

**FIRST NATIONS OF NORTHERN MANITOBA  
CHILD AND FAMILY SERVICES AUTHORITY**

**Financial Statements**

**Year Ended March 31, 2008**

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
AUTHORITY**

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**Year Ended March 31, 2008**

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## THE EXCHANGE

chartered accountants LLP

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### AUDITORS' REPORT

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To the Directors of First Nations of Northern Manitoba Child and Family Services Authority

We have audited the statement of financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2008 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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 Authority as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*The Exchange*

chartered accountants LLP

Winnipeg, Manitoba  
May 20, 2008

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
AUTHORITY**

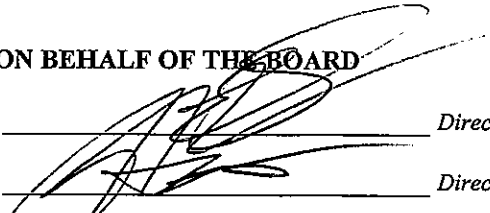
**Statement of Financial Position**

**March 31, 2008**

	2008	2007
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,000,183	\$ 1,157,356
Accounts receivable from the Province	906,911	993,121
Working capital receivable from agencies	128,000	-
Accounts receivable	113,357	93,761
Prepaid expenses	15,135	15,347
	2,163,586	2,259,585
<b>EQUIPMENT (Notes 2, 3)</b>	97,331	48,722
	\$ 2,260,917	\$ 2,308,307
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 679,965	\$ 1,152,525
Working capital payable to the Province	128,000	-
	807,965	1,152,525
<b>NET ASSETS</b>		
Unrestricted	64,279	35,247
Internally restricted (Note 5)	788,107	470,565
Externally restricted (Note 6)	503,235	601,248
Invested in equipment	97,331	48,722
	1,452,952	1,155,782
	\$ 2,260,917	\$ 2,308,307

LEASE COMMITMENT (Note 8)

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
AUTHORITY**

**Statement of Changes in Net Assets  
Year Ended March 31, 2008**

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Equipment	2008	2007
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 35,247	\$ 470,565	\$ 601,248	\$ 48,722	\$ 1,155,782	\$ 969,260
Excess of revenue over expenses	327,451	-	-	(30,281)	297,170	186,522
Interfund transfers	(219,529)	317,542	(98,013)	-	-	-
Purchase of Assets	(78,890)	-	-	78,890	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 64,279</b>	<b>\$ 788,107</b>	<b>\$ 503,235</b>	<b>\$ 97,331</b>	<b>\$ 1,452,952</b>	<b>\$ 1,155,782</b>

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**Statement of Revenues and Expenses**

