



AFOA

Aboriginal Financial Officers Association of Canada

2004
annual report
2005

Promoting Excellence
in Aboriginal Finance
and Management



MESSAGE FROM THE CHAIR & PRESIDENT



Marilyn Osecap,
Chair



Ernie Daniels
President & COO

It is with great pleasure that we present this Annual Report for the fiscal year 2004-2005 to our members and stakeholders.

This past year has been AFOA's most productive year since the Association was founded six years ago. The extent of the Association's outputs and accomplishments in 2004-2005 cannot be overstated. In fact, it seems to those outside the organization to far exceed the capacity of our limited resources and staff. As we have traveled the country, met with stakeholders and delivered presentations on what AFOA is doing, we are repeatedly told that the quality and quantity of our efforts are on par with those of much larger, more resource-rich organizations. We are told that the programs and services AFOA offers provides unprecedented opportunities to Aboriginals to succeed in their careers. We are told that AFOA's initiatives are raising the standards of management in Aboriginal communities across Canada. We are told that what AFOA is doing is instrumental to the success of self-government efforts and to enhancing the quality of life of Aboriginal people.

What is it we have done to deserve such praise? These are a few of this years' accomplishments.

We have introduced the *Aboriginal Finance and Management Capacity Development Series* — a collection of resources designed to help Aboriginal managers do their job, and do their job well. We have also developed five new certificate on-line courses in management practices. The focus of these resources and courses is not exclusive to financial management. They also cover basic applied management knowledge and skills like risk management, business planning and, importantly, values and ethics. We recognized that financial managers need applied management skills and we also recognized that non-financial managers as well as elected officials are in need of resources and tools to help them in both the financial and non-financial aspects of management. AFOA will continue to add to the series in the year to come. Details on these products are contained in this Annual Report.

We have published the first edition of *JAM: The Journal of Aboriginal Management*. *JAM* is written for all Aboriginals across Canada working in the finance and management fields. We are very excited about this new Journal. It is to our knowledge a "first" in Aboriginal management. *JAM* will provide up-to-date information on professional trends and innovations, interviews with leaders, articles from national and regional experts, profiles of community based projects and initiatives and information on professional development resources in the Aboriginal management field. This Journal is intended to help you be on the leading-edge of key Aboriginal finance and management issues that will impact you in your job. *JAM* will be published twice a year.

We have launched a new website which now includes the *Aboriginal Centre for Finance and Management Excellence*. With new member only features and many exciting new features and content,

www.foa.ca is on its way to becoming the “one-stop” centre for all Aboriginal finance and management products, resources and services.

We have developed the *AFOA Aboriginal Fellowship Program* to transfer vital financial management knowledge to Aboriginals through on-the-job training in performance management, accountability practices and audit and audit related methodologies at Canadian host organizations. This year saw the beginning of the pilot phase of the program with the Office of the Auditor General of Canada.

We are taking steps to provide initiative and support to our Aboriginal youth to pursue a career in financial management in their communities — an important and emerging focus for AFOA. The development of a marketing strategy and scholarship programs are part of this effort.

We hosted a highly successful fifth National Conference. We helped hold professional development workshops in four regions across the country and provided support to all our Chapters. We have completed the development of the CAFM Professional Examination and are offering Exam Preparation Sessions to candidates. We are entering into agreements with Canadian universities and colleges for delivery of AFM Program courses. We are exploring new sources of revenue and improving our financial position.

These are only some of our achievements in 2004-2005. This Annual Report describes these and other developments in detail. It is our intention to build on and add to these accomplishments in 2005-2006. AFOA is growing in leaps and bounds — growing in reputation; growing in strength; and growing in its capacity to make a difference.

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Marilyn Osecap
Chair



Ernie Daniels
President & COO

AFOA THE BACKGROUND

AFOA was founded in 1999 to help Aboriginals better manage and govern their communities and organizations through effective finance and management.

In 1998 the Federal Government responded to the *Royal Commission on Aboriginal Peoples in its report Gathering Strength — Canada's Aboriginal Action Plan*, by identifying capacity development in financial management and accountability as a critical pre-condition to self-government. To this end, the Assembly of First Nations (AFN) and the Certified General Accountants Association of Canada (CGA) launched a partnership aimed at raising financial management skills and standards of First Nations and building the foundation for self-government. The Aboriginal Financial Officers Association of Canada (AFOA) was created in late 1999 as a result of this initiative.

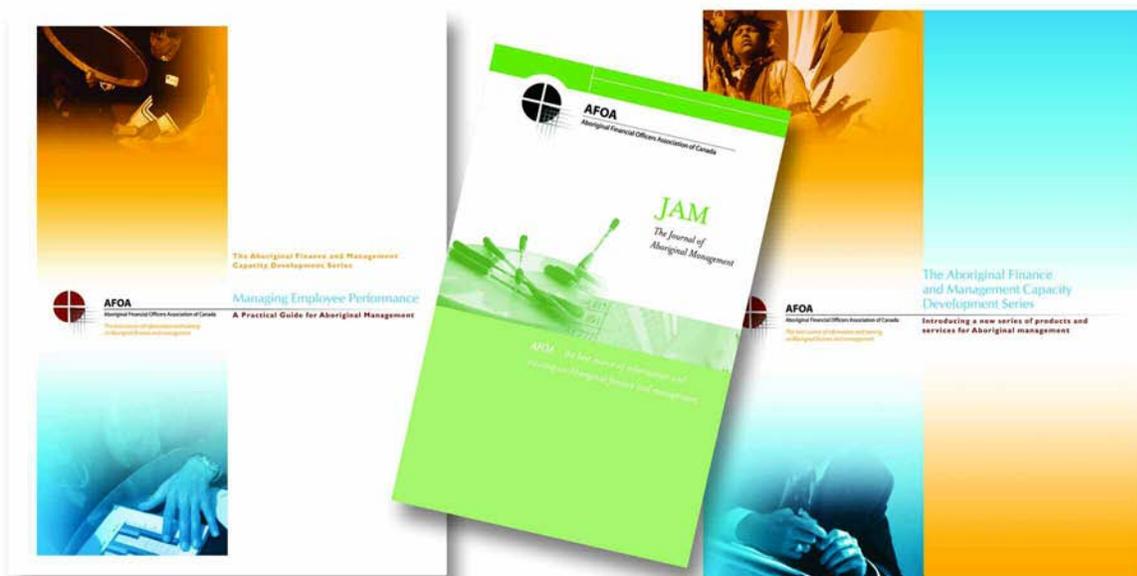
AFOA's premise is that the key to successful self-government, creating a better life for Canada's Aboriginals and a better future for the next generation lies in enhancing the management skills of those responsible for the stewardship of Aboriginal resources.

