

First Peoples' Heritage, Language and Culture Council
Financial Statements

March 31, 2006

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, 2006 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, 2006 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 28, 2006

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First Peoples' Heritage, Language and Culture Council

Statement of Operations and Surplus

Year Ended March 31

2006

2005

Revenue		
Grants	\$ 1,698,772	\$ 1,543,753
Administration fees	43,000	1,498
Interest and other	<u>28,176</u>	<u>15,920</u>
	<u>1,769,948</u>	<u>1,561,171</u>
Expenditures		
Grants	970,438	979,506
Advertising	8,572	11,160
Amortization	23,151	4,895
Bank charges	562	595
Contractor fees	248,401	152,612
Council and advisory committee expenses	50,684	47,751
Equipment rental	16,303	9,979
Insurance	1,511	1,410
Jury / Peer Review Committee	23,389	14,459
Office	23,595	12,968
Professional fees	9,099	11,985
Rent	26,480	51,604
Repairs and maintenance	2,635	2,137
Telephone	5,702	6,523
Travel	74,739	26,247
Utilities	337	2,693
Wages and benefits (Note 7)	<u>144,334</u>	<u>122,281</u>
	<u>1,629,932</u>	<u>1,458,805</u>
Excess of revenue over expenditures	\$ <u>140,016</u>	\$ <u>102,366</u>
<hr/>		
Unrestricted surplus, beginning of year	\$ 237,321	\$ 134,955
Excess of revenue over expenditures	<u>140,016</u>	<u>102,366</u>
Unrestricted surplus, end of year	\$ <u>377,337</u>	\$ <u>237,321</u>

First Peoples' Heritage, Language and Culture Council

Statement of Financial Position

March 31

2006

2005

Assets

Current

Cash	\$ 467,874	\$ 187,828
Receivables	121,907	197,329
Prepays	5,458	4,914
Due from First Peoples' Cultural Foundation (Note 5)	<u>46,769</u>	<u>-</u>
	642,008	390,071

Capital assets (Note 3)

45,756 6,262

\$ 687,764 **\$ 396,333**

Liabilities

Current


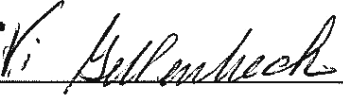
Payables and accruals	\$ 161,909	\$ 124,080
Due to First Peoples' Cultural Foundation (Note 5)	-	34,832
Deferred revenues	<u>148,418</u>	<u>-</u>
	310,327	158,912

Net Assets

Capital stock (Note 4)	100	100
Unrestricted surplus	<u>377,337</u>	<u>237,321</u>
	377,437	237,421
	\$ 687,764	\$ 396,333

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

2006

2005

Cash flows from operating activities

Cash received from 2010 Legacies Now	\$ 103,000	\$ -
Cash received from Assembly of First Nations	-	56,460
Cash received from B.C. Arts Council	235,000	135,000
Cash received from Canada Council of the Arts	54,000	-
Cash received from Department of Canadian Heritage	348,901	209,223
Cash received from First Peoples' Cultural Foundation	43,000	78,442
Cash received from Ministry of Aboriginal Relations and Reconciliation	1,002,000	1,000,000
Cash received from the Ministry of Education	130,000	-
Interest income and other miscellaneous receipts	15,776	8,976
Cash used for grants and awards	(912,137)	(1,009,478)
Cash used for salaries and benefits	(136,406)	(130,713)
Cash used for materials and services	<u>(499,143)</u>	<u>(341,863)</u>
Net cash used for operating activities	383,991	6,047

Cash flows from financing activities

Advances (to) from First Peoples' Cultural Foundation	(41,301)	34,832
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Cash flows from investing activities

Purchase of capital assets	<u>(62,644)</u>	<u>(3,528)</u>
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Net increase in cash	280,046	37,351
Cash, beginning of year	<u>187,828</u>	<u>150,477</u>
Cash, end of year	\$ <u>467,874</u>	\$ <u>187,828</u>

See accompanying notes to the financial statements.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2006

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, 2006

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>2006</u>	<u>2005</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 26,678	\$ 23,292	\$ 3,386	3,798
Computers	98,626	77,040	21,586	1,740
Computer software	31,719	10,935	20,784	724
	<u>\$ 157,023</u>	<u>\$ 111,267</u>	<u>\$ 45,756</u>	<u>\$ 6,262</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 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:

- Received grant revenue of \$40,300 (2005: \$70,000), of which \$24,626 (2005: \$nil) was deferred at March 31.
- Paid grants of \$10,000 (2005: \$82,683).
- Paid the Foundation's expense of nil (2005: \$7,851).
- Charged monthly administration fees totalling \$43,000 (2005: \$nil)
- Rent charges of \$23,000 (2005: \$nil). These charges are netted against the rent paid by the Council.
- Wages and benefits of \$66,563 (2005: \$7,812). 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.