**Year Ended March 31, 2008**

	2008	2007
<b>REVENUE</b>		
Province of Manitoba - Authority Funding	\$ 12,540,879	\$ 9,612,433
Interest	77,002	50,010
Other	834	-
	<u>12,618,715</u>	<u>9,662,443</u>
<b>EXPENSES</b>		
Annual general meeting	13,642	8,907
Audit	3,562	3,605
Bad debts	4,092	-
Bank and service fees	639	507
Board expenses	2,804	1,374
Board honorarium	15,200	1,200
Changes for children	186,876	-
Communications	12,831	8,620
IT support	6,118	-
Insurance	11,243	12,408
Joint training unit	88,095	-
Memberships and subscriptions	2,010	2,211
Miscellaneous	25,274	20,580
Office supplies	10,917	5,898
Payments to agencies	10,328,402	8,505,456
Payments to authorities	247,888	113,850
Payroll processing	1,654	1,186
Postage and courier	1,188	974
Printing and stationery	2,390	2,237
Professional fees	124,914	84,833
Recruitment costs	7,484	-
Rent	47,115	35,756
Salaries and benefits	884,485	512,992
Small equipment and repairs	1,501	-
Staff development	10,567	3,108
Strategic planning	8,918	15,671
Transition	98,013	2,142
Travel	143,442	110,318
	<u>12,291,264</u>	<u>9,453,833</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<u>327,451</u>	<u>208,610</u>
<b>OTHER EXPENSES</b>		
Amortization	(30,016)	(22,088)
Loss on disposal of assets	(265)	-
	<u>(30,281)</u>	<u>(22,088)</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 297,170</u>	<u>\$ 186,522</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
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**Statement of Cash Flows  
Year Ended March 31, 2008**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 297,170	\$ 186,522
Items not affecting cash:		
Amortization	30,016	22,088
Loss on disposal of assets	265	-
	<u>327,451</u>	<u>208,610</u>
Changes in non-cash working capital:		
Accounts receivable	(61,385)	(559,905)
Accounts payable and accrued liabilities	(344,561)	684,350
Prepaid expenses	212	(5,859)
	<u>(405,734)</u>	<u>118,586</u>
Cash flow from (used by) operating activities	<u>(78,283)</u>	<u>327,196</u>
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	<u>(78,890)</u>	<u>(33,053)</u>
Cash flow used by investing activity	<u>(78,890)</u>	<u>(33,053)</u>
<b>INCREASE (DECREASE) IN CASH FLOWS</b>	<b>(157,173)</b>	<b>294,143</b>
CASH - BEGINNING OF YEAR	<u>1,157,356</u>	<u>863,213</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,000,183</b>	<b>\$ 1,157,356</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	<u>\$ 77,002</u>	<u>\$ 50,010</u>

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
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**Notes to Financial Statements**

**Year Ended March 31, 2008**

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1. DESCRIPTION OF OPERATIONS

The First Nations of Northern Manitoba Child and Family Services Authority (Northern Authority) has been incorporated under the Child and Family Services Authority Act, which was proclaimed by the Province of Manitoba on November 24, 2003.

The mandate of the Northern Authority is to administer and provide for the delivery of child and family services in Manitoba to people who are members of the northern First Nation, people who identify with those northern First Nations and others as determined in accordance with protocols established in the regulations which form part of the Child and Family Services Authority Act. The Northern Authority is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

On June 10, 2002 legislation to create the First Nations of Northern Manitoba Child and Family Services Authority was introduced in the Legislative Assembly. Royal Assent was received on August 9, 2002. The Child and Family Services Authorities Act came into force upon proclamation. Proclamation occurred on November 30, 2003. All assets and liabilities of 4601149 Manitoba Association Inc. as of November 30, 2003 were transferred to the First Nations of Northern Manitoba Child and Family Services Authority on December 1, 2003.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
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**Notes to Financial Statements**

**Year Ended March 31, 2008**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

New accounting policies

Effective April 1, 2007 the Authority adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1506, Accounting Changes

Section 1506 requires that voluntary changes in accounting policies are made only if they result in the financial statements providing reliable and more relevant information. Additional disclosure is required when the Authority has not yet applied a new primary source of Canadian generally accepted accounting principles that has been issued but is not yet effective, as well as when changes in accounting estimates and errors occur. The adoption of this revised standard had no material impact on the Authority's financial statements for the year ended March 31, 2008.

Section 1530, Comprehensive Income

Section 1530 requires the presentation of a statement of comprehensive income and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available for sale financial assets and changes in fair value of the effective portion of cash flow hedging instruments. The Authority has not recognized any adjustments through other comprehensive income for the year ended March 31, 2008. Because the entity has no items related to other comprehensive income, comprehensive income is equivalent to net income.

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**Notes to Financial Statements**

**Year Ended March 31, 2008**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 prescribes the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. Under this section, financial assets and liabilities are initially recorded at fair value. This section also addresses how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Authority is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Authority has designated its financial instruments as follows:

Cash is classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings. Due to the relatively short period to maturity of these financial assets, the carrying values approximate their fair values.

Receivables are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The adoption of this revised standard had no material impact on the Authority's financial statements for the year ended March 31, 2008.

