

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL
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(In Thousands of Dollars)
Year Ended March 31, 2019

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Management's Report

Management's Responsibility for the Financial Statements

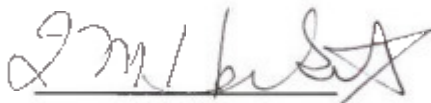
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly.

The external auditors, PATERSON HENN CPA, CHARTERED PROFESSIONAL ACCOUNTANTS, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of First Peoples' Heritage, Language and Culture Council and meet when required.

On behalf of First Peoples' Heritage, Language and Culture Council



Tracey Herbert
Chief Executive Officer

May 13, 2019



PATERSON HENN CPA
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Indigenous Relations & Reconciliation
To the Members of First Peoples' Heritage, Language & Culture Council

Opinion

We have audited the financial statements of First Peoples' Heritage, Language & Culture Council (the Council), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sidney, British Columbia
May 13, 2019

Paterson Henn CPA

Chartered Professional Accountants

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Statement of Financial Position

(In Thousands of Dollars)

March 31, 2019

	2019	2018
Financial assets		
Cash and banks	\$ 2,265	\$ 1,427
Accounts receivable	1,070	65
GST receivable	99	33
Due from government (Note 4)	5	654
	<u>3,439</u>	<u>2,179</u>
Liabilities		
Accounts payable and accrued liabilities	3,685	1,585
Deferred contributions (Note 6)	252	333
	<u>3,937</u>	<u>1,918</u>
Net financial assets (debt)	<u>(498)</u>	261
Non-financial assets		
Tangible capital assets (Note 5)	807	64
Prepaid expenses	75	59
	<u>882</u>	<u>123</u>
Accumulated surplus	<u>\$ 384</u>	<u>\$ 384</u>

Approved by the Board:


 _____ Director


 _____ Director

The accompanying notes and supplementary schedules are an integral part of these financial statements.

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

**Statement of Operations
(In Thousands of Dollars)
Year Ended March 31, 2019**

	Budget	2019	2018
Revenue			
Grants (<i>Schedule 1</i>)	\$ 3,651	\$ 15,160	\$ 56,754
Interest and other revenue	17	48	67
Administration fees	147	56	85
Deferred revenue	(7)	120	(168)
	<u>3,808</u>	<u>15,384</u>	<u>56,738</u>
Expenditures			
Arts Programs	1,148	2,263	1,326
First Voices Programs	157	341	1,119
Language Programs	1,826	10,874	53,414
Heritage Programs	-	41	-
Communications	30	318	46
Finance Services	-	108	-
Information Technology Services	48	235	30
Operating Expenses	580	1,029	779
Amortization	19	175	24
	<u>3,808</u>	<u>15,384</u>	<u>56,738</u>
Annual Surplus	-	-	-
Accumulated surplus - beginning of year	<u>384</u>	<u>384</u>	<u>384</u>
Accumulated surplus - end of year	<u>\$ 384</u>	<u>\$ 384</u>	<u>\$ 384</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL
Statement of Changes in Net Financial Assets (Debt)
(In Thousands of Dollars)
Year Ended March 31, 2019

	Budget	2019	2018
Annual Surplus	\$ -	\$ -	\$ -
Purchase of tangible capital assets	-	(918)	(66)
Amortization of tangible capital assets	19	175	24
Decrease (increase) in prepaid expenses	-	(16)	(49)
	19	(759)	(91)
Increase (decrease) in net financial assets	19	(759)	(91)
Net financial assets - beginning of year	261	261	352
Net financial assets (debt) - end of year	\$ 280	\$ (498)	\$ 261

The accompanying notes and supplementary schedules are an integral part of these financial statements.

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Statement of Cash Flows

(In Thousands of Dollars)

Year Ended March 31, 2019

	2019	2018
Cash flows from operating activities		
Aboriginal Neighbors	\$ 35	\$ 50
BC Arts Council	1,500	835
BC Ferries	-	18
BC Ministry of Indigenous Relations & Reconciliation	1,051	51,751
Canada Council for the Arts	25	-
Creative BC	364	200
Department of Canadian Heritage	2,581	2,727
First Peoples' Cultural Foundation	9,339	273
Margaret A. Cargill Foundation	233	295
National Research Council	32	-
New Relationship Trust Corporation	-	535
Royal BC Museum	-	65
University of Victoria	-	5
Administration fees	56	85
Interest income and other miscellaneous receipts	48	67
Net change in non-cash item - deferred contributions	120	(168)
	<u>15,384</u>	<u>56,738</u>
	-	-
Cash used for grants and awards	(11,432)	(54,805)
Cash used for salaries and benefits	(1,606)	(877)
Cash paid to materials and services	(590)	(622)
	<u>(13,628)</u>	<u>(56,304)</u>
Cash flows from operating activities	<u>1,756</u>	434
Cash flows from investing activity		
Purchase of tangible capital assets	<u>(918)</u>	(66)
Cash flows from investing activity	<u>(918)</u>	(66)
INCREASE IN CASH FLOW	838	368
Cash - beginning of year	<u>1,427</u>	1,059
CASH - END OF YEAR	<u>\$ 2,265</u>	\$ 1,427

