

**Institute of Indigenous Government
Financial Statements
For the year ended March 31, 2006**

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Financial Statements
For the year ended March 31, 2006

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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, 2006 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, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

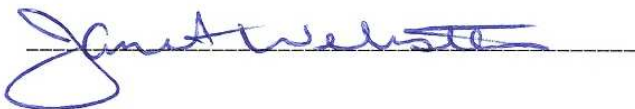
Chartered Accountants

Vancouver, British Columbia
April 20, 2006

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

March 31					2006	2005
	Operating	Ancillary	Capital	Special Purpose	Total	Total
Assets						
Current						
Cash (Note 2)	\$ 1,641,881	\$ -	\$ -	\$ 24,539	\$ 1,666,420	\$ 1,172,464
Accounts receivable	240,646	-	-	200	240,846	159,851
Inventories	-	49,524	-	-	49,524	12,155
Prepaid expenses	1,377	-	-	-	1,377	15,417
	<u>1,883,904</u>	<u>49,524</u>	<u>-</u>	<u>24,739</u>	<u>1,958,167</u>	<u>1,359,887</u>
Property and equipment (Note 3)	<u>-</u>	<u>-</u>	<u>690,880</u>	<u>-</u>	<u>690,880</u>	<u>162,509</u>
	<u>\$ 1,883,904</u>	<u>\$ 49,524</u>	<u>\$ 690,880</u>	<u>\$ 24,739</u>	<u>\$ 2,649,047</u>	<u>\$ 1,522,396</u>
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities	\$ 305,961	\$ -	\$ -	\$ -	\$ 305,961	\$ 161,045
Deferred contributions (Note 4)	1,266,373	-	535,704	-	1,802,077	998,355
	<u>1,572,334</u>	<u>-</u>	<u>535,704</u>	<u>-</u>	<u>2,108,038</u>	<u>1,159,400</u>
Net Assets						
Net assets restricted for endowment purposes (Note 5)	-	-	-	24,739	24,739	24,038
Net assets invested in Property and equipment (Note 6)	-	-	155,176	-	155,176	158,666
Unrestricted	311,570	49,524	-	-	361,094	180,292
	<u>311,570</u>	<u>49,524</u>	<u>155,176</u>	<u>24,739</u>	<u>541,009</u>	<u>362,996</u>
	<u>\$ 1,883,904</u>	<u>\$ 49,524</u>	<u>\$ 690,880</u>	<u>\$ 24,739</u>	<u>\$ 2,649,047</u>	<u>\$ 1,522,396</u>

On behalf of the Board:





**Institute of Indigenous Government
Statement of Operations**

For the year ended March 31

2006 2005

	Operating	Ancillary	Capital	Special Purpose	Total	Total
Revenue						
Ministry of Advanced Education	\$ 1,835,700	\$ -	\$ -	\$ -	\$ 1,835,700	\$ 2,002,322
Tuition and application fees	520,043	-	-	-	520,043	494,435
Supplemental funding	-	-	-	26,053	26,053	3,000
Interest	36,877	-	-	-	36,877	19,723
Amortization of deferred capital contributions	-	-	188,680	-	188,680	79,076
Other	26,598	41,307	-	-	67,905	72,062
	2,419,218	41,307	188,680	26,053	2,675,258	2,670,618
Expenses						
Bad debts	\$ 4,143	\$ -	\$ -	\$ -	\$ 4,143	\$ 19,294
Contracted services	115,381	-	-	-	115,381	182,085
Cost of goods sold	-	42,705	-	-	42,705	46,683
Amortization	-	-	189,952	-	189,952	157,538
Honoraria	21,993	-	-	-	21,993	28,507
Membership and association	13,139	-	-	-	13,139	10,682
Professional fees	75,174	-	-	-	75,174	288,749
Property lease	142,131	-	-	-	142,131	382,557
Public relations and special events	8,474	-	-	-	8,474	9,987
Salaries and benefits	1,511,877	-	-	-	1,511,877	1,292,480
Travel	35,286	-	-	-	35,286	42,512
Other operational expenses	309,420	-	-	26,053	335,473	192,962
Loss on disposal of Property and equipment	-	-	2,218	-	2,218	13,681
	2,237,018	42,705	192,170	26,053	2,497,946	2,667,717
Excess of revenue over expenditures	\$ 182,200	\$ (1,398)	\$ (3,490)	\$ -	\$ 177,312	\$ 2,901