AFOA pursues its objectives by:

- Conducting capacity development research aimed at enhancing management competency
- Developing capacity development programs, products and services
- Developing educational programs and providing professional development training
- Offering certification programs
- Holding National and Regional conferences as venues to share best practices
- Promoting management standards and best practices
- Providing advice and counsel
- Encouraging and facilitating the entry of Aboriginal youth into the management professions
- Providing a forum to share knowledge, experience and best practices
- Supporting Aboriginal accountability and self-government efforts

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AFOA GOVERNANCE & MANAGEMENT

AFOA is fortunate to be guided by a dedicated Executive Committee and Board of Directors representing Aboriginals across the country. The success of AFOA is very much the result of the work of this committed group of people.

AFOA Executive Committee and Board of Directors for 2004/2005

Executive

Chair: Marilyn Osecap, CAFM

Vice-Chair: Richard Sack, CAFM

Secretary-Treasurer: Romeo Crow Chief, CAFM

Directors

Gloria Allen (NWT)

Chris Bolton, CAFM (BC)

Stephanie Blackbird, CAFM (Manitoba)

John Carter, CD, CAFM, MBA, FCGA (CGA Canada)

Romeo Crow Chief, CAFM (Alberta)

Ricky Fontaine, CAFM (At-large)

Darlene Lafontaine, CAFM (Ontario)

Donna Morin, CAFM (Saskatchewan)

Randell Glen Morris (At-large)

AFOA struck a number of standing and ad hoc committees this year to guide programs and activities. Our accomplishments owe very much to the time and effort contributed by these individuals:

National Conference Committee 2005

Darlene Lafontaine (Chair)

Romeo Crow Chief

Alfred Linklater

Keith Martell

Wayne Osawamick

Fred Tolmie

Education Committee

Romeo Crow Chief (Chair)

Lynn Anderson

John Carter

Darlene Lafontaine

Randall Morris

Jim Pealow

Audit Committee

Romeo Crow Chief

Ricky Fontaine

Darlene Lafontaine

Xerox-AFOA Canada Excellence in Leadership Panel (2005)

Keith Martell (Chair)

Stephanie Blackbird

Ricky Fontaine

Tom Maracle

Jim Pealow

Sharon Stevenson

ENHANCING AFOA'S

GOVERNANCE, CHAPTER RELATIONS, FINANCIAL CONTROLS AND MANAGEMENT INFRASTRUCTURE

This year saw the completion of nine important management initiatives designed to enhance AFOA's governance, chapter relations, financial controls and management infrastructure. All these initiatives were completed and approved by the Board of Directors in 2004/2005.

1. Strengthening of AFOA's Financial Policies and completion of Financial Policies Manual
2. Personnel Policies and Procedures Manual
3. 2004/2005 Business Plan and Workplan
4. Board of Directors' Manual
5. A Membership Code setting out the parameters and procedures of AFOA membership.
6. AFOA Chapter Regulations defining the rights and responsibilities of AFOA Chapters and AFOA National with respect to membership, certification, product and funding issues
7. Revision of AFOA Canada By-Laws to comply with Canada Corporations Act and Letters Patent, Membership Code and Chapter Regulations
8. Development and posting of AFOA Privacy Policy
9. Development of an AFOA corporate Communications Strategy

AFOA'S NATIONAL CONFERENCE

THE NATIONAL FORUM FOR EXCELLENCE AND INNOVATION IN ABORIGINAL FINANCE AND MANAGEMENT



AFOA's National Conference is the only forum for the exchange of knowledge and information on aboriginal finance and management in the country. It is an important venue where Aboriginal financial professionals, Band Administrators and other managers, Chiefs, Tribal Council members, Government representatives and consultants working with Aboriginal communities can get together to explore emerging strategies and tools to enhance finance and management in Aboriginal communities and organizations.

AFOA's 5th National Conference was held on February 8-10, 2005 and was by all accounts an unqualified success. Held in Ottawa, Ontario, the conference featured more sessions and more speakers than any AFOA conference in the past.

The theme of the conference was *Effective Financial Management — Supporting Our Communities*. The theme underscored three key points:

- Good management of our resources and our finances is essential to making good decisions, developing effective programs and delivering needed services. In other words, what we do and how we do it, ultimately has an impact on every person in our communities and organizations.
- By managing our finances, communities, programs, health care, schools and infrastructure effectively — we can create a better life and more opportunities for our people and a better future for the next generation.
- It is only through the joint efforts of all parties in the process — that is program managers, Band administrators and financial managers as well as those we elect — Chief and Council members and government representatives — that progress will be made.

This year conference sessions fell into 6 different tracks:

1. Success Story Series
2. Financial Management Series
3. Applied Management Series
4. Economic and Business Development Series
5. Healthy Workplace Series
6. Beginners Series



The conference was chaired by Darlene Lafontaine, Financial Advisor, Wabun Tribal Council. Darlene opened the proceedings by noting:

“There are over 500 people here. You come from all across the country and from a wide range of communities and organizations — First Nations, Inuit and Metis — Band offices, health and educational organizations, territorial governments, Tribal Councils, Aboriginal national organizations and others. You hold a wide range of positions — Finance Officers, Band Administrators, Chief Executive Officers, Chiefs, Council members, Treasurers, Executive Directors, Chief Financial Officers, Chief Operating Officers, government members and more.

Never has it been as important as it is today to sharpen our management skills and knowledge. This we can and should do for our communities, and for our people. We are over 500 strong here today. It is up to us — the people in this room — to lead the way. We hope this conference helps you to do that.”

National Chief Phil Fontaine and Minister Andy Scott started the conference off by delivering the keynote speeches. Luncheon guest speakers included Ted Nolan, NHL’s Coach of the Year Award recipient, and Bernd Christmas, CEO of Membertou First Nation.

The Penticton Indian Band told their success story in an interactive plenary session called *From Roadblocks to the Boardroom* where members recreated the events leading the occupation of the Band offices in 2001 and key players discussed how they implemented a five year plan to turn the community around.

Delegates received an update from members of an Advisory Committee set up to make recommendations on the government’s intervention policies, as well as recent developments surrounding the First Nations Fiscal Institutions and the First Nations Governance Centre.

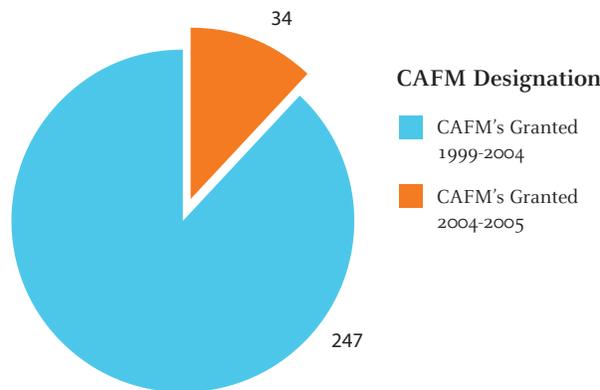
The Conference culminated with the CAFM Banquet and Convocation Ceremony and an entertaining performance by Florent Vollant, noted Aboriginal musician and Juno Award winner.