Future accounting policy changes

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation

The CICA has issued two new standards, CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

These changes in accounting policies, which will be adopted effective April 1, 2008, will require additional disclosures in the financial statements.

Section 1535, Capital Disclosures

The CICA has also issued a new standard, CICA 1535: Capital Disclosures, which requires the disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

This accounting policy change, which will be adopted effective April 1, 2008, will require additional disclosure in the financial statements.

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**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
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**Notes to Financial Statements**

**Year Ended March 31, 2008**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Authority's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of receivables, accounts payable and accrued liabilities approximates their carrying values due to their short term maturity.

Equipment

Equipment is initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	3 years
Computer software	5 years
Equipment	5 years
Furniture and fixtures	5 years

In the year of acquisition, amortization is taken at one-half of the above rates.

Revenue recognition

The Authority 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Authority funding from the Province of Manitoba is recognized when earned.

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**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES  
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**Notes to Financial Statements**

**Year Ended March 31, 2008**

**3. EQUIPMENT**

	<u>2008</u>		<u>2007</u>	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 63,339	\$ 29,587	\$ 52,099	\$ 42,407
Computer software	10,214	6,311	10,214	4,631
Equipment	78,267	36,334	49,619	23,539
Furniture and fixtures	33,330	15,587	19,764	12,397
	<u>\$ 185,150</u>	<u>\$ 87,819</u>	<u>\$ 131,696</u>	<u>\$ 82,974</u>
Net book value	<u>\$ 97,331</u>		<u>\$ 48,722</u>	

During the year ended March 31, 2008, the Authority incurred the following capital expenditures:

	<u>2008</u>	<u>2007</u>
Computer equipment	\$ 34,025	\$ 9,751
Computer software	-	3,008
Equipment	28,648	18,223
Furniture and fixtures	16,217	2,071
	<u>\$ 78,890</u>	<u>\$ 33,053</u>

**4. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT**

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to employees, officers and directors in an amount exceeding \$50,000. For the year ended March 31, 2008, the following officers, directors or employees received compensation at reportable levels:

		<u>2008</u>
Rose McKay	Chief Executive Officer	\$89,239
Cheryl Freeman	Chief Financial Officer	\$83,197
Mare Lands	Implementation Team Manager	\$65,869
Shirley Allarie	Senior Manager	\$56,492
Mary Werba	Foster Care Recruitment & Retention Officer	\$52,816
Theresa Henderson	Education & Training Coordinator	\$53,674

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**Notes to Financial Statements**

**Year Ended March 31, 2008**

**5. INTERNALLY RESTRICTED NET ASSETS**

The Board approved the following internal restrictions:

	2008	2007
Legal counsel	\$ -	\$ 88,000
Education and training	-	94,152
Copier replacement	9,270	6,722
Furniture replacement	9,270	6,722
Transitional expenses to Northern location	50,600	50,600
Winnipeg projects	57,339	24,369
Communication strategy	100,000	100,000
Statistical development	100,000	-
Research and development	-	100,000
Agency development work	105,000	-
CME report contract	25,000	-
Executive assistant term position	50,000	-
Furniture, computers and equipment	55,000	-
Repatriation	35,000	-
Joint training unit	79,905	-
Family support innovations	111,723	-
	\$ 788,107	\$ 470,565

**6. EXTERNALLY RESTRICTED NET ASSETS**

Externally restricted net assets represents the unspent portion of Transition Grant Funding received from the Province of Manitoba. The grant is to be used for the Aboriginal Justice Inquiry - Child Welfare Initiative one-time transition activities connected to the establishment of the Northern Authority and to assist Family Service Agencies in extending their operations and have the ability to accept the scheduled transfer of cases.

**7. ECONOMIC DEPENDENCE**

First Nations of Northern Manitoba Child and Family Services Authority is solely dependent on the Province of Manitoba for revenue to fund its operations.

**8. LEASE COMMITMENT**

The Authority has entered into a five year lease for one of their premises that expires on January 31, 2012. Under the lease, the Authority is required to pay a base annual rent of \$39,963.