

**First Nations of Northern Manitoba Child and Family Services Authority**  
**Financial Statements**  
*March 31, 2013*

## Independent Auditors' Report

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

We have audited the accompanying financial statements of First Nations of Northern Manitoba Child and Family Services Authority which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Nations of Northern Manitoba Child and Family Services Authority as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations, changes in net assets and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Manitoba

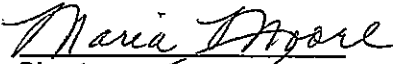
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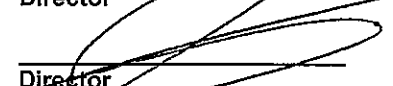
**MNP LLP**  
Chartered Accountants


**First Nations of Northern Manitoba Child and Family Services Authority**  
**Statement of Financial Position**  
*As at March 31, 2013*

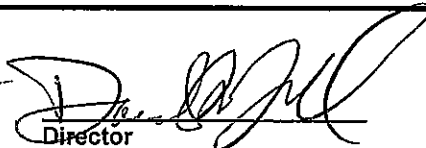
	2013	2012	April 1 2011
<b>Assets</b>			
<b>Current</b>			
Cash	2,283,420	279,295	630,327
Marketable securities (Note 5)	689,886	789,886	784,686
Accounts receivable (Note 6)	902,355	7,828,399	1,025,196
Prepaid expenses and deposits	23,963	7,424	12,696
	3,899,624	8,905,004	2,452,905
Capital assets (Note 7)	86,182	138,141	92,565
Working capital receivable from agencies	2,897,724	2,448,124	2,009,696
	6,883,530	11,491,269	4,555,166
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accruals (Note 8)	3,209,222	8,035,890	1,162,601
Working capital payable to Province of Manitoba	2,897,724	2,448,124	2,009,696
	6,106,946	10,484,014	3,172,297
<b>Net Assets</b>			
Unrestricted	187,242	114,525	164,035
Internally restricted (Note 9)	366,680	532,524	775,945
Externally restricted (Note 10)	136,480	222,065	350,435
Invested in capital assets	86,182	138,141	92,454
	776,584	1,007,255	1,382,869
	6,883,530	11,491,269	4,555,166


Approved on behalf of the Board

  
 Director

  
 Director

  
 Director

  
 Director

  
 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, 2013*

	2013	2012
<b>Revenue</b>		
Province of Manitoba	24,121,285	21,829,610
Aboriginal Affairs and Northern Development Canada (AANDC)	1,000,000	-
Interest	7,137	5,402
Other	974	592
	25,129,396	21,835,604
<b>Expenses</b>		
Amortization	77,112	91,715
Annual general meeting	16,458	13,400
Audit	16,590	12,146
Bad debts	138,780	180,031
Bank and service fees	2,591	2,118
Board Honorarium	38,352	54,743
Board and committee meetings	33,764	5,595
Donations	15,036	8,659
IT Support	40,642	42,976
Insurance	23,378	20,350
Janitorial	9,103	9,812
Meetings and conferences	97,223	8,126
Membership fees	2,960	7,858
Miscellaneous	4,195	28,926
Office supplies	54,546	34,200
Payments to agencies	21,087,846	19,084,206
Payroll processing	9,587	5,249
Postage	3,673	2,399
Printing and stationary	6,075	5,036
Professional development	12,186	3,862
Professional fees	223,974	387,373
Recruitment costs	4,746	26,334
Rent	164,995	121,458
Repairs and maintenance	1,194	306
Salaries and benefits	2,046,457	1,719,845
Special projects	912,021	10,990
Telephone	37,731	35,757
Training and education	47,166	45,143
Travel	226,186	242,605
Web-site development	5,500	-
	25,360,067	22,211,218
<b>Deficiency of revenue over expenses</b>	<b>(230,671)</b>	<b>(375,614)</b>

*The accompanying notes are an integral part of these financial statements*

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

*For the year ended March 31, 2013*

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Externally restricted</i>	<i>Invested in capital assets</i>	<b>2013</b>	<b>2012</b>
Net assets, beginning of year	114,525	532,524	222,065	138,141	<b>1,007,255</b>	1,382,869
Deficiency of revenue over expenses	(230,671)	-	-	-	<b>(230,671)</b>	(375,614)
Amortization of capital assets	77,112	-	-	(77,112)	-	-
Purchases of capital assets	(25,153)	-	-	25,153	-	-
Interfund transfers	251,429	(165,844)	(85,585)	-	-	-
Net assets, end of year	<b>187,242</b>	<b>366,680</b>	<b>136,480</b>	<b>86,182</b>	<b>776,584</b>	<b>1,007,255</b>

