

**FNJC First Nations Justice Council  
Financial Statements  
For the Year Ended March 31, 2023**

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## Independent Auditor's Report

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### To the Members of the Board of the FNJC First Nations Justice Council Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the FNJC First Nations Justice Council doing business as the BC First Nations Justice Council (the "Council"), which comprise the statement of financial position as at March 31, 2023, the statements of operations, 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 Council as at March 31, 2023, and its financial performance and 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 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 these 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 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 Council's ability to continue as a going concern, disclosing, as applicable, matters related 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.

### **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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*BDO Canada LLP*

Chartered Professional Accountants  
Kelowna, British Columbia  
October 11, 2023

## FNJC First Nations Justice Council Statement of Financial Position

March 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 3,880,905	\$ 1,574,695
Accounts receivable	778,950	13,166
Prepaid expenses	143,524	51,564
	4,803,379	1,639,425
Equipment and Leasehold Improvements (Note 3)	584,619	98,515
	\$ 5,387,998	\$ 1,737,940
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 537,859	\$ 314,225
Deferred revenue (Note 5)	4,277,717	1,337,246
	4,815,576	1,651,471
<b>Net Assets</b>		
Invested in plant and equipment	584,619	98,515
Unrestricted net assets	(12,197)	(12,046)
	572,422	86,469
	\$ 5,387,998	\$ 1,737,940

On behalf of the Council:

DocuSigned by:

*Kory Wilson*

Director

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DocuSigned by:

*Boyd Peter*

Director

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## FNJC First Nations Justice Council Statement of Changes in Net Assets

For the year ended March 31	Invested in Plant and Equipment	Unrestricted Net Assets	2023	2022
Balance, beginning of the year	\$ 98,515	\$ (12,046)	\$ 86,469	\$ 63,268
Excess (deficit) of revenues over expenses	(96,648)	582,601	485,953	23,201
Purchase of plant and equipment	582,752	(582,752)	-	-
<b>Balance, end of the year</b>	<b>\$ 584,619</b>	<b>\$ (12,197)</b>	<b>\$ 572,422</b>	<b>\$ 86,469</b>

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

## FNJC First Nations Justice Council Statement of Operations

For the year ended March 31	2023	2022
<b>Revenue</b>		
Province of British Columbia	\$ 5,727,140	\$ 3,035,182
Government of Canada	3,056,287	530,571
Law Foundation of British Columbia	588,244	463,845
Indigenous Services Canada	42,045	-
Other Funding	150	13,471
	<b>9,413,866</b>	<b>4,043,069</b>
<b>Expenses</b>		
Administrative contracts	-	98,572
Advertising and promotion	65,343	29,584
Amortization	96,648	38,826
Contract Gladue reporting	901,955	436,403
Council Honorarium	178,132	99,301
Elder Honorarium	116,654	28,369
Insurance	15,770	5,754
Interest and bank charges	7,341	11,931
Memberships and licences	26,105	281
Office	587,362	197,178
Professional fees	1,014,037	405,236
Rental	311,137	130,475
Repairs and maintenance	65,662	12,067
Travel	1,228,781	146,852
Utilities	94,078	44,356
Wages and benefits	4,218,908	2,334,683
	<b>8,927,913</b>	<b>4,019,868</b>
<b>Excess of revenue over expenses</b>	<b>\$ 485,953</b>	<b>\$ 23,201</b>

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

## FNJC First Nations Justice Council Statement of Cash Flows

For the year ended March 31	2023	2022
<b>Cash flows from operating activities</b>		
Cash receipts from funders	\$ 11,596,695	\$ 5,040,766
Cash paid to suppliers, contractors and employees	<u>(8,707,733)</u>	<u>(3,870,402)</u>
	<u>2,888,962</u>	<u>1,170,364</u>
<b>Cash flows from investing activities</b>		
Acquisition of equipment and leasehold improvements	<u>(582,752)</u>	<u>(76,363)</u>
<b>Net increase in cash</b>	2,306,210	1,094,001
<b>Cash, beginning of the year</b>	<u>1,574,695</u>	<u>480,694</u>
<b>Cash, end of the year</b>	<u>\$ 3,880,905</u>	<u>\$ 1,574,695</u>

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

## FNJC First Nations Justice Council Notes to Financial Statements

March 31, 2023

### 1. Significant Accounting Policies

**Nature of Operations** BC First Nations Justice Council (the "Council") is incorporated under the laws of the British Columbia Societies Act. The Council is a not-for-profit entity and is exempt from income tax under section 149 of the Tax Act.