AFOA PROFESSIONAL DEVELOPMENT SERVICES

The Certified Aboriginal Financial Management (CAFM) designation

This year the AFOA continued to promote the CAFM designation as the preferred credential for Aboriginal financial management — one that identifies CAFMs as highly qualified financial management professionals able to meet today’s challenges.

Since inception of the CAFM designation, AFOA has conferred 281 CAFM designations. This past fiscal year, the CAFM designation was granted to 34 members who met the Special Arrangement Provision to receive their CAFM status.



The Aboriginal Financial Management (AFM) Program

A series of 14 courses covering competencies and subjects critical to effective Aboriginal and First Nation financial management make up the Aboriginal Financial Management program. Eleven courses are available at post-secondary educational institutions throughout Canada. Four courses are provided by AFOA Canada on-line: AFM 4 – Strategy & Decisions; AFM 6 – Aboriginal History & Developments; AFM 14 – Aboriginal Human & Fiscal Issues; and, AFM 3 Law.

This year 150 students enrolled in the AFM Program on-line courses.

AFOA enters into agreements with Colleges for delivery of AFM Program courses

This year saw the beginning of what will be a continuing effort to integrate courses unique to the AFM program into the curriculum of selected universities and colleges across the country, thereby enabling the AFM educational program to be accessed directly through these institutions.

While Yellowquill College in Manitoba has for some time offered AFM 4 – Strategy & Decisions; AFM 6 – Aboriginal History & Developments; and AFM 14 – Aboriginal Human & Fiscal Issues as part of the AFM program, this arrangement became formal this year through a licensing/revenue sharing agreement.

AFOA has also entered into an agreement with the School of Community Government (SoCG), Government of the Northwest Territories, Municipal and Community Affairs, in which the School will be offering combination of distance and classroom delivery of AFM 4 – Strategy & Decisions; AFM 6 – Aboriginal History & Developments; and AFM 14 – Aboriginal Human & Fiscal Issues. AFOA will also be offering course instructor training at the SoCG.

The Association expects to enter into a similar agreement shortly with the Saskatchewan Indian Institute of Technologies.

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Introducing a new series of Certificate on-line courses for Aboriginal Managers

To supplement the AFM Program courses, AFOA is developing a series of certificate on-line courses focusing on general management and other topics.

The first of these courses, on Community Economic Development, was released last year. It was designed to enable financial and other program managers, Chiefs and Councils and community members gain a broader insight into aspects of community economic development.

In 2004/2005 four additional courses were developed as a result of the Knowledge Sharing Initiative (KSI) described later in this report.

These courses focus on the general applied management skills and knowledge increasingly required of senior management in Aboriginal communities and organizations as now, more than ever, they are assuming more self-government responsibilities and pursuing new opportunities. With increased responsibility comes the need for increased management capacity to ensure that the organizations will grow and flourish. These courses will help to enhance that capacity.

The courses are:

Aboriginal Management Practices 1 (AFOA 2)

Developed for managers and aspiring managers in Aboriginal organizations, this course offers the opportunity to learn about current management practices and activities that support high performance. The course examines how to work with others, how to manage change, leadership, problem-solving and decision-making, meeting management, organization, communications, negotiation and dispute resolution, continuous improvement, and self management. It also provides insight into some better practices and lessons learned.

Aboriginal Management Practices 2 (AFOA 4)

Building on the skills and knowledge acquired in Management Practices 1, Management Practices 2 offers provides tools that can be used to provide leadership and accountability in an organization. It examines governance issues, policy making and planning, human resource management, benchmarking, government and community relations, and other key management issues.

Aboriginal Program Management 1 (AFOA 3)

Course participants will gain a comprehensive understanding of how to successfully manage Aboriginal programs. The course will cover a broad range of topics from policy and planning, to resources, accountability, reporting, evaluation, and building relationships.

Values & Ethics in the Aboriginal Workplace (AFOA 5)

This course is the first of its kind in Aboriginal on-line education. It provides participants with a broad based understanding of maintaining good values and ethics within the Aboriginal workplace. The course will cover business ethics, human resource management fundamentals, and types of ethical situations, the role of managers as well as ethics in financial administration.

The CAFM Professional Examination

The CAFM Professional Examination is a requirement for CAFM certification under regular conditions and Arrangement #3 of the Special Arrangements Provision.

This year the CAFM Professional Examination was finalized for delivery with the support of CGA Canada.

The exam is four hours in length and is based on the Aboriginal Financial Manager Competency Standards. Candidates require a 65% pass mark.

Individuals writing the exam may have qualified by completing the 14 courses covering the competencies, or have substantive experience and an approved experience and training portfolio that covers the competencies and allows them to challenge the exam.

A Sample "Practice" Examination is available to members on-line at www.foa.ca.

The first writing of the Exam is scheduled for September 19, 2005. The second writing will be in March 2006.

The CAFM Exam Preparation Session

The Association developed a two day Preparation Session this year to help candidates challenge the CAFM Examination successfully. The session was designed to enable participants to:

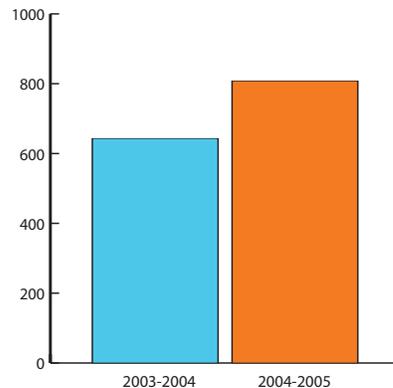
- Understand effective studying practices for exams
- Learn about tips, learner types, dealing with stress, techniques, multiple choice and approaches to a variety of different question types
- Understand the competencies and curriculum the exam will cover, along with learning objectives, sources and content summaries
- Write a practice exam
- Receive special coaching and direction on selected topics

The first Preparation Session is scheduled for August 17 and 18, 2005.

