

**Institute of Indigenous Government
Financial Statements
For the year ended March 31, 2005**

**Institute of Indigenous Government
Financial Statements
For the year ended March 31, 2005**

Contents

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Financial Statements	8 - 11



BDO Dunwoody LLP
Chartered Accountants

600 - 925 West Georgia Street
Vancouver, BC
Canada, V6C 3L2
Telephone: (604) 688-5421
Telefax: (604) 688-5132
E-mail: vancouver@bdo.ca

Auditors' Report

To the Board of the Institute of Indigenous Government

We have audited the Statement of Financial Position of the Institute of Indigenous Government as at March 31, 2005 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 Institute'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 Institute as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

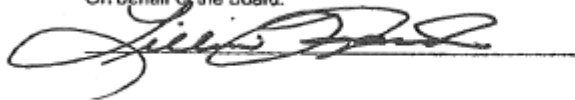
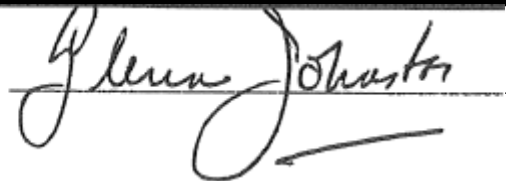
Chartered Accountants

Vancouver, British Columbia
April 15, 2005
(except as to Note 9 which is dated April 26, 2005)

**Institute of Indigenous Government
Statement of Financial Position**

March 31					2005	2004
	Operating	Ancillary	Capital	Special Purpose	Total	Total
Assets						
Current						
Cash (Note 2)	\$ 1,148,426	\$ -	\$ -	\$ 24,038	\$ 1,172,464	\$ 834,382
Accounts receivable	138,208	-	-	-	138,208	101,038
Inventories	-	12,155	-	-	12,155	24,133
Prepaid expenses	37,060	-	-	-	37,060	38,059
	1,323,694	12,155	-	24,038	1,359,887	997,612
Property and equipment (Note 3)	-	-	162,509	-	162,509	262,637
	\$ 1,323,694	\$ 12,155	\$ 162,509	\$ 24,038	\$ 1,522,396	\$ 1,260,249
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities	\$ 161,045	\$ -	\$ -	\$ -	\$ 161,045	\$ 103,852
Deferred contributions (Note 4)	994,512	-	3,843	-	998,355	796,467
	1,155,557	-	3,843	-	1,159,400	900,319
Net Assets						
Net assets restricted for endowment purposes (Note 5)	-	-	-	24,038	24,038	23,873
Net assets invested in Property and equipment (Note 6)	-	-	158,666	-	158,666	179,718
Unrestricted	168,137	12,155	-	-	180,292	156,339
	168,137	12,155	158,666	24,038	362,996	359,930
	\$ 1,323,694	\$ 12,155	\$ 162,509	\$ 24,038	\$ 1,522,396	\$ 1,260,249

On behalf of the Board:

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Institute of Indigenous Government
Statement of Operations**

For the year ended March 31

					2005	2004
	Operating	Ancillary	Capital	Special Purpose	Total	Total
Revenue						
Ministry of Advanced Education	\$ 1,994,722	\$ -	\$ -	\$ 7,600	\$ 2,002,322	\$ 1,812,606
Tuition and application fees	494,435	-	-	-	494,435	250,698
Kenanow	-	-	-	-	-	23,315
Supplemental funding	-	-	-	3,000	3,000	-
Interest	19,723	-	-	-	19,723	13,888
Amortization of deferred capital contributions	-	-	79,076	-	79,076	67,047
Other	30,755	41,307	-	-	72,062	45,124
	2,539,635	41,307	79,076	10,600	2,670,618	2,212,678
Expenses						
Bad debts	\$ 19,294	\$ -	\$ -	\$ -	\$ 19,294	\$ 11,252
Contracted services	182,085	-	-	-	182,085	129,455
Cost of goods sold	-	46,683	-	-	46,683	38,465
Amortization	-	-	157,538	-	157,538	69,993
Honoraria	28,507	-	-	-	28,507	31,770
Membership and association	10,682	-	-	-	10,682	13,106
Professional fees	288,749	-	-	-	288,749	57,870
Property lease	382,557	-	-	-	382,557	388,226
Public relations and special events	9,987	-	-	-	9,987	8,482
Salaries and benefits	1,282,480	-	-	10,000	1,292,480	1,262,985
Travel	42,512	-	-	-	42,512	26,491
Other operational expenses	192,362	-	-	600	192,962	117,186
Loss on disposal of Property and equipment	-	-	13,681	-	13,681	-
	2,439,215	46,683	171,219	10,600	2,667,717	2,155,281
Excess of revenue over expenditures	\$ 100,420	\$ (5,376)	\$ (92,143)	\$ -	\$ 2,901	\$ 57,397

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Institute of Indigenous Government
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Property and Equipment	Unrestricted	Restricted Endowment Purposes	Total 2005	Total 2004
Balance, beginning of year	\$ 179,718	\$ 156,339	\$ 23,873	\$ 359,930	\$ 302,318
Excess of revenue over expenditures	(92,143)	95,044	-	2,901	57,397
Endowment contributions	-	-	165	165	215
Interfund transfers	71,091	(71,091)	-	-	-
Balance, end of year	\$ 158,666	\$ 180,292	\$ 24,038	\$ 362,996	\$ 359,930

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Institute of Indigenous Government
Statement of Cash Flows

For the year ended March 31

2005

2004

Cash provided by (used in)