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 2006	Total 2005
Balance, beginning of year	\$ 158,666	\$ 180,292	\$ 24,038	\$ 362,996	\$ 359,930
Excess of revenue over expenditures	(3,490)	180,802	-	177,312	2,901
Endowment contributions	-	-	701	701	165
Interfund transfers	-	-	-	-	-
Balance, end of year	\$ 155,176	\$ 361,094	\$ 24,739	\$ 541,009	\$ 362,996

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

2006

2005

Cash provided by (used in)

Operating activities

Excess of revenue over expenditures	\$ 177,312	\$ 2,901
Items not involving cash		
Amortization	189,952	157,538
Amortization of deferred capital contributions	(188,680)	(79,076)
Amortization of deferred revenue	(660,690)	(800,178)
Loss on disposal of Property and equipment	2,218	13,681
	<u>(479,888)</u>	<u>(705,134)</u>
Changes in non-cash operating working capital balances		
Accounts receivable	(80,995)	(37,170)
Prepaid expenses	14,040	999
Accounts payable and accrued liabilities	144,916	57,193
Inventories	(37,369)	11,978
Deferred revenue receipts	932,551	1,081,142
	<u>493,255</u>	<u>409,008</u>

Investing and financing activities

Purchase of property and equipment	(720,541)	(71,091)
Contributions of cash for endowment fund	701	165
Deferred capital contributions	720,541	-
	<u>701</u>	<u>(70,926)</u>

Increase in cash

493,956 338,082

Cash, beginning of year

1,172,464 834,382

Cash, end of year

\$ 1,666,420 \$ 1,172,464

Institute of Indigenous Government Summary of Significant Accounting Policies

March 31, 2006

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, 2006

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

	<u>2006</u>		<u>2005</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 237,186	\$ 112,251	\$ 124,935	\$ 81,214
Equipment	126,770	46,340	80,430	40,957
Furniture and fixtures	62,354	29,525	32,829	30,884
Leasehold improvements	577,674	124,988	452,686	9,454
	<u>\$ 1,003,984</u>	<u>\$ 313,104</u>	<u>\$ 690,880</u>	<u>\$ 162,509</u>

Institute of Indigenous Government
Notes to Financial Statements

March 31, 2006

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	
			2006	2005
Balance , beginning of year	\$ 816,837	\$ 177,675	\$ 994,512	\$ 713,548
Received during the year	533,877	398,674	932,551	1,081,142
Recognized as revenue in year	(140,647)	(520,043)	(660,690)	(800,178)
Balance , end of year	\$ 1,210,067	\$ 56,306	\$ 1,266,373	\$ 994,512

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

	2006	2005
Ministry of Advanced Education	\$ 889,000	\$ 816,837
Non-profit partnership training	273,947	-
Unspent capital	47,120	-
	\$ 1,210,067	\$ 816,837

(ii) Deferred capital contributions:

Deferred capital contributions represent the unamortized 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.

	2006	2005
Balance , beginning of year	\$ 3,843	\$ 82,919
Add: Capital funding received	720,541	-
Less: amounts recognized as revenue in the year	(188,680)	(79,076)
Balance , end of year	\$ 535,704	\$ 3,843

Institute of Indigenous Government
Notes to Financial Statements

March 31, 2006

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>2006</u>	<u>2005</u>
Property and equipment, net book value	\$ 690,880	\$ 162,509
Less amounts financed by:		
Deferred contributions (Note 4)	<u>(535,704)</u>	<u>(3,843)</u>
Balance, end of year	<u>\$ 155,176</u>	<u>\$ 158,666</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:

2007	11,765
2008	11,765
2009	11,765
2010	<u>5,882</u>
Total	<u>\$ 41,177</u>

The Institute has relocated to a new premise in Burnaby in 2005. 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, 2006

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. Basic pension benefits provided are defined. The College Pension Plan has about 11,000 active members from college senior administration and instructional staff and approximately 2,900 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 4,900 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 \$73,779 (2005 - \$61,635). Employees also contributed \$74,297 (2005 - \$64,494) to the plans.