The accompanying notes and supplementary schedules are an integral part of these financial statements.

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

1. NATURE OF OPERATIONS

The First Peoples' Heritage, Language & Culture Council (the "Council") is a Crown Corporation, established under the *First Peoples' Heritage, Language and Culture Act* and is an agent of the Crown. The Council commenced operations April 1, 1991. The mission of the Council is as follows:

- To preserve, restore and enhance First Nations' heritage, language and culture;
- To increase understanding and sharing of knowledge, within both First Nations' and non-First Nations' communities; and
- To heighten appreciation and acceptance of the wealth of cultural diversity among British Columbians.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Canadian public sector accounting standards.

Some of the prior year expenditures have been reclassified to conform to the current year presentation.

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors and reported as per the Service Plan for 2018/19.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	3 years
Computer software	3 years
Furniture and equipment	5 years
Leasehold improvements	7 years

No amortization has been taken on the Art Collection.

Revenue recognition

The Council 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.

Donated services and materials

Donated materials are recorded both as donations and expenses at their fair value when fair value can be reasonably estimated. Donated services are not recorded in the financial statements, as they cannot be reasonably estimated. The Council also receives a number of volunteer hours from the Board of Directors, which have not been recognized, due to the difficulty of estimating their value.

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FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. RELATED PARTY TRANSACTIONS

The Council's Board of Directors and Advisory Committee are appointed by the Minister of Indigenous Relations and Reconciliation. There are two parallel processes for appointment for these positions. Three board positions are appointed by the Board Development Office by application and the other nine directors on the board are selected by the Council's board of governance committee through an application process. These board members are from BC First Nations communities. The Council's Advisory Committee has thirty-four positions, one for each BC First Nations Language, and these Advisory Committee members are selected by the Council's governance committee.

It is inevitable that there will be grants made to the community may be linked to one of the Council's Board or Advisory Committee members. The standard application process and the peer review processes by which the Council selects grants ensures there is not a conflict of interest.

The Council works closely with the First Peoples' Cultural Foundation (the "Foundation") on shared language revitalization goals, including the FirstVoices program. The Foundation is an independent organization with a separate Board of Directors. Transactions with this entity are made under normal operational terms and conditions.

The First Peoples' Heritage, Language and Culture Council is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities are made under normal operational terms and conditions.

4. DUE FROM GOVERNMENT

Due from government consists of the following:

(In Thousands of Dollars)

	March 31, 2019	March 31, 2018
Federal government	\$ -	\$ 51
Provincial government	5	603
	\$ 5	\$ 654

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

5. TANGIBLE CAPITAL ASSETS

(In Thousands of Dollars)

<u>Cost</u>	March 31, 2018 Balance	Additions	Disposals	March 31, 2019 Balance
Art Collection	\$ 14	\$ 87	\$ -	\$ 101
Computer equipment	314	118	-	432
Computer software	51	-	-	51
Furniture and Equipment	100	185	-	285
Leasehold Improvements	167	528	-	695
	<u>\$ 646</u>	<u>\$ 918</u>	<u>\$ -</u>	<u>\$ 1,564</u>

<u>Accumulated Amortization</u>	2018 Balance	Amortization	Accumulated Amortization on Disposals	2019 Balance
Art Collection	\$ -	\$ -	\$ -	\$ -
Computer equipment	276	59	-	335
Computer software	51	-	-	51
Furniture and Equipment	88	41	-	129
Leasehold Improvements	167	75	-	242
	<u>\$ 582</u>	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ 757</u>

<u>Net book value</u>	March 31, 2019	March 31, 2018
Art Collection	\$ 101	\$ 14
Computer equipment	97	38
Furniture and Equipment	156	12
Leasehold Improvements	453	-
	<u>\$ 807</u>	<u>\$ 64</u>

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

6. DEFERRED CONTRIBUTIONS

Deferred contributions consists of funding under contribution agreements and other restricted contributions. Contributions are recognized as revenue in the fiscal year the related expenses are incurred or services are performed. Deferred contributions consists of the following:

