

**FNJC First Nations Justice Council  
Financial Statements  
For the Year Ended March 31, 2024**

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**Financial Statements**  
**For the Year Ended March 31, 2024**

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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, 2024, 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, 2024, 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*

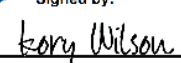
Chartered Professional Accountants  
Kelowna, British Columbia  
July 15, 2024

## FNJC First Nations Justice Council Statement of Financial Position

March 31	2024	2023
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$24,468,893	\$ 3,880,905
Accounts receivable	856,730	778,950
Prepaid expenses	796,382	143,524
	26,122,005	4,803,379
<b>Equipment and Leasehold Improvements (Note 2)</b>	<b>3,572,749</b>	584,619
	<b>\$29,694,754</b>	\$ 5,387,998
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 1,250,019	\$ 537,859
Deferred revenue (Note 4)	24,135,032	4,277,717
	25,385,051	4,815,576
<b>Net Assets</b>		
Invested in equipment and leasehold improvements	3,572,749	584,619
Unrestricted net assets	211,421	(12,197)
Internally restricted operating reserve (Note 5)	365,533	-
Internally restricted litigation reserve (Note 5)	160,000	-
	4,309,703	572,422
	<b>\$29,694,754</b>	\$ 5,387,998

On behalf of the Council:

Signed by:   
 \_\_\_\_\_ Director  
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Signed by:   
 \_\_\_\_\_ Director  
FE779EF82E904D7...

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

<b>For the year ended March 31</b>	<b>Invested in Equipment and Leasehold Improvements</b>	<b>Unrestricted Net Assets</b>	<b>Internally Restricted Operating Reserve</b>	<b>Internally Restricted Litigation Reserve</b>	<b>2024</b>	<b>2023</b>
<b>Balance, beginning of the year</b>	\$ 584,619	\$ (12,197)	\$ -	\$ -	\$ 572,422	\$ 86,469
<b>Excess (deficiency) of revenues over expenses</b>	(854,076)	4,591,357	-	-	3,737,281	485,953
<b>Purchase of equipment and leasehold improvements</b>	3,842,206	(3,842,206)	-	-	-	-
<b>Transfers to reserves</b>	-	(525,533)	365,533	160,000	-	-
<b>Balance, end of the year</b>	<b>\$ 3,572,749</b>	<b>\$ 211,421</b>	<b>\$ 365,533</b>	<b>\$ 160,000</b>	<b>\$ 4,309,703</b>	<b>\$ 572,422</b>

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

## FNJC First Nations Justice Council Statement of Operations

<b>For the year ended March 31</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Province of British Columbia	<b>\$13,622,937</b>	\$ 5,727,140
Government of Canada	<b>3,679,350</b>	3,056,287
Law Foundation of British Columbia	<b>1,467,920</b>	588,244
Indigenous Services Canada	<b>394,380</b>	42,045
Other Funding	<b>-</b>	150
	<b>19,164,587</b>	9,413,866
<b>Expenses</b>		
Advertising and promotion	<b>228,912</b>	65,343
Amortization	<b>854,076</b>	96,648
Contract Gladue reporting	<b>730,500</b>	901,955
Council honorarium	<b>248,500</b>	178,132
Elder honorarium	<b>3,900</b>	116,654
Insurance	<b>58,422</b>	15,770
Interest and bank charges	<b>13,088</b>	7,341
Memberships and licences	<b>81,560</b>	26,105
Office	<b>170,868</b>	279,243
IT supplies	<b>754,481</b>	237,587
Professional fees	<b>2,049,888</b>	1,084,569
Rental	<b>759,238</b>	311,137
Repairs and maintenance	<b>75,646</b>	65,662
Travel	<b>807,352</b>	1,228,781
Utilities	<b>137,893</b>	94,078
Wages and benefits	<b>8,818,515</b>	4,218,908
	<b>15,792,839</b>	8,927,913
<b>Income before other income</b>	<b>3,371,748</b>	485,953
<b>Other income</b>		
Interest income	<b>365,533</b>	-
<b>Excess of revenue over expenses</b>	<b>\$ 3,737,281</b>	\$ 485,953

## FNJC First Nations Justice Council Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Cash receipts from funders	<b>\$39,309,654</b>	\$ 11,596,695
Cash paid to suppliers, contractors and employees	<b>(14,879,460)</b>	(8,707,733)
	<b><u>24,430,194</u></b>	<u>2,888,962</u>
<b>Cash flows from investing activities</b>		
Acquisition of equipment and leasehold improvements	<b>(3,842,206)</b>	(582,752)
	<b><u>20,587,988</u></b>	<u>2,306,210</u>
<b>Net increase in cash</b>	<b>20,587,988</b>	2,306,210
<b>Cash, beginning of the year</b>	<b><u>3,880,905</u></b>	<u>1,574,695</u>
<b>Cash, end of the year</b>	<b>\$24,468,893</b>	\$ 3,880,905