Operating activities

Excess of revenue over expenditures	\$ 2,901	\$ 57,397
Items not involving cash		
Amortization	157,538	69,993
Amortization of deferred capital contributions	(79,076)	(67,047)
Amortization of deferred revenue	(800,178)	(427,926)
Loss on disposal of Property and equipment	13,681	-
	<u>(705,134)</u>	<u>(367,583)</u>
Changes in non-cash operating working capital balances		
Accounts receivable	(37,170)	53,746
Prepaid expenses	999	12,053
Accounts payable and accrued liabilities	57,193	(11,723)
Inventories	11,978	(5,425)
Deferred revenue receipts	1,081,142	679,025
	<u>409,008</u>	<u>360,093</u>

Investing and financing activities

Purchase of property and equipment	(71,091)	(26,499)
Contributions of cash for endowment fund	165	215
Deferred capital contributions	-	-
	<u>(70,926)</u>	<u>(26,284)</u>

Increase in cash

338,082 333,809

Cash, beginning of year

834,382 500,573

Cash, end of year

\$ 1,172,464 \$ 834,382

Institute of Indigenous Government

Summary of Significant Accounting Policies

March 31, 2005

Revenue Recognition

The Institute follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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 reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Tuition fees and other revenues are recognized as revenue when earned by the Institute.

Inventories

Inventories of text books are stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided over the estimated useful life of the asset and is calculated as follows:

Computer equipment	-	30	% diminishing balance basis
Equipment	-	20	% diminishing balance basis
Furniture and fixtures	-	20	% diminishing balance basis
Leasehold improvements	-	20	% straight line basis

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relates to the determination of net recoverable value of assets and provisions for accrued liabilities. Actual amounts may subsequently differ from these estimates.

**Institute of Indigenous Government
Notes to Financial Statements**

March 31, 2005

1. Operations

The Institute of Indigenous Government is a post-secondary educational institution and is designated as a public institute under the College and Institute Act of British Columbia (the "Act") and as such, is subject to the terms and conditions specified in the Act. The Institute formally commenced operations in August of 1995. The Institute is dependent upon continued funding from the government in order to continue its operations.

2. Restricted Cash

The Special Purposes Fund cash relates to funds held in respect of endowments, comprised of donations from individuals matched by the Ministry of Advanced Education and is restricted for that purpose.

3. Property and Equipment

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 157,086	\$ 75,872	\$ 81,214	\$ 48,668
Equipment	95,153	54,196	40,957	54,714
Furniture and fixtures	53,330	22,446	30,884	36,359
Leasehold improvements	169,977	160,523	9,454	122,896
	\$ 475,546	\$ 313,037	\$ 162,509	\$ 262,637

**Institute of Indigenous Government
Notes to Financial Statements**

March 31, 2005

4. Deferred Contributions

(i) Deferred revenue:

Deferred revenue is comprised of amounts received in the current period, which are related to the subsequent period, as follows:

	Operating Grants	Tuition Fees	Total 2005	2004
Balance , beginning of year	\$ 680,304	\$ 33,244	\$ 713,548	\$ 462,449
Received during the year	442,276	638,866	1,081,142	679,025
Recognized as revenue in year	(305,743)	(494,435)	(800,178)	(427,926)
Balance , end of year	\$ 816,837	\$ 177,675	\$ 994,512	\$ 713,548

Operating grants deferred for expenses of future periods are comprised of the following:

	2005	2004
Ministry of Advanced Education	\$ 816,837	\$ 680,304

(ii) Deferred capital contributions:

Deferred capital contributions represent the unamortized amount and unspent amount of donations and grants received for the purchase of Property and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations in the period in which the related asset is amortized.

	2005	2004
Balance , beginning of year	\$ 82,919	\$ 149,966
Add: amount received related to future periods	-	-
Less: amounts recognized as revenue in the year	(79,076)	(67,047)
Balance , end of year	\$ 3,843	\$ 82,919

**Institute of Indigenous Government
Notes to Financial Statements**

March 31, 2005

5. Net Assets Restricted for Endowment Purposes

Contributions received for endowment purposes are restricted to the disbursement of scholarships and bursaries as per the Ministry of Advanced Education guidelines.

6. Net Assets Invested in Property and Equipment

	<u>2005</u>	<u>2004</u>
Property and equipment, net book value	\$ 162,509	\$ 262,637
Less amounts financed by:		
Deferred contributions (Note 4)	<u>(3,843)</u>	<u>(82,919)</u>
Balance, end of year	<u>\$ 158,666</u>	<u>\$ 179,718</u>

7. Commitments

The Institute is committed under various operating leases for office space and office equipment. The minimum lease payments, not including common area charges, for the year ended March 31, are as follows:

2006	\$ 44,086
2007	11,765
2008	11,765
2009	11,765
2010	5,882
Total	<u>\$ 85,263</u>

Subsequent to year end, the Institute will relocate to a new premise in Burnaby. No lease agreement has been signed but the Institute is estimated to commit \$1 per year plus a proportionate share of operating costs.

Institute of Indigenous Government
Notes to Financial Statements

March 31, 2005

8. Pension Plans

The Institute and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. The College Pension Plan has over 10,000 active members from college senior administration and instructional staff and approximately 2,600 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 5,000 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million for basic pension benefits. The next valuation will be as at August 31, 2006 with results available in 2007. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers.

Contributions made to the plans on behalf of employees totaled \$61,635 (2004 - \$52,229). Employees also contributed \$64,494 (2004 - \$55,228) to the plans.

9. Subsequent Event

Subsequent to the fiscal year-end, the decision was received on a wrongful dismissal case in which the Institute was defendant. The decision will require the Institute to pay approximately \$24,500 in damages over and above what has already been paid. These damages have been fully accrued in the current fiscal period. In addition, there may be costs consequences, the value of which is unknown at this time. Any amount ultimately payable under this action will be recorded in the period it becomes determinable.

10. Comparative Figures

Certain comparative amounts presented in the financial statements have been restated to conform with current year's presentation.