	(in Thousands of Dollars)			
	Balance	Receipts	Transferred to	Balance
	April 1, 2018	during year	revenue	March 31, 2019
Aboriginal Neighbors	\$ -	\$ 50	\$ 35	\$ 15
BC Arts Council	-	1,500	1,457	43
BC Ferries	5	-	5	-
Canada Council for the Arts	-	25	-	25
Creative BC	198	364	466	96
Department of Canadian Heritage	-	2,581	2,557	24
Margaret A. Cargill Foundation	130	233	334	29
National Research Council	-	32	12	20
	<u>\$ 333</u>	<u>\$ 4,785</u>	<u>\$ 4,866</u>	<u>\$ 252</u>

	(in Thousands of Dollars)			
	Balance	Receipts	Transferred to	Balance
	April 1, 2017	during year	revenue	March 31, 2018
Aboriginal Neighbors	\$ 4	\$ -	\$ 4	\$ -
BC Arts Council - Arts Map	50	-	50	-
BC Ferries	-	18	13	5
Creative BC	-	200	2	198
Margaret A. Cargill Foundation	111	295	276	130
	<u>\$ 165</u>	<u>\$ 513</u>	<u>\$ 345</u>	<u>\$ 333</u>

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

7. EXPENDITURES BY OBJECT

The following is a summary of expenditures by object (in Thousands of Dollars):

	<u>2019</u>	<u>2018</u>
<u>Expenditures</u>		
Grants	\$ 11,432	\$ 54,805
Salaries and Benefits	1,606	877
Community Resources, R&D and Jury Costs	447	168
Purchased services	644	282
Professional Fees	433	195
Facilities Rent, Heating and Maintenance	89	58
Office Overhead and Operating Costs	478	266
Board and Advisory	80	63
Amortization	175	24
	<u>\$ 15,384</u>	<u>\$ 56,738</u>

8. CAPITAL STOCK

The capital of the Council is one share with a par value of \$100. The share is issued to and held by Her Majesty the Queen in right of the Province of British Columbia.

9. PUBLIC SERVICE PENSION PLAN

The Council and its employees contribute to the BC Public Service Pension Plan. The plan is a multi-employer defined benefit plan administered by the British Columbia Pension Corporation in accordance with the *Public Sector Pension Plans Act*.

The plan provides defined pension benefits to employees based on their length of service and rates of pay. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions. No pension liability for this type of plan is included in the financial statements. Based on the most recent actuarial (March 31, 2017 Actuarial Valuation Report), the financial position of this plan is in a surplus position.

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Notes to Financial Statements

(In Thousands of Dollars)

Year Ended March 31, 2019

10. CONTRACTUAL LEASE AGREEMENT

The Council had entered into a seven year commercial lease agreement with the Tsartlip First Nation on February 14, 2014 and expiring February 14, 2021 for its premise with a base minimum yearly rental of \$42,000 annually with any additional taxes, charges or other costs to be paid by the Council.

On September 1, 2018, a new commercial lease agreement with the Tsartlip First Nation was entered into replacing the former agreement expiring 2021. The new agreement is for seven (7) years, expiring August 31, 2025 and has a minimum base rental of \$78,000 annually with any additional taxes, charges or other costs to be paid by the Council.

The minimum annual operating lease repayment for the next five years is:

	(In Thousands of Dollars)
2020	\$ 78
2021	78
2022	78
2023	78
2024	78
	<hr/>
	<u>\$ 390</u>

FIRST PEOPLES' HERITAGE, LANGUAGE & CULTURE COUNCIL

Schedule of Grant Revenue

(Schedule 1)

(In Thousands of Dollars)

Year Ended March 31, 2019

(In Thousands of Dollars)

	Budget	2019	2018
Revenue			
Aboriginal Neighbors	\$ -	\$ 35	\$ 50
BC Arts Council	735	1,500	835
BC Ferries	-	-	18
BC Ministry of Indigenous Relations & Reconciliation	1,051	1,051	51,751
Canada Council for the Arts	-	25	-
Creative BC	-	364	200
Department of Canadian Heritage	820	2,581	2,727
First Peoples' Cultural Foundation	250	9,339	273
Margaret A. Cargil Foundation	295	233	295
National Research Council	-	32	-
New Relationship Trust Corporation	500	-	535
Royal BC Museum	-	-	65
University of Victoria	-	-	5
	\$ 3,651	\$ 15,160	\$ 56,754

The accompanying notes and supplementary schedules are an integral part of these financial statements.