

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

Financial Statements

Year Ended March 31, 2009

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

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Year Ended March 31, 2009

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THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

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, 2009 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, 2009 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
July 10, 2009

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


Statement of Financial Position

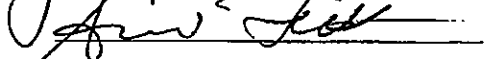
March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 1,701,506	\$ 1,000,183
Accounts receivable from the Province	719,163	906,911
Working capital receivable from agencies	203,000	128,000
Accounts receivable	88,681	113,357
Prepaid expenses	58,741	15,135
	2,771,091	2,163,586
EQUIPMENT (Notes 3, 5)	91,506	97,331
	\$ 2,862,597	\$ 2,260,917
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 770,490	\$ 679,965
Working capital payable to the Province	203,000	128,000
Deferred income	167,452	-
	1,140,942	807,965
NET ASSETS		
Unrestricted	343,807	64,279
Internally restricted (Note 6)	783,107	788,107
Externally restricted (Note 7)	503,235	503,235
Invested in equipment	91,506	97,331
	1,721,655	1,452,952
	\$ 2,862,597	\$ 2,260,917

LEASE COMMITMENT (Note 9)

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, 2009

	Unrestricted	Internally Restricted	Externally Restricted	Invested in Equipment	2009	2008
NET ASSETS - BEGINNING OF YEAR	\$ 64,279	\$ 788,107	\$ 503,235	\$ 97,331	\$ 1,452,952	\$ 1,155,782
Excess of revenue over expenses	319,617	-	-	(50,914)	268,703	297,170
Interfund transfers	305,000	(305,000)	-	-	-	-
Transfer of surplus	(300,000)	300,000	-	-	-	-
Purchase of Assets	(45,089)	-	-	45,089	-	-
NET ASSETS - END OF YEAR	\$ 343,807	\$ 783,107	\$ 503,235	\$ 91,506	\$ 1,721,655	\$ 1,452,952

**FIRST NATIONS OF NORTHERN MANITOBA CHILD AND FAMILY SERVICES
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**Statement of Revenues and Expenses
Year Ended March 31, 2009**

	2009	2008
REVENUE		
Province of Manitoba - Authority Funding	\$ 13,462,493	\$ 12,540,879
Interest	43,316	77,002
Other	4,664	834
	<u>13,510,473</u>	<u>12,618,715</u>
EXPENSES		
Annual general meeting	20,038	13,642
Audit	4,500	3,562
Bad debts	-	4,092
Bank and service fees	840	638
Board expenses	9,836	2,804
Board honorarium	37,900	15,200
Changes for children	259,032	186,876
Communications	32,187	12,831
Family innovation fund	13,736	-
IT support	6,119	6,119
Insurance	13,904	11,243
Joint training unit	96,741	88,095
Memberships and subscriptions	3,035	2,010
Miscellaneous	5,770	25,274
Office supplies	20,731	10,917
Payments to agencies	10,751,449	10,328,402
Payments to authorities	120,644	247,888
Payroll processing	2,198	1,654
Postage and courier	1,444	1,188
Printing and stationery	1,515	2,390
Professional fees	246,311	124,914
Recruitment costs	3,774	7,484
Rent	57,977	47,115
Repatriation	5,418	-
Salaries and benefits	1,112,046	884,485
Small equipment and repairs	5,539	1,501
Staff development	19,091	10,567
Strategic planning	-	8,918
Transition	-	98,013
Travel	339,081	143,442
	<u>13,190,856</u>	<u>12,291,264</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>319,617</u>	<u>327,451</u>
OTHER EXPENSES		
Amortization	(50,914)	(30,016)
Loss on disposal of assets	-	(265)
	<u>(50,914)</u>	<u>(30,281)</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 268,703</u>	<u>\$ 297,170</u>

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

Statement of Cash Flows

Year Ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 268,703	\$ 297,170
Items not affecting cash:		
Amortization	50,914	30,016
Loss on disposal of assets	-	265
	<u>319,617</u>	<u>327,451</u>
Changes in non-cash working capital:		
Accounts receivable	212,424	(61,385)
Accounts payable and accrued liabilities	90,525	(344,561)
Deferred income	167,452	-
Prepaid expenses	(43,606)	212
	<u>426,795</u>	<u>(405,734)</u>
Cash flow from (used by) operating activities	<u>746,412</u>	<u>(78,283)</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>(45,089)</u>	<u>(78,890)</u>
INCREASE (DECREASE) IN CASH FLOWS	701,323	(157,173)
CASH - BEGINNING OF YEAR	<u>1,000,183</u>	<u>1,157,356</u>
CASH - END OF YEAR	<u>\$ 1,701,506</u>	<u>\$ 1,000,183</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 840</u>	<u>\$ 77,002</u>

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

Year Ended March 31, 2009

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.