AFOA MEMBERSHIP

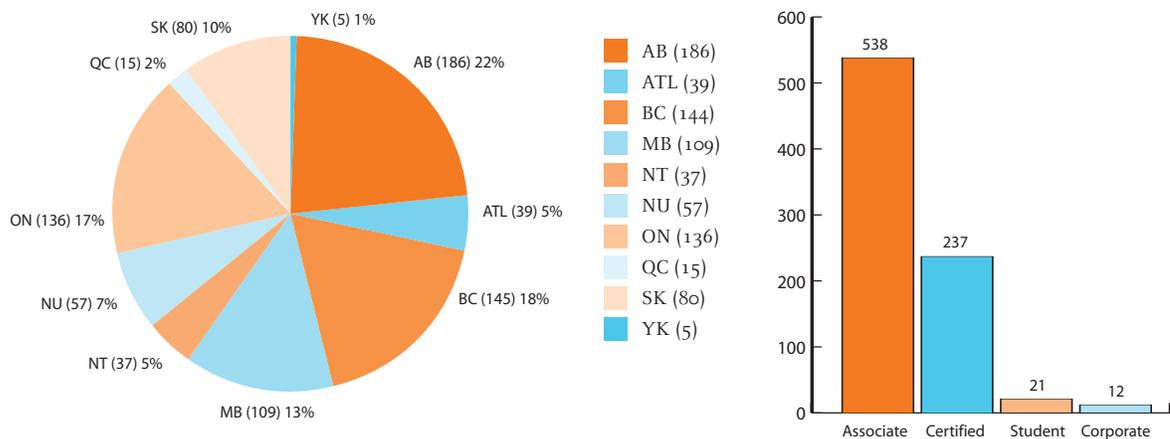
Membership Statistics

As of March 31, 2005, AFOA had 808 members, 165 more members than at March 31, 2004, representing a 26% increase.



Membership by Category

The charts below depict the geographical distribution of AFOA Members and the membership by category.



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AFOA Corporate Membership

Corporate membership continues to increase. This year's Corporate Members were:

Aboriginal Information Systems
 Aboriginal Link Telecommunications
 CGA - Canada
 First Commercial Brokers Inc.
 First Nations Bank of Canada
 Grant Thornton LLP

Many Nations Financial Services Ltd.
 Meyers Norris Penny
 Softrak Systems Inc.
 Statistics Canada
 William Squibb & Associates
 Xerox Canada Ltd.

PRODUCTS, RESEARCH & CAPACITY DEVELOPMENT

AFOA CANADA – XEROX CANADA EXCELLENCE IN LEADERSHIP AWARD

The 2005 Excellence in Leadership Award was presented to two winners at AFOA's National Conference in February.

The Leadership Award is an initiative of AFOA and Xerox Canada. The Award is the result of a special partnership between Xerox Canada and AFOA to enhance the quality of leadership in financial management. The Award recognizes individuals who have demonstrated commitment and leadership in financial management in Aboriginal communities and organizations.

There are two categories for nominations for the AFOA-Xerox Excellence in Leadership Award. The National category recognizes individuals who have contributed to the Aboriginal financial management profession on a national or institutional level. The Regional category recognizes those individuals who have made their contributions at the regional, local or community level.

The Award provides financial professionals with a “standard of excellence” to measure and recognize their achievements and contributions toward effective, well-managed and well-governed Aboriginal communities and organizations.

This year's Awards went to:

National Category:

Harold Calla, CGA, CAFM
Chairman
First Nations Financial Management Board
British Columbia

Regional Category

Richard Morano, CAFM
Chief Financial Officer
Mnjikaning First Nation
Ontario

THE KNOWLEDGE SHARING INITIATIVE (KSI) – BUILDING

THE ABORIGINAL CENTRE FOR FINANCE AND MANAGEMENT EXCELLENCE

In 2004/2005 AFOA took significant strides towards completing its most ambitious capacity development program to date.

The KSI Program has resulted in the release of an unprecedented number of capacity development resources — resources that are now available to members on the Association's new *Aboriginal Centre for Finance and Management Excellence* at www.foa.ca (see below).

New Aboriginal Finance and Management Capacity Development Series

Under the KSI Program, AFOA introduced a new series of resources and tools to help Aboriginals enhance their capacity to manage finances, administration, programs, services, infrastructure, organizations and communities.

The resources are:

Presenting and Understanding Financial Information – A Practical Guide for Aboriginal Leadership

This guide is written for Aboriginal elected leadership. It provides a basic introduction to the financial responsibilities of elected leaders including: short and long term planning; budget approval and review; establishing a financial policy; decision-making based on financial information; approval of financial statements; the nature and format of financial information and reports that should be reviewed; the audit; and, financial communication with the community.

Understanding Debt Management – For Aboriginal Managers

This tool kit describes the principles of deficit financing, the federal government’s intervention policies; how to manage debts well; and, putting in place an effective financial management environment and policy vis a vis debt management.

Managing Employee Performance – For Aboriginal Managers

This innovative resource introduces the *Personal Performance Wheel* — a tool used to evaluate employee performance which brings together principles of human resources management, traditional aboriginal teachings on values and ethics and the teachings of the medicine wheel. It includes a description of the process, the tool itself and a short PowerPoint presentation that can be used to introduce the process to Council and staff.

Risk Management – For Aboriginal Managers

This resource describes the principles of risk management, defines risk management; provides risk management tools and presents a risk management structure. The tool kit also includes a glossary of terms and a case study.

Project Management – For Aboriginal Managers

This tool kit describes the principles and key elements of project management. It includes a description of the process from start to finish, a sample project management business case for small and large-scale projects, a project management checklist, and a glossary of project management terms.

Developing a Business Plan – For Aboriginal Managers

This is a guide for preparing a business plan and proposal writing. It will describe business plan basics, the key elements of a business plan, and the business planning process. It will also include a business plan template for different types of ventures.

Technology and Operations Management – For Aboriginal Managers

This is a how-to guide on technology and operations in an Aboriginal workplace. It outlines basic office necessities, software options and elements of building office connectivity. It also explains how to build a technical support unit and identify security concerns, and provides a technology and operations checklist.

Introduction to Document Management – For Aboriginal Managers

This tool kit describes the fundamentals, principles and practices of information management, the values and importance of effective information management, key laws and legislation, information management trends and responsible use of, and management of, email. It also provides an introduction to electronic document management and a records management checklist.

Audits – A Primer for Aboriginal Management

The audit process is often misunderstood and as a result sometimes feared. However, the audit has many benefits. This Primer provides the tools to:

- understand the audit;
- facilitate the audit process efficiently and painlessly;
- understand remedial management; and
- utilize the audit as an effective management tool.

Also developed were four Management Knowledge Enhancement Tools:

- 1) Management Knowledge Enhancement Tool Series on Principles of Strategic Management
- 2) Management Knowledge Enhancement Tool Series on Economic Development
- 3) Management Knowledge Enhancement Tool Series on Law
- 4) Management Knowledge Enhancement Tool Series on Human Resources



Introducing JAM: The Journal of Aboriginal Management



Also under the KSI Program, AFOA released the inaugural issue of *JAM: The Journal of Aboriginal Management*. *JAM* will be published twice a year. It will provide up-to-date information on professional trends and innovations in Aboriginal management, interviews with leaders, and articles from national and regional experts, profiles of community based projects and initiatives and information on professional development resources.

