

First Nations of Northern Manitoba Child and Family Services Authority
Financial Statements
March 31, 2010

Auditors' Report

To the Board of 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, 2010 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 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2009 and for the year then ended were audited by another accounting firm who issued an audit report without reservation on those statements in their report dated July 10, 2009.

Winnipeg, Manitoba
June 18, 2010

Meyers Norris Penny LLP

Chartered Accountants

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Financial Position
As at March 31, 2010

	2010	2009 <i>(Restated)</i>
Assets		
Current		
Cash	539,741	924,486
Marketable securities <i>(Note 4)</i>	780,063	777,020
Accounts receivable <i>(Note 5)</i>	1,600,388	831,844
Prepaid expenses and deposits	8,237	58,741
	2,928,429	2,592,091
Capital assets <i>(Note 6)</i>	51,155	91,506
Working capital receivable from agencies	1,059,596	203,000
	4,039,180	2,886,597
Liabilities		
Current		
Accounts payable and accruals <i>(Note 7)</i>	1,108,554	770,490
Deferred contributions	-	167,452
	1,108,554	937,942
Working capital payable to Province of Manitoba	1,059,596	203,000
	2,168,150	1,140,942
Net Assets		
Unrestricted <i>(Note 8)</i>	375,695	367,807
Internally restricted <i>(Note 9)</i>	940,945	783,107
Externally restricted <i>(Note 10)</i>	503,235	503,235
Invested in capital assets	51,155	91,506
	1,871,030	1,745,655
	4,039,180	2,886,597

Approved on behalf of the Board



Director

L. M. Gossfeld - McDonald

Director

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Operations
For the year ended March 31, 2010

	2010	2009 (Restated)
Revenue		
Province of Manitoba	15,977,476	13,653,945
Interest	3,044	43,316
Other	237,400	4,664
Revenue deferred to subsequent period	-	(167,452)
Revenue deferred from prior period	167,452	-
Total revenue	16,385,372	13,534,473
Expenses		
Agency financial review	241,429	-
Amortization	61,358	50,914
Annual general meeting	12,536	20,038
Audit	6,950	4,500
Bank and service fees	4,605	840
Board expenses	10,862	9,836
Board Honorarium	35,893	37,900
Changes for children	38,939	259,032
Differential response	476,870	-
Family Innovation fund	339,723	13,736
IT support	38,408	6,119
Insurance	16,357	13,904
Janitorial	7,260	-
Meeting expenses	20,848	-
Membership fees	1,496	3,035
Miscellaneous	10,819	5,770
Office supplies	37,456	20,731
Payments to agencies	12,149,710	10,751,449
Payments to authorities	21,400	120,644
Payroll processing	2,309	2,198
Postage	1,385	1,444
Printing and stationary	5,321	1,515
Professional development	3,448	19,091
Professional fees	400,541	246,311
Recruitment costs	10,773	2,959
Rent	53,127	57,977
Repairs and maintenance	1,347	5,539
Repatriation	12,868	5,418
Salaries and benefits	1,724,753	1,112,046
Telephone	29,324	32,187
Training and education	143,625	96,741
Travel	338,257	339,896
Total expenses	16,259,997	13,241,770
Excess of revenue over expenses	125,375	292,703

The accompanying notes are an integral part of these financial statements

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First Nations of Northern Manitoba Child and Family Services Authority
Statement of Changes in Net Assets

For the year ended March 31, 2010

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Externally restricted</i>	<i>Invested in capital assets</i>	2010	2009 <i>(Restated)</i>
Net assets, beginning of year, as previously stated	343,807	783,107	503,235	91,506	1,721,655	1,452,952
Correction of an error <i>(Note 8)</i>	24,000	-	-	-	24,000	-
Net assets, beginning of year as restated	367,807	783,107	503,235	91,506	1,745,655	1,452,952
Excess of revenue over expenses	125,375	-	-	-	125,375	292,703
Amortization of capital assets	61,358	-	-	(61,358)	-	-
Purchase of capital assets	(21,007)	-	-	21,007	-	-
Interfund transfers	345,630	(345,630)	-	-	-	-
Transfer of surplus	(503,468)	503,468	-	-	-	-
Net assets, end of year	375,695	940,945	503,235	51,155	1,871,030	1,745,655

The accompanying notes are an integral part of these financial statements

First Nations of Northern Manitoba Child and Family Services Authority
Statement of Cash Flows
For the year ended March 31, 2010

	2010	2009 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	125,375	292,703
Amortization	81,358	50,914
	186,733	343,617
Changes in working capital accounts		
Accounts receivable	(768,544)	188,424
Prepaid expenses and deposits	50,502	(43,606)
Accounts payable and accruals	338,066	90,525
Deferred contributions	(167,452)	167,452
	(360,695)	746,412
Investing activities		
Purchase of capital assets	(21,007)	(45,089)
Increase (decrease) in cash resources	(381,702)	701,323
Cash resources, beginning of year	1,701,506	1,000,183
Cash resources, end of year	1,319,804	1,701,506
Cash resources are composed of:		
Cash	539,741	924,486
Marketable securities	780,063	777,020
	1,319,804	1,701,506
Supplementary cash flow information		
Interest received	3,044	840

