

FIRST PEOPLES' CULTURAL FOUNDATION
Financial Statements
Year Ended March 31, 2019

FIRST PEOPLES' CULTURAL FOUNDATION
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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of First Peoples' Cultural Foundation

Report on the Financial Statements

Opinion

We have audited the financial statements of First Peoples' Cultural Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets 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 Foundation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Foundation 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations.

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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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
September 25, 2019

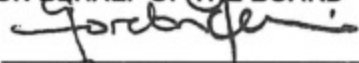
Paterson Henn CPA

Chartered Professional Accountants

FIRST PEOPLES' CULTURAL FOUNDATION
Statement of Financial Position
March 31, 2019

| | 2019 | 2018 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 765,104 | \$ 50,063,910 |
| Cash equivalents (Note 3) | 42,577,714 | 73,811 |
| Marketable securities - at market value (Note 4) | 252,749 | 195,840 |
| Accounts receivable | - | 801,102 |
| GST recoverable | 1,594 | 965 |
| Prepaid expenses | 75,917 | 300 |
| | <u>\$ 43,673,078</u> | <u>\$ 51,135,928</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 1,067,428 | \$ 31,500 |
| DEFERRED REVENUE (Note 6) | <u>41,404,899</u> | <u>50,997,038</u> |
| | 42,472,327 | 51,028,538 |
| NET ASSETS | <u>1,200,751</u> | <u>107,390</u> |
| | <u>\$ 43,673,078</u> | <u>\$ 51,135,928</u> |

ON BEHALF OF THE BOARD



Director



Director

FIRST PEOPLES' CULTURAL FOUNDATION
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2019

| | 2019 | 2018 |
|--|---------------------|-------------------|
| REVENUE | | |
| Grants | \$ 9,622,472 | \$ 388,167 |
| Donations | 22,727 | 2,857 |
| Interest and other investment revenue | 1,067,080 | 8,570 |
| | <u>10,712,279</u> | <u>399,594</u> |
| EXPENSES | | |
| Advertising and fundraising | - | 168 |
| Bank charges | - | 126 |
| Board of director - travel and meetings | 12,623 | - |
| Contractor fees | 61,022 | 37,982 |
| Grants | 9,529,032 | 274,297 |
| Insurance, licences and dues | 3,331 | 20,612 |
| Investment management fees | 2,264 | 3,894 |
| Language conference fees | 492 | - |
| Professional fees | 8,919 | 7,899 |
| Travel | 1,235 | 30,616 |
| | <u>9,618,918</u> | <u>375,594</u> |
| NET EXCESS OF REVENUE OVER EXPENSES | 1,093,361 | 24,000 |
| NET ASSETS - BEGINNING OF YEAR | <u>107,390</u> | <u>83,390</u> |
| NET ASSETS - END OF YEAR | \$ 1,200,751 | \$ 107,390 |

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

FIRST PEOPLES' CULTURAL FOUNDATION
Statement of Cash Flows
Year Ended March 31, 2019

| | 2019 | 2018 |
|--|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | |
| Excess Of Revenue Over Expenses | \$ 1,093,361 | \$ 24,000 |
| Item not affecting cash: | | |
| Unrealized gains (losses) on marketable securities | 7,748 | 22,786 |
| | <u>1,101,109</u> | <u>46,786</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 801,102 | (735,856) |
| GST recoverable | (629) | (660) |
| Prepaid expenses | (75,617) | 19,812 |
| Accounts payable and accrued liabilities | 1,035,925 | 25,000 |
| Deferred Revenue | (9,592,139) | 50,460,802 |
| | <u>(7,831,358)</u> | <u>49,769,098</u> |
| Cash flow from operating activities | <u>(6,730,249)</u> | <u>49,815,884</u> |
| INVESTING ACTIVITY | | |
| Net change in marketable securities | <u>(64,654)</u> | 139,725 |
| Cash flow from (used by) investing activity | <u>(64,654)</u> | 139,725 |
| INCREASE (DECREASE) IN CASH FLOW | (6,794,903) | 49,955,609 |
| Cash - beginning of year | <u>50,137,721</u> | 182,112 |
| CASH - END OF YEAR | <u>43,342,818</u> | 50,137,721 |
| CASH CONSISTS OF: | | |
| Cash | \$ 765,104 | \$ 50,063,910 |
| Cash equivalents (Note 3) | <u>42,577,714</u> | <u>73,811</u> |
| | <u>\$ 43,342,818</u> | <u>\$ 50,137,721</u> |

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

FIRST PEOPLES' CULTURAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE FOUNDATION

First Peoples' Cultural Foundation (the "Foundation") is a not-for-profit organization incorporated under the Societies Act of British Columbia. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

According to the Foundation's Constitution, the purposes of the Foundation are as follows:

- to preserve and enhance the heritage, language and culture of the First Nations of British Columbia;
- to increase sharing of cultural, linguistic and heritage knowledge amongst the First Nations of British Columbia;
- to educate the public regarding the culture, heritage and languages of the First Nations of British Columbia;
- to heighten appreciation and acceptance of the wealth of Aboriginal cultural diversity;
- to make grants to other charitable organizations with similar purposes; and
- to solicit, collect, receive, acquire, hold and invest money and property, both real and personal, received by gift, contribution, bequest, or otherwise, sell and convert property, both real and personal, into cash and use the funds of the Society and the proceeds, income and rents derived from any property of the Society.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills, GIC's, term deposits, or other highly liquid short term investments. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days. GIC's and term deposits are carried at cost plus accrued interest.