Featured articles in this first issue include:

- Strategic Planning for the Long Term: A Conversation with Harold Calla, CAFM
- Community Profile: The Penticton Indian Band Financial Management Success Story
- Making the Audit Work for You: What Aboriginal Managers can do to enhance the audit process and gain benefits from the audit
- It's not Just About the Numbers: An Interview with Sharon Stevenson, CAFM

All members received a complimentary copy of the first issue of *JAM*. AFOA also mailed out over 2,000 copies of this first issue to Aboriginal communities and organizations across the country. AFOA members will receive a free subscription to *JAM*; non-members will be required to pay for a subscription for future issues. The Journal will be published twice a year — once in the spring and once in the winter.

New series of Aboriginal Management courses

The KSI Program resulted in four new courses focusing on general applied management skills and knowledge. Scheduled to begin September 2005, the courses are: Aboriginal Management Practices I; Aboriginal Management Practices 2; Aboriginal Program Management; and, Values and Ethics in the Aboriginal Workplace. For more on these courses see *AFOA Professional Development Services* above.

Getting the word out

To be considered a truly successful endeavour, the results of these programs — the capacity development series, the Journal, the new courses — need to be made available to not only AFOA members, but to all Aboriginal communities and organizations. To do that, all Aboriginal communities and organizations need to be made aware that they exist. AFOA developed a communications strategy to achieve this objective. A professional marketing flyer was designed describing the products, and is being mailed to over 2,500 recipients including:

- First Nation governments
- Metis and non-status governments
- Inuit governments
- Aboriginal business/economic development corporations
- Aboriginal educational authorities
- Aboriginal housing programs and organizations
- Friendship Centres
- Tribal District & Regional Councils



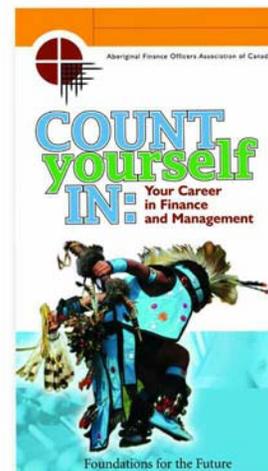
Participant Guides and Training Programs for on-line course instructors

AFOA's professional development objectives this year included the need to a) Provide more guidance and support to those students participating in on-line courses and b) Develop a strategy to increase the number of course instructors available to students.

To fulfill this objective and as part of this program, the Association has designed 1) Participant Guides for AFM4, AFM14, and AFM4; and 2) Training Programs and Instructor Guides to recruit and train on-line professional development program instructors and coaches.

Putting the spotlight on Aboriginal Youth

An important focus of the KSI program is directed at Aboriginal youth. AFOA is building the foundation for an emerging new generation of Aboriginal financial management professionals. Competent and effective financial management is key to successful Aboriginal communities and the health and well-being of community members. However, few young Aboriginals are going into this important profession. One of this program's objectives is to provide the initiative and support to Aboriginal youth to pursue a career in financial management in their community.



To launch this initiative, AFOA held four focus groups with Aboriginal youth to:

- 1) Obtain a clear picture of the level of interest among Aboriginal youth to pursue a career in finance and/or management
- 2) Ascertain what perceptions are held by Aboriginal youth about this career path
- 3) Determine what barriers Aboriginal youth face in pursuing education in these areas
- 4) Determine what can be done to help youth overcome these barriers
- 5) Determine if Aboriginal youth see themselves pursuing their careers within or outside of their communities, and why.

The findings of the Focus Groups pointed to the following recommendations:

- 1) That the AFOA design a youth-friendly agenda that provides the opportunity for youth to be involved in the organization in a meaningful way, including the development of a comprehensive career promotion strategy.
- 2) That AFOA develop effective scholarship programs to help youth overcome the financial barriers to pursuing an education.
- 3) That AFOA build on youth interest in pursuing education in financial management to enable them to successfully begin and run private businesses and/or to enable them to more effectively manage personal finances.
- 4) That AFOA develop beginner courses on entrepreneurial financial management and personal money management.
- 5) That AFOA stress in its marketing efforts to Aboriginal youth the diversity of occupations that can be pursued with an education in financial management; that the occupation is “not only about numbers”.
- 6) That the AFOA develop an on-line portal for Aboriginal youth interested in pursuing a career in financial management with the support mechanisms needed to do so.
- 7) That AFOA implement a marketing strategy targeted to Aboriginal high schools that provides all the necessary information about financial management education and careers (in progress).
- 8) That AFOA increase its efforts to participate in Aboriginal career fairs and outreach programs whereby AFOA representatives go into community high schools to deliver presentations on financial management education and careers.

This year AFOA implemented some of the above recommendations. Specifically:

- Research was conducted and work begun on developing an AFOA Aboriginal Financial Management Scholarship — this Scholarship Program will be made available to Aboriginal youth in 2005/2006. AFOA will be partnering with key corporate and other organizations in this endeavor.

- A unique flyer has been developed that speaks directly to Aboriginal youth about the benefits of pursuing a career in finance and management.
- AFOA is promoting the CAFM designation and a career in finance and management through a mail-out of the above flyer to a database of on-reserve high schools and those high schools off reserve with high Aboriginal populations
- We have developed a searchable database of all educational institutions in Canada offering AFM accredited courses at www.foa.ca
- Preparations have begun for the on-line *Aboriginal youth and student portal* at www.foa.ca

AFOA will be working on implementing the balance of the recommendations in 2005/2006.

Future plans for KSI Products

AFOA plans to seek funding in 2005/2006 to cover the costs of translating all the above products and resource into French.

Launch of New Website at www.foa.ca and Aboriginal Centre for Finance and Management Excellence

This year saw the launch of our new website and the introduction of the *Aboriginal Centre for Finance and Management Excellence* — the “one-stop centre” for all Aboriginal finance and management products, resources and services.

The website was also given a new, clean look and was completely overhauled and rewritten to professional standards.