2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008, the Agency adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital, and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, Financial Instruments - Disclosures

Section 3862 modifies the disclosure requirements for financial instruments that were included in Section 3861, Financial Instruments - Disclosure and Presentation. The new standards require an entity to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments on its financial position and performance, the nature and extent of the risks to which it is exposed during the period and at the balance sheet date, and how those risks are managed.

Section 3863, Financial Instruments - Presentation

Section 3863 carries forward the presentation requirements of Section 3861, Financial Instruments - Disclosure and Presentation, unchanged.

The three standards listed above have no impact on the recognition, measurement or presentation of financial instruments in the Agency's financial statements for the year ended March 31, 2009.

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

Year Ended March 31, 2009

3. **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.

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.

Capital disclosures

The Authority's capital consists of net assets provided by operations.

The Authority's capital management policy is to maintain sufficient capital in net assets to meet its objectives, meet short term capital needs through working capital advances from the Province of Manitoba; and meet long term capital needs through long term debt with the Province of Manitoba. There were no changes in the Authority's approach to capital management during the 2008/09 year.

The Authority is not subject to externally imposed capital requirements.

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

Year Ended March 31, 2009

4. FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on a financial instrument's classification.

Financial instruments are classified 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 financial assets and liabilities of the Authority are classified and measured as follows:

<u>Financial asset/liability</u>	<u>Category</u>	<u>Subsequent measurement</u>
Cash	Held for trading	Fair value
Accounts receivable from the Province	Loans and receivable	Amortized cost
Working capital receivable from agencies	Loans and receivable	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Working capital payable to the Province	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of earnings and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of earnings and retained earnings for the current period. Changes in fair value on financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they would be recorded in the statement of earnings and retained earnings.

Fair value of financial instruments

The fair value of accounts receivable from the Province, working capital receivable from agencies, accounts receivable, accounts payable and accrued liabilities and working capital payable to the Province approximates their carrying values due to their relatively short term maturity.

Financial risk management

The Authority has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

(continues)

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

Year Ended March 31, 2009

4. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of cash, cash equivalents and receivables.

The maximum exposure of the Authority to credit risk as of March 31, 2009, is:

Accounts receivable from the Province	\$ 719,163
Working capital receivable from agencies	203,000
Accounts receivable	88,681
	<u>\$ 1,010,844</u>

Receivables: The Authority is not exposed to significant credit risk since the receivables are with agencies and Province of Manitoba. An allowance for doubtful accounts was not recorded as of March 31, 2009.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they come due.

The Authority manages liquidity risk by balancing its cash flow requirements through its available working capital payable and its cash balance. Regular determinations of the Authority's working capital payable and cash requirements are reviewed by the Province of Manitoba to ensure that adequate funding is available as required to enable the Authority to meet its obligations as they come due.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Authority's net earnings or the fair values of its financial instruments. The significant market risks the Authority is exposed to are interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash

The interest rate risk on cash is considered to be low because of their short term nature.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

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

Year Ended March 31, 2009

5. EQUIPMENT

	2009		2008	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 77,272	\$ 53,023	\$ 63,339	\$ 29,587
Computer software	11,317	8,465	10,214	6,311
Equipment	98,308	53,991	78,267	36,334
Furniture and fixtures	43,343	23,255	33,330	15,587
	<u>\$ 230,240</u>	<u>\$ 138,734</u>	<u>\$ 185,150</u>	<u>\$ 87,819</u>
Net book value	<u>\$ 91,506</u>		<u>\$ 97,331</u>	

During the year ended March 31, 2009, the Authority incurred the following capital expenditures:

	2009	2008
Computer equipment	\$ 13,932	\$ 34,025
Computer software	1,104	-
Equipment	20,041	28,648
Furniture and fixtures	10,012	16,217
	<u>\$ 45,089</u>	<u>\$ 76,883</u>

6. INTERNALLY RESTRICTED NET ASSETS

The Board approved the following internal restrictions:

	2009	2008
Copier replacement	\$ 9,270	\$ 9,270
Furniture replacement	9,270	9,270
Transitional expenses to Northern location	50,600	50,600
Winnipeg projects	57,339	57,339
Communication strategy	-	100,000
Statistical development	-	100,000
Agency development work	-	105,000
CME report contract	-	25,000
Executive assistant term position	-	50,000
Furniture, computers and equipment	16,900	55,000
Repatriation	35,000	35,000
Authority and agency development	300,000	-
Joint training unit	79,905	79,905
Family support innovations	224,823	111,723
	<u>\$ 783,107</u>	<u>\$ 788,107</u>