The Council represents First Nations in BC on justice-related issues to bring about transformative change to the legal system.

**Basis of Accounting** The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Revenue Recognition** The Council follows the deferral method of accounting for contributions. Contributions received which are subject to external restrictions are recognized as revenues in the year in which the related disbursements are incurred. Unrestricted contributions are recognized as revenues in the year in which they were received.

**Cash and Cash Equivalents** Cash and cash equivalents consist of cash on hand, bank balances, and funds held in trust.

**Use of Estimates** The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Property and Equipment** Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line and declining basis over the assets' estimated lives as follows:

	<b>Method</b>	<b>Rate</b>
Computer equipment	Declining balance	55%
Furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	5 years

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported either at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument.

## FNJC First Nations Justice Council Notes to Financial Statements

March 31, 2023

### 2. Cash and Cash Equivalents

Cash and cash equivalents includes externally restricted cash held in trust of \$Nil (2022 - \$120,500) that is restricted in its use for Provincial First Nations Justice Forum and Regional Engagements.

### 3. Equipment and Leasehold Improvements

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 83,879	\$ (62,708)	\$ 83,879	\$ (36,831)
Furniture and equipment	73,761	(21,648)	54,511	(11,027)
Leasehold improvements	583,461	(72,126)	19,959	(11,976)
	<u>741,101</u>	<u>(156,482)</u>	<u>158,349</u>	<u>(59,834)</u>
	<u>\$ 584,619</u>		<u>\$ 98,515</u>	

### 4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$99,934 (2022 - \$58,462).

### 5. Deferred Revenue

Deferred revenue consists of contracts and grants received to pay for expenditures relating to different programs provided by the Council. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made, and the obligations of the funding agreements are met.

	Balance, beginning of year	Contributions received	Revenue recognized	Balance, end of year
Deferred revenue	\$ 1,337,246	\$ 12,354,337	\$ (9,413,866)	\$ 4,277,717

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## FNJC First Nations Justice Council Notes to Financial Statements

**March 31, 2023**

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### 6. BC Society Act Disclosure

The Societies Act (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors. Included in wages and benefits on the statement of operations are 13 employees (2022 - 9) with remuneration over \$75,000. The total salaries paid to these individuals for the year ended March 31, 2023 was \$1,262,626 (2022 - \$861,603). Included in professional fees are honorarium payments of \$294,786 (2022 - \$127,670).

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### 7. Related Party Transactions

The following table summarizes the Council's related party transactions for the year:

	2023	2022
Payments to entities controlled by Council members	\$ 35,728	\$ 78,469
Payments to direct family members of the Council members	\$ 62,181	\$ 9,000

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### 8. Commitments and Contingencies

The Council has entered into agreements for operating lease of premises.

The minimum annual lease payments over the next five years and thereafter are as follows:

2024	\$	205,863
2025		544,534
2026		554,244
2027		524,333
2028		448,519
Thereafter		158,227
	\$	2,435,720

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### 9. Economic Dependence

The Council receives funding from 2 (2022 - 3) funders representing 93% of total contributions received (2022 - 99%). The remainder of the funding received is from foundations and private sources. If any of these primary funding agencies should substantially curtail their funding, it would be of detriment to some programs which the Council operates.

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## FNJC First Nations Justice Council Notes to Financial Statements

**March 31, 2023**

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### 10. Financial Instrument Risk

The Council holds various forms of financial instruments. The nature of these instruments and the Council's operations expose the Council to liquidity risk. The Council manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

#### **Credit risk**

The Council is exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

#### **Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Council will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Council is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The Council's ability to obtain funding from external sources may be restricted if the Council's financial performance and conditions deteriorate.

Management has determined that the Council is not significantly exposed to liquidity risk given its secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.