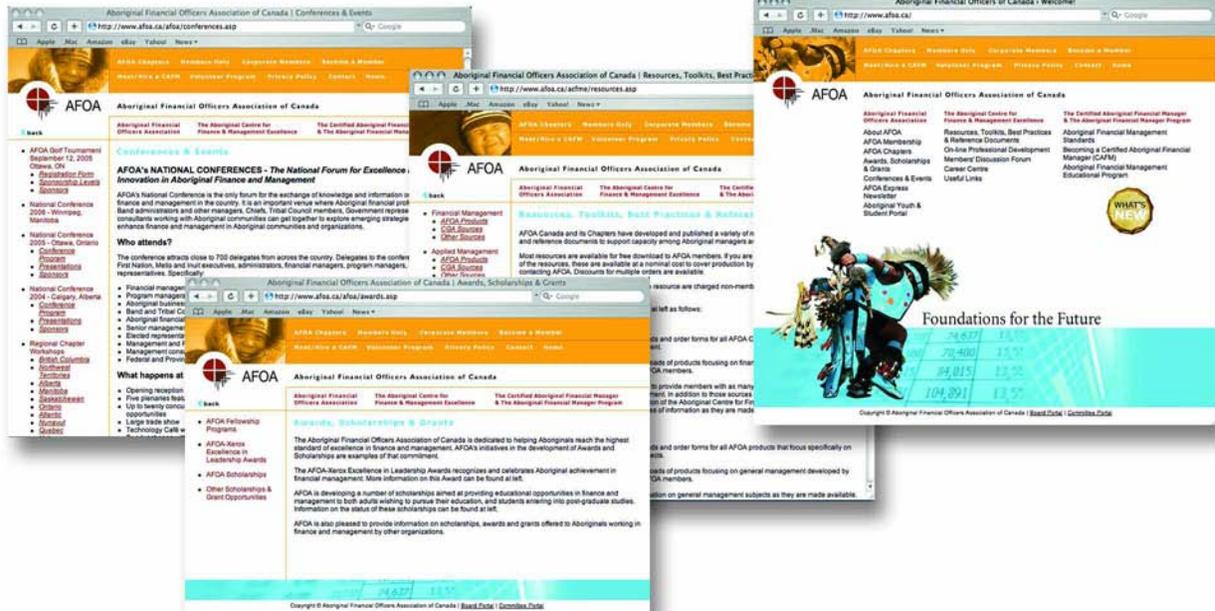
The first important new feature is the introduction of a Members Only access allowing members the opportunity to make use of a wide range of resources. These resources are primarily located in the new Aboriginal Centre for Finance & Management Excellence. The Centre includes 5 sections:

1. Resources, Toolkits, Best Practices & Reference Documents

This area allows members to download or order printed copies of a wide variety of resources on financial management and applied management issues. It also includes resources for elected leadership. Non-members can also order these resources at a cost.

2. On-line Professional Development

This is the area in which all AFOA's new Certificate On-Line Courses for Aboriginal Managers is being housed. These include: Community Economic Development; Aboriginal Management Practices 1; Aboriginal Management Practices 2; Aboriginal Program Management; and, Values & Ethics in the Aboriginal Workplace.



3. Members Discussion Forum

Members can log-in and share queries or information on pre-selected subject threads, or post new subjects for discussion.

4. Career Centre

AFOA has entered into an agreement with Brainhunter.com Ltd. this year to provide members with a full career support service on this site. The Career Centre will serve the needs of both employers and job seekers. It will feature a database of Aboriginal financial and management jobs available Canada-wide searchable by region, position type and other useful criteria. It will also contain a database of resumes of Aboriginal financial and management professionals to enable Aboriginal employers to easily seek and identify candidates for financial and management positions. The Career Centre will be launched in the summer of 2005.

Another exciting new website feature is the *Meet/Hire CAFM page* where employers and others can search for CAFMs by region. Those members who are pursuing the CAFM designation through the AFM program will appreciate the new feature located in the Aboriginal Financial Management Educational Program. *Where are AFM courses offered in your region?* Users can search a region through a drop down menu to determine what universities/colleges offer each of the AFM accredited courses.

Development of the website will continue. New content will be added to the Resources section as they are located and developed and new features will be introduced. Members will be alerted by email when new content and features can be accessed.

Supporting First Nations Governance Efforts — The Distributed Knowledge Sharing (DKS) Project — A Catalogue of Financial Management Codes Developed by and for First Nations

The Federal Government of Canada has dedicated over 5 million dollars in the last year to 129 First Nation community governance pilot projects involving 296 First Nations. The objective of these projects was to develop band government codes and policies to support First Nations governance capacity. These government codes and policies include:

- leadership selection codes and policies;
- government administration codes and policies; and
- financial management and accountability codes and policies.

There is a need to bring the results of all these code development initiatives together into one resource accessible by all First Nations.

This year AFOA completed Phase II of what will be three Phases of the Distributed Knowledge Sharing (DKS) Project. DKS refers to a new web-based application developed in partnership with the Global Development Group (GDG) to facilitate the creation of financial codes by First Nation communities. Phase I saw the design of the software templates and development of the preliminary content. This year in Phase II we:

- completed the final phases of construction of the DKS software application program
- identified all initiatives to develop First Nation financial management and accountability codes, by-laws and/or policies
- assessed the status of the code development process; determined the willingness to make the resulting code available through DKS and arranged for the transfer of information
- reviewed the inventory of codes/by-laws and policies for consistency with Generally Accepted Accounting Principles (GAAP)
- developed fifteen sample templates and synopses of financial policies and procedures
- identified First Nations to focus-test the DKS software

Phase III of the project will continue into 2005/2006, subject to funding and will mainly comprise focus-testing of the software and implementation.

AFOA'S New Aboriginal Fellowship Program (AFP)

This year we developed, received funding for and introduced to members the pilot phase of the Aboriginal Fellowship Program (AFP) for Canada's First Nations and Aboriginal people. The purpose of the program is to transfer vital financial management knowledge to Aboriginals and ultimately develop needed capacity in First Nations. This Program has the support of the Assembly of First Nations (AFN) and the First Nations Financial Management Board (FMB).

The AFP provides selected, qualified Aboriginal financial professionals currently working in Aboriginal communities and organizations with the opportunity to receive on-the job internal training and classroom training at Canadian host institutions/organizations, like the Office of the Auditor General of Canada, Provincial Auditors General, the Treasury Board of Canada, etc. This pilot phase is being conducted with the Office of the Auditor General of Canada (OAG).

The Fellowship will enhance experience and knowledge in a combination of the following areas, contingent on the candidate Fellow's needs and background:

- Performance management, measurement and reporting;
- Accountability practices;
- Accounting practices;
- Audit and audit-related methodologies & practice;
- Public sector administration/government practices;
- Performance audits (sometimes referred to as value-for-money audits); and
- Results-based management.

Members were requested to submit applications for the program in spring 2005. A selection committee was struck and two candidates were selected to participate in the program August to October 2005.

If successful, AFOA will seek funding to continue the AFP with the OAG as well as explore placements with Provincial Auditors General and other federal and provincial government departments.

AFOA CHAPTER DEVELOPMENT AND SUPPORT

AFOA currently has chapters operating in British Columbia, Alberta, Manitoba, Saskatchewan, Ontario and the Northwest Territories.

This year AFOA Canada continued to provide support to regions throughout the country in their capacity development activities.

Professional development workshops held in Ontario, Saskatchewan and Manitoba

AFOA Canada provided administrative support to four regions this year to help hold successful events that drew significant participation from financial managers, Band administrators and other senior managers from First Nations and other Aboriginal organizations.

AFOA Ontario held a two day workshop on “Exploring Best Practices: Human Resources & Finance Perspectives” on September 22-23, 2004 in Sault Ste. Marie Ontario. The agenda included sessions focusing on managing human resources, the Privacy Act, investments and financial planning and bank tendering policies. The workshop was also an opportunity for Ontario members to provide input into the Chapter’s Financial Administration Policies and Procedures Manual; a document developed to improve the effectiveness of Band administration. This 100+ page document includes sample policies and procedures for financial management that can be used as templates.