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

## FNJC First Nations Justice Council Notes to Financial Statements

**March 31, 2024**

### 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 and cash held in the bank.

**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.

**Equipment and Leasehold Improvements** Equipment and leasehold improvements 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, 2024**

**2. Equipment and Leasehold Improvements**

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 99,026	\$ (82,683)	\$ 83,879	\$ (62,708)
Furniture and equipment	939,767	(203,389)	73,761	(21,648)
Leasehold improvements	3,544,515	(724,487)	583,461	(72,126)
	<b>4,583,308</b>	<b>(1,010,559)</b>	741,101	(156,482)
		<b>\$ 3,572,749</b>		<b>\$ 584,619</b>

**3. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities are government remittances payable of \$36,100 (2023 - \$99,934).

**4. 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	\$ 4,277,717	\$39,021,902	\$ (19,164,587)	\$ 24,135,032

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## FNJC First Nations Justice Council Notes to Financial Statements

**March 31, 2024**

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### 5. Internally Restricted

The purpose of the Council's Internally Restricted Accounts are to fund future operations. The accounts include:

**Operating** - The purpose of this reserve is to fund general unforeseen operating shortfalls.

**Litigation** - The purpose of this reserve is to cover the legal expenses associated with client files. These expenses include costs such as ordering transcripts, paying mediators, retaining experts, and covering witness and litigant travel costs. This fund may also be used for strategic litigation, which can involve significant expert costs.

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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 27 employees (2023 - 13) with remuneration over \$75,000. The total salaries paid to these individuals for the year ended March 31, 2024 was \$3,035,640 (2023 - \$1,262,626). Total honorarium paid to council and elders during the year was \$252,400 (2023 - \$294,786).

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### 7. Related Party Transactions

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

	<b>2024</b>	2023
Payments to the Council members	\$ 10,000	\$ -
Payments to direct family members of the Council members	\$ 11,000	\$ 62,181
Payments to entities controlled by Council members	\$ -	\$ 35,728

Related party transactions are for legal, facilitation and negotiation services provided by Council members and their direct family members. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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**FNJC First Nations Justice Council  
Notes to Financial Statements**

**March 31, 2024**

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**8. Commitments**

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:

2025	\$	1,304,842
2026		1,435,819
2027		1,274,376
2028		1,366,226
2029		1,103,846
Thereafter		2,982,951
	\$	9,468,060

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**9. Economic Dependence**

The Council receives funding from 2 (2023 - 2) funders representing 91% of total contributions received (2023 - 93%). 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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**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**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Council is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Council's financial instruments that are exposed to concentrations of credit risk relate primarily to its cash and cash equivalents, accounts receivable, and prepaid expenses.

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## FNJC First Nations Justice Council Notes to Financial Statements

**March 31, 2024**

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### **10. Financial Instrument Risk (continued)**

The Council is exposed to credit risk arising from all of its bank accounts being held at one financial institution, and the Council's cash accounts are insured up to \$100,000 (2023 - \$100,000). The majority of the Council's receivables are from government sources, and the Council works to ensure it meets all eligibility criteria in order to qualify to receive the funding. The Council's prepaid expenses primarily relate to rent deposits and Justice forum expenses paid in advance for the event to be held in the next fiscal year which represents little to no risk to the Council as these amounts are budgeted and approved prior to payment. It is management's opinion that the Council is not exposed to significant credit risk arising from its financial instruments. There have not been any changes in the risk from the prior year.

#### **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.

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## **FNJC First Nations Justice Council Notes to Financial Statements**

**March 31, 2024**

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### **11. Contingent Liabilities**

The Council is currently subject to a legal action related to severance and potential damages. The Council has accrued \$56,000 as the estimated potential liability as at the financial statement date. It is not possible at this time to determine whether any further liability will result from this action and therefore the actual liability could be significantly different than the amount recorded.

Additionally, the Council has noted several instances of possible legal claims to be made against the Council. The Council has contested these claims and, in management's opinion, the claims are groundless. Legal counsel for the Council has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of these claims. Consequently, no provision for these claims have been made in the financial statements.

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### **12. Comparative Amounts**

Certain comparative amounts presented in these financial statements have been reclassified to conform to the current year's presentation.