First Peoples' Heritage, Language and Culture Council

Notes to the Financial Statements

March 31, 2006

5. Related party transactions (continued)

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.

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:

2007	\$	17,489
2008		<u>9,196</u>
	\$	<u>26,685</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, 2006

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, 2006 and 2005 and for the years then ended is as follows:

<u>Financial Position</u>	<u>2006</u>	<u>2005</u>
Total assets	\$ <u>275,365</u>	\$ <u>193,235</u>
Total liabilities	\$ <u>201,540</u>	\$ 132,028
Total net assets	<u>73,825</u>	<u>61,207</u>
	<u>\$ 275,365</u>	<u>\$ 193,235</u>
 <u>Results of Operations</u>		
Total revenue (a)	\$ <u>746,226</u>	\$ 616,284
Total expenses (b)	<u>733,608</u>	<u>646,767</u>
Excess (deficiency) of revenue over expenses	<u>\$ 12,618</u>	<u>\$ (30,483)</u>

(a) Total revenue includes grants received from the Council of \$10,000 (2005: \$82,683)

(b) Total expenses includes grants paid to the Council of \$40,300 (2005: \$nil) and other administrative costs paid to the Council of \$132,563 (2005: \$7,812)

First Peoples' Heritage, Language and Culture Council

Schedule of Operations by Program (Unaudited)

March 31, 2006

	Arts Programs	Language Programs	Admin	TOTAL
Revenue – Grants				
Ministry of Aboriginal Relations and Reconciliation	\$ -	\$ 659,243	\$ 342,757	\$ 1,002,000
2010 Legacies Now	109,000	-	-	109,000
AFN	-	(1,981)	-	(1,981)
BC Arts Council	230,000	-	-	230,000
Department of Canadian Heritage	10,000	233,871	-	243,871
Canadian Public Arts Funders	10,000	-	-	10,000
Canadian Council for the Arts	30,208	-	-	30,208
Ministry of Education	-	60,000	-	60,000
First Peoples' Cultural Foundation	-	15,674	-	15,674
	<u>389,208</u>	<u>966,807</u>	<u>342,757</u>	<u>1,698,772</u>
Revenue – Other				
Administration fees	-	-	43,000	43,000
Interest and other	-	-	28,176	28,176
	<u>-</u>	<u>-</u>	<u>71,176</u>	<u>71,176</u>
Total revenue	<u>389,208</u>	<u>966,807</u>	<u>413,933</u>	<u>1,769,948</u>
Expenditures - Grants				
Grant / award expenditures	270,000	771,333	10,000	1,051,333
Recovered grants, net	-	(80,895)	-	(80,895)
	<u>270,000</u>	<u>520,624</u>	<u>10,000</u>	<u>970,438</u>
Expenditures - Operations				
Administration fees	21,609	-	(21,609)	-
Advertising and promotion	-	2,893	5,678	8,572
Bank charges	-	-	562	562
Contractor fees	54,655	106,847	86,898	248,401
Council and advisory committee	-	1,059	49,624	50,684
Equipment purchased	-	51,493	11,151	62,644
Equipment rental	-	1,123	15,180	16,303
Insurance	-	-	1,511	1,511
Jury/peer review committee	8,733	14,655	-	23,389
Licences and dues	-	1,262	-	1,262
Office	733	2,915	18,685	22,333
Professional fees	-	-	9,099	9,099
Rent	-	-	26,480	26,480
Repairs and maintenance	-	-	2,635	2,635
Telephone	-	733	4,968	5,702
Travel	23,654	14,287	36,798	74,739
Utilities	-	-	337	337
Wages and benefits	7,271	-	137,063	144,334
	<u>116,655</u>	<u>221,893</u>	<u>285,060</u>	<u>698,987</u>
Total expenditures	<u>386,656</u>	<u>742,518</u>	<u>395,063</u>	<u>1,669,425</u>
Excess of revenue over expenditures	<u>\$ 2,552</u>	<u>224,289</u>	<u>18,870</u>	<u>100,523</u>
Add back: Equipment purchases capitalized				62,644
Less: Amortization taken on capital assets for the year				<u>(23,151)</u>
Excess of revenue over expenditures				<u>\$ 140,016</u>