On January 18-19, 2005, AFOA Saskatchewan held a two day Aboriginal Finance and Management Workshop in Saskatoon which drew over 50 people. Topics covered included: Investing and Managing Effectively; First Nation Taxation and Audit Requirements; Capacity and Economic Development; Becoming a Certified Aboriginal Financial Manager; and, Best Practices in Aboriginal Financial Management. AFOA National provided assistance to the Chapter by developing the funding submission and providing marketing, program and administrative support.

Two days later AFOA Manitoba with AFOA Canada support held a workshop in Winnipeg. Sessions focused on:

- Audit and reporting requirements
- Taxation and GST on reserve
- Choosing the right accounting software
- Becoming a Certified Aboriginal Financial Manager
- Best Practices in Aboriginal Financial Management

Close to 100 financial officers, Band administrators and other managers registered for the event.

AFOA and Atlantic Policy Congress join together to hold 1st Atlantic Financial Management Workshop

Through a joint effort between the AFOA and the Atlantic Policy Congress, the first Atlantic Band Managers and Financial Officers Workshop was held in Halifax on December 1st and 2nd. The two day workshop featured informative sessions on:

- Remedial Management, Co-management and Third Party Management
- Debt Intervention Issues
- US Border Crossing Documentation
- Best financial practices
- Effective financial reporting
- Developing performance measures

Over 70 financial officers and Band administrators attended. The event was an opportunity to generate interest in an AFOA Atlantic Chapter.

AFOA Chapters Task Force – Strengthening AFOA Chapters

AFOA Chapters have been facing significant challenges due to a scarcity of funding to support operations, administration and staff. In early 2004 AFOA struck a Chapters Task Force in an effort to strengthen AFOA's Chapters, ensure adequate Chapter funding and sustainability, and streamline Chapter operations and membership with each other and that of AFOA National.

The Task Force made a series of important recommendations. They included:

- That Chapter core funding requests be routed through AFOA National and that they be predicated on a long-term 5 year commitment and based on a performance-based framework
- That Chapter and National membership categories be based on the following:
 - Certified Member — Members who are Certified Aboriginal Financial Managers
 - Member — All other members who are not a student or corporate member
 - Student — Students who are enrolled full-time in a high school or post-secondary educational institution.
- That Student Member fees are subsidized and the target level for the combined Chapter and National fee should be less than \$25.
- That all other Chapter membership fees continue to be set on an individual Chapter basis according to their requirements and according to the services that are offered members.

During 2004/2005 these recommendations were reviewed and adopted by the Boards of Directors of each Chapter and AFOA National.

Chapter Regulations developed

Chapter regulations were developed and adopted by the Board of Directors this year to implement the recommendations of the Task Force and effectively define Chapter rights and responsibilities, and establish consistency between National and Chapter membership frameworks.

AFOA Canada signs MOU with AFOA British Columbia

The relationship between AFOA Canada and AFOA British Columbia was formalized through a Memorandum

of Understanding between the two organizations this year. The MOU was signed at a special ceremony held at the National Conference in February 2005 in Ottawa. AFOA Canada now has MOUs with all AFOA Chapters.

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AFOA Manitoba

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AFOA Atlantic

(currently being established)

AFOA Nunavut

(currently being established)

AFOA Quebec

(currently being established)

AFOA Canada

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PARTNERSHIP , ADVOCACY AND ORGANIZATIONAL RELATIONS

In 2004/2005, AFOA Canada strengthened existing partnerships, forged new relationships and significantly expanded its advocacy efforts.

Federal Government of Canada

AFOA continues to foster effective relations with the Federal Government of Canada and the Department of Indian & Northern Affairs Canada. Efforts have resulted in continued core funding for AFOA operations, and additional funding for the Aboriginal Fellowship Program, the National Conference, the Knowledge Sharing Initiative and the Distributed Knowledge Sharing Project (see Products, Research & Capacity Development above). AFOA has also been invited to sit on key Committees whose deliberations have a significant impact on First Nations, like the *Canada-Aboriginal Peoples Roundtable*, the *Advisory Committee on the Review of Intervention Policies*, the *National Transfer Payment Policies Committee* and the *National Audit Policy Committee*.

CGA Canada

AFOA's partnership with CGA Canada continues to be a fruitful one. This year AFOA is entering into an agreement with CGA whereby selected CGA resources, publications and on-line learning normally only available to CGA members, will be made available to AFOA members through AFOA's website. Negotiations are continuing throughout 2005/2006. CGA Canada has been instrumental in the development of the CAFM Professional Examination, and a CGA appointed by CGA Canada continues to sit on AFOA's Board of Directors.

Assembly of First Nations

AFOA continues to enjoy a productive relationship with the Assembly of First Nations. A new Memorandum of Understanding was signed with the Assembly in June 2004 outlining specific initiatives that will be undertaken by both organizations. One of these initiatives was the Aboriginal Fellowship Program (see above) and has been implemented. Others include:

- Canada-First Nations Funding Agreement models and First Nations reporting requirements to the Federal Government;
- A First Nations accountability framework;
- Enhancing the decision-making capacity of elected representatives in First Nations; and
- A review of the July 2000 recommendations of the AFN-Certified General Accountants Association Accountability working group to determine future courses of action.

A workplan is being developed that will outline the steps to be taken for the above endeavors.

First Nations Fiscal Institutions

In March 2005 Bill C-20 received Royal Assent. Bill C-20 - the First Nations Fiscal and Statistical Management Act created four institutions:

1. First Nations Tax Commission (FNTC)
2. First Nations Financial Management Board (FNFMB)
3. First Nations Finance Authority (FNFA)
4. First Nations Statistical Institute (FNSI)

The Bill is designed to assist First Nations who “choose to opt in” in improving the investment climate and promoting economic growth on reserve, while respecting Aboriginal rights and title.

Access to better terms and rates for financing on-reserve infrastructure projects will assist First Nations in attracting investment to First Nations lands.

AFOA and its members have a direct stake in the plans and activities of these institutions.

We have forged a particular close relationship with the FMB whose mandate and objectives closely align with ours. Senior representatives from AFOA and FMB meet regularly to keep each other apprised of recent developments. AFOA will be appointing two members of the FMB Board. Efforts are being made to include representation from the First Nations Fiscal Institutions on AFOA research oversight committees.

National Aboriginal Achievement Foundation (NAAF)

This year AFOA had the opportunity to participate in NAAF’s Blueprint for the Future Career Fair in Ottawa in February 2005. The Fair drew over 2,000 high school children. AFOA hosted two sessions at which the 2004 Xerox-AFOA Canada Leadership Award Winner Sharon Stevenson, discussed the financial management career. AFOA will be seeking out other opportunities to partner with NAAF in the development of the Aboriginal Financial Management Scholarship Program.

