>	<u>340,473</u>	<u>477,932</u>
Total expenditures	<u>202,900</u>	<u>338,753</u>	<u>575,312</u>	<u>340,473</u>	<u>1,457,438</u>
Excess of revenue over expenditures	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ 61,186</u>	<u>\$ 40,447</u>	<u>103,733</u>
Add back: Equipment purchases capitalized					3,528
Less: Amortization taken on capital assets for the year					(4,895)
Excess of revenue over expenditures					<u>\$ 102,366</u>