*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, 2013*

	2013	2012
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Deficiency of revenue over expenses	(230,671)	(375,614)
Amortization	77,112	91,715
	(153,559)	(283,899)
Changes in working capital accounts		
Accounts receivable	6,926,044	(6,803,203)
Prepaid expenses and deposits	(16,539)	5,272
Accounts payable and accruals	(4,826,668)	6,873,289
	1,929,278	(208,541)
<b>Financing</b>		
Working capital receivable from agencies	(449,600)	(438,428)
Working capital payable to Province of Manitoba	449,600	438,428
	-	-
<b>Investing</b>		
Purchase of capital assets	(25,153)	(137,291)
<b>Increase (decrease) in cash resources</b>	<b>1,904,125</b>	<b>(345,832)</b>
Cash resources, beginning of year	1,069,181	1,415,013
<b>Cash resources, end of year</b>	<b>2,973,306</b>	<b>1,069,181</b>
<b>Cash resources are composed of:</b>		
Cash	2,283,420	279,295
Marketable securities	689,886	789,886
	2,973,306	1,069,181
<b>Supplementary cash flow information</b>		
Interest received	7,137	5,402

*The accompanying notes are an integral part of these financial statements*

# First Nations of Northern Manitoba Child and Family Services Authority

## Notes to the Financial Statements

For the year ended March 31, 2013

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### 1. Incorporation and nature of the organization

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. Impact of adopting accounting standards for not-for-profit organizations

These are the Northern Authority's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012, and the opening ASNPO statement of financial position as at April 1, 2011 (the Northern Authority's date of transition to ASNPO).

In preparing these financial statements, the Northern Authority has elected to apply no transitional provisions permitted by CICA 1501 *First-time adoption by not-for-profit organizations* at the date of transition to ASNPO.

The transition to ASNPO has not affected the statement of financial position, statement of operations, statement of changes in net assets or statement of cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

### 3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### *Financial instruments*

The Northern Authority recognizes its financial instruments when the Northern Authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Northern Authority subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

#### *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.

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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**First Nations of Northern Manitoba Child and Family Services Authority**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2013*

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**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

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
Leasehold improvements	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 accounting standards for not-for-profit organizations 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 the statement of operations in the periods in which they become known.

**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 the statement of operations for the year.

**4. Financial instruments**

The Northern Authority, as part of its operations, carries a number of financial instruments. It is management's opinion that the Northern Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**5. Marketable securities**

	<i>2013</i>	<i>2012</i>
Royal Bank of Canada Money Market Fund	689,886	789,886

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**First Nations of Northern Manitoba Child and Family Services Authority**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2013*

6. **Accounts receivable**

	2013	2012
GST Receivable	65,010	57,001
Province of Manitoba	884,262	7,568,313
Other	231,894	383,116
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Allowance for doubtful accounts	1,181,166 (278,811)	8,008,430 (180,031)
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	902,355	7,828,399

The allowance for doubtful accounts relates to two items:

1. The Province of Manitoba unilateral claw back of \$180,031 on June 21, 2012. The Northern Authority is disputing this decision notwithstanding its sole dependence on the Province of Manitoba for revenue to fund its operations.
2. An amount of \$98,780 from the Province of Manitoba for which collectability is not reasonably assured.

7. **Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>
Computer equipment	276,939	211,999	64,940
Computer software	28,412	28,342	70
Furniture and fixtures	61,043	61,043	-
Office equipment	157,365	141,053	16,312
Leasehold improvements	9,720	4,860	4,860
<hr/>			
	533,479	447,297	86,182

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2012 Net book value</i>
Computer equipment	267,568	172,408	95,160
Computer software	25,651	22,936	2,715
Furniture and fixtures	61,043	61,043	-
Office equipment	144,344	110,882	33,462
Leasehold improvements	9,720	2,916	6,804
<hr/>			
	508,326	370,185	138,141

8. **Accounts payable and accruals**

	2013	2012
Accounts payable	64,750	109,720
Accruals	181,081	98,306
Accounts payable to agencies	2,963,391	7,827,864
<hr/>		
	3,209,222	8,035,890

**First Nations of Northern Manitoba Child and Family Services Authority**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2013*

**9. Internally restricted net assets**

	2013	2012
Capital assets	50,000	61,506
Unfunded positions	100,000	100,000
Repatriation	20,000	21,113
Education and training	-	79,905
Authority and agency development	-	270,000
Information technology	196,680	-
	366,680	532,524

**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.

	2013	2012
Authority development	136,480	136,480
The Pas Northern office	-	8,020
Thompson Northern office	-	77,565
	136,480	222,065

**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.

**12. Commitments**

The Northern Authority entered into a five year lease for office space that expires April 30, 2015. Under the lease, the Northern Authority is required to pay a base annual rent of \$62,400.

During the year the Northern Authority entered into a five year lease for additional office space that expires January 31, 2015. Under the lease, the Northern Authority is required to pay a base annual rent of \$45,780.

Total commitments over the next three years are as follows:

2014	108,180
2015	100,550
2016	5,200
	213,930

**13. Comparative figures**

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