First Nations of Northern Manitoba Child and Family Services Authority

Notes to the Financial Statements

For the year ended March 31, 2010

1. Incorporation and operations

The First Nations of Northern Manitoba Child and Family Services Authority ("the 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 Nations, 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)(1) 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 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. Significant accounting policies

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

Revenue recognition

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

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

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

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

	<i>Rate</i>
Computer equipment	3 years
Computer software	5 years
Furniture and fixtures	5 years
Office equipment	5 years

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

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

First Nations of Northern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2010

2. Significant accounting policies *(Continued from previous page)*

Capital disclosures

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

The Northern 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 Northern Authority's approach to capital management during the 2010 fiscal year.

The Northern Authority is not subject to externally imposed capital requirements.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Northern Authority performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in excess of revenue over expenses for the year.

3. 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 Northern Authority are classified and measured as follows:

<u>Financial asset/liability</u>	<u>Category</u>	<u>Subsequent measurement</u>
Cash and marketable securities	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 operations 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 operations for the current period.

First Nations of Northern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2010

3. **Financial instruments** *(Continued from previous page)*

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 approximate their carrying values due to their relatively short term maturity.

Financial risk management

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

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 Northern Authority to credit risk consist principally of cash, marketable securities and accounts receivable.

The maximum exposure of the Northern Authority to credit risk as at March 31, 2010, is \$1,600,388 (2009 - \$831,844).

Accounts receivable: The Northern Authority is not exposed to significant credit risk since the receivables are with agencies and Province of Manitoba.

Liquidity Risk

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

The Northern Authority manages liquidity risk by balancing its cash flow requirements through its available working capital payable and its cash balance. Regular determinations of the Northern 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 Northern Authority to meet its obligations as they come due.

Market Risk

The Northern Authority is exposed to market risk through the fluctuation of financial instrument fair values due to changes in market prices. The significant market risks to which the Northern Authority is exposed to is interest rate risk.

Interest rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of the Northern Authority arises from its interest bearing assets, which include marketable securities that earn interest at market rates.

The Northern Authority manages its exposures to the interest rate risk of its marketable securities by maximizing the interest income earned on excess funds while maintaining liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on marketable securities do not have significant impact on the Northern Authority's results of operations.

4. **Marketable securities**

	2010	2009
Royal Bank of Canada Money Market Fund	780,063	777,020

First Nations of Northern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2010

5. Accounts receivable

	2010	2009 <i>(Restated)</i>
GST Receivable	36,911	18,430
Province of Manitoba	1,316,662	743,163
Other	246,815	70,251
	1,600,388	831,844

6. Capital assets

	Cost	Accumulated amortization	2010 Net book value
Computer equipment	88,951	80,724	8,227
Computer software	20,646	13,792	6,854
Furniture and fixtures	43,343	31,924	11,419
Office equipment	98,308	73,653	24,655
	251,248	200,093	51,155

	Cost	Accumulated amortization	2009 Net book value
Computer equipment	77,272	53,023	24,249
Computer software	11,317	8,465	2,852
Furniture and fixtures	43,343	23,255	20,088
Office equipment	98,308	53,991	44,317
	230,240	138,734	91,506

7. Accounts payable and accruals

	2010	2009
Accounts payable	1,080,745	722,223
Accruals	27,809	48,267
	1,108,554	770,490

8. Correction of an error

During the year the Northern Authority determined that revenue that was related to 2009 was recorded in 2010 instead of being set up as a receivable in 2009. This error resulted in an increase to net opening assets of \$24,000 in 2010. For the prior year this has resulted in an increase of \$24,000 in accounts receivable and revenue.

First Nations of Northern Manitoba Child and Family Services Authority
Notes to the Financial Statements

For the year ended March 31, 2010

9. Internally Restricted Net Assets

The Board approved the following internal restrictions:

	2010	2009
Copier replacement	9,270	9,270
Furniture replacement	9,270	9,270
Transitional expenses to Northern location	-	50,600
Winnipeg projects	-	57,339
Furniture, computers and equipment	80,368	16,900
Repatriation	22,132	35,000
Authority and agency development	300,000	300,000
Joint training unit	79,905	79,905
Family support innovations	-	224,823
Northern office renovations	50,000	-
Community Relations Specialist position	120,000	-
Executive Assistant term position	70,000	-
IT support	50,000	-
Legal expenses	100,000	-
Winnipeg office	50,000	-
	940,945	783,107

10. 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. In the year ended March 31, 2010 the Province of Manitoba authorized the use of Externally Restricted Net Assets of \$316,777 over three years to establish a presence in northern Manitoba.

	2010	2009
Authority development	186,480	186,480
The Pas Northern office	34,060	34,060
Thompson Northern office	282,695	282,695
	503,235	503,235

11. 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.

First Nations of Northern Manitoba Child and Family Services Authority
Notes to the Financial Statements
For the year ended March 31, 2010

12. Commitments

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

2011	39,963
2012	39,963
	<hr/>
	79,926

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.