Financial instruments policy

Financial instruments include marketable securities consisting primarily of common shares, mutual funds or bonds which are regularly exchanged on the stock exchange. These marketable securities are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Foundation has an updated Investment Policy Statement considering various risks, exposures, liquidity and income needs and risk tolerance levels. This guides the board of directors with regard to market, interest and liquidity risks for investments.

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FIRST PEOPLES' CULTURAL FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2019

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

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

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 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.

Revenue recognition

First Peoples' Cultural Foundation 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. All capital assets have been fully amortized.

3. CASH EQUIVALENTS

Cash equivalents consist of the following:

| | 2019 | 2018 |
|---|----------------------|------------------|
| RBC Investment savings | \$ - | \$ 73,811 |
| Various GIC term deposits | 41,700,000 | - |
| Accrued interest | 853,437 | - |
| Fixed income - maturity within one year | 24,000 | - |
| Fixed income - unrealized gain/accrued interest | 277 | - |
| | \$ 42,577,714 | \$ 73,811 |

Term deposits are considered cash equivalents and are held in a separate bank account. These term deposits have varying maturity dates and are cashable. Interest rates also vary from 2.22%-2.73%. Fixed income is held in an investment account and is readily exchanged on the market.

FIRST PEOPLES' CULTURAL FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2019

4. MARKETABLE SECURITIES

Investments held with RBC Dominion Securities consist of the following:

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Mutual funds | \$ 97,404 | \$ 173,054 |
| Unrealized gain/loss on mutual funds | 2,857 | 22,786 |
| Fair Market Value - Mutual Funds | 100,261 | 195,840 |
| US common shares | 51,873 | - |
| Unrealized gain/loss and fx on common shares | 3,265 | - |
| Fair Market Value - US Common Shares | 55,138 | - |
| Fixed income | 96,000 | - |
| Unrealized gain/loss and interest on fixed income | 1,350 | - |
| Fair Market Value - Fixed Income | 97,350 | - |
| | \$ 252,749 | \$ 195,840 |

5. CAPITAL ASSETS

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|------------------------|------------------|-----------------------------|------------------------------------|---------------------------|
| Computer equipment | \$ 93,805 | \$ 93,805 | \$ - | \$ - |
| Furniture and fixtures | 706 | 706 | - | - |
| | \$ 94,511 | \$ 94,511 | \$ - | \$ - |

6. DEFERRED REVENUE

Contributions related to the completion of the Foundation's continuing programs have been deferred as follows:

| | 2019 | 2018 |
|--|----------------------|----------------------|
| First Peoples' Heritage, Language & Culture Council: | | |
| - Language Revitalization (<i>Note 7</i>) | \$ 41,072,468 | \$ 50,600,000 |
| - Project Administration | - | 170,109 |
| - Language Conference | 75,168 | - |
| Ministry of Children and Family Development Early Years Project (<i>Note 8</i>) | 233,738 | 221,929 |
| Language Conference Registration Fees | 18,525 | - |
| Vancouver Foundation - Silent Speakers | 5,000 | 5,000 |
| | \$ 41,404,899 | \$ 50,997,038 |

FIRST PEOPLES' CULTURAL FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2019

7. LANGUAGE REVITALIZATION FUNDING

Grants were received from the First Peoples' Heritage, Language & Culture Council (the "Council") in the prior year for a multi-year grant for language revitalization goals and outcomes based on a submitted funding proposal. The Foundation works closely with the Council on shared language revitalization goals including the FirstVoices program. The Foundation and the Council are independent organizations with separate Board of Directors. The grants are awarded based on normal operational grant terms and conditions.

During the year the Foundation provided grants to the Council and other organizations, awarded based on normal operational grant terms and conditions, from these funds. The remaining funds are held are included as deferred contributions (see Note 6)

8. MINISTRY OF CHILDREN AND FAMILY DEVELOPMENT EARLY YEARS PROJECT

In 2007 the Foundation received a \$2 million grant from the Province of British Columbia, Ministry of Children and Family Development. The purpose of the funding was to establish a trust fund to support the development of resources for British Columbia First Nations' languages for early childhood development.

Funds held for the Ministry of Children and Family Development Early Years Project are adjusted to deferred revenue each year to reflect the fair market value of the marketable securities held for this project (Note 6) as well as interest and other investment earned on these funds. The actual amount may differ when these investments are sold.