National Aboriginal Capital Corporation Association (NACCA)

NACCA and AFOA entered into an agreement this year whereby AFOA will review a NACCA training program for loans/business development officers in Aboriginal capital corporations with a view towards creating a new designation and educational program for loans officers which will be developed and administered by AFOA. Work will continue on this project in 2005/2006.

AFOA FINANCE

AFOA's Annual Audit was completed by KPMG, and resulted in an unqualified opinion. The Board of Directors was provided a copy of the Management Letter. The audited statements follow.

AUDITOR'S REPORT TO THE DIRECTORS

We have audited the statement of financial position of Aboriginal Financial Officers Association of Canada as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Ottawa, Canada

June 10, 2005

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STATEMENT OF FINANCIAL POSITION

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current Assets:		
Cash and cash equivalents	\$ 478,284	\$ 561,973
Amounts receivable:		
Government (note 3)	50,000	59,577
Other	66,820	102,821
Prepaid expenses	6,635	4,754
Inventory	12,720	12,033
	614,459	741,158
Capital assets (note 4)	105,093	115,273
	\$ 719,552	\$ 856,431
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 210,045	\$ 231,989
Deferred membership revenue	52,032	49,963
Deferred government contributions (note 5)	23,775	76,986
Due to DIAND	—	82,888
Due to Health Canada	—	95,822
	285,852	537,648
Net assets:		
Unrestricted	328,607	203,510
Invested in capital assets	105,093	115,273
	433,700	318,783
Commitment (note 6)		
Contingencies (note 7)		
	\$ 719,552	\$ 856,431

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

Approved on behalf of the Board of Directors:



 Chairman



 Treasurer

STATEMENT OF OPERATIONS

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue		
Government contributions		
DIAND (note 5)	\$ 1,375,121	\$ 807,407
Health Canada	—	232,847
Membership fees	112,191	70,119
Conference	390,681	388,263
Workshops/courses	84,552	73,529
Other	15,717	17,694
	1,978,262	1,589,859
Expenses		
Governance:		
Board/committee/president	107,623	93,099
Operations		
Staffing and professional development	486,595	433,018
Travel	23,150	15,434
Telecommunications	17,679	10,188
Postage and courier	11,915	16,246
Office supplies and equipment leasing	50,934	60,913
Office accommodations	39,216	38,091
Professional fees	33,863	37,447
Amortization of capital assets	31,852	37,442
Bank charges, insurance and other	4,924	12,831
Bad debts	10,284	4,920
	710,412	666,530
Recoveries from project overhead	(92,535)	(26,000)
	617,877	640,530
Capacity development:		
Web site	3,348	4,489
National conference	301,977	263,546
Workshops/courses	64,736	31,436
Chapter development	19,463	93,021
AFM program development	1,168	4,838
CAFM certification	7,859	10,726
Communications and marketing	16,840	38,764
AFOA news	1,783	2,786
Special projects	719,147	281,185
	1,136,321	730,791
	1,861,821	1,464,420
Excess of revenue over expenses from continuing operations	116,441	125,439
Other revenue (expenses)(note 7(a)):		
Proceeds from insurance	—	50,000
Legal expenses	(1,524)	(37,371)
	(1,524)	12,629
Excess of revenue over expenses	\$ 114,917	\$ 138,068

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

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31, 2005, with comparative figures for 2004

	Investment in capital assets	Unrestricted	2005 Total	2004 Total
Balance, beginning of year	\$ 115,273	\$ 203,510	\$ 318,783	\$ 180,715
Excess (deficiency) of revenue over expenses	—	114,917	114,917	138,068
Additions to capital assets	21,672	(21,672)	—	—
Amortization of capital assets	(31,852)	31,852	—	—
Balance, end of year	\$ 105,093	\$ 328,607	\$ 433,700	\$ 318,783

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

STATEMENT OF CASH FLOWS

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used for):		
Operations		
Excess of revenue over expenses	\$ 114,917	\$ 138,068
Amortization, which does not involve cash	31,852	37,442
Change in non-cash working capital:		
Amounts receivable — government	9,577	181,408
Amounts receivable — other	36,001	(75,625)
Prepaid expenses	(1,881)	2,017
Inventory	(687)	(12,033)
Accounts payable and accrued liabilities	(21,944)	72,829
Deferred membership revenue	2,069	20,758
Deferred government contributions	(53,211)	(215,443)
Due to DIAND	(82,888)	—
Due to Health Canada	(95,822)	—
	(62,017)	149,421
Investments		
Additions to capital assets	(21,672)	(13,288)
Increase (decrease) in cash and cash equivalents	(83,689)	136,133
Cash and cash equivalents, beginning of year	561,973	425,840
Cash and cash equivalents, end of year	\$ 478,284	\$ 561,973

The Association considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less. The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended March 31, 2005

1. Purpose of the organization:

Aboriginal Financial Officers Association of Canada (“the Association” or “AFOA – Canada”) is committed to excellence in expanding financial management capacity for aboriginal organizations in Canada, and is providing leadership by developing and promoting quality standards, practices, research, certification and professional development. The Association was incorporated without share capital on June 30, 1999 by letters patent under the Canada Corporations Act.

The Association is exempt from income taxes under Section 149 of the Income Tax Act.

2. Significant accounting policies:

(a) Revenue recognition:

(i) Government contributions:

The Association’s operations are primarily funded by contributions from various government departments. The accounting for contributions is based on the deferral method. 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.

Unexpended contributions at the end of the year are recorded as deferred government contributions.

(ii) Membership fees:

Membership fees for continuing members cover a calendar year. Fees are recognized in equal amounts over a twelve month period as the Association renders membership services.

(b) Inventory:

Inventory is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Computer hardware, software and licenses	Declining balance	25%
Office equipment	Declining balance	20%
Leasehold improvements	Straight-line	4 years

(d) Contributed services:

Volunteer services and certain corporate contributions in kind contributed to the Association are not recognized in these financial statements due to the difficulty in determining their value.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary they are recorded in the financial statements in the period in which they become known.

3. Amounts receivable — government:

Amounts receivable — government is comprised of amounts owing from Department of Indian Affairs and Northern Development (DIAND) and Health Canada:

	2005	2004
DIAND		
Amendment #1	\$ —	\$ 12,332
Amendment #2	—	11,340
Holdback re core funding (2002/2003)	—	5,485
Holdback re core funding (2003/2004)	—	5,420
National conference	18,000	—
Holdback re national conference	2,000	—
Holdback re core funding (2004/2005)	5,000	—
	25,000	34,577
Health Canada — E-Health Internship program	25,000	25,000
	\$ 50,000	\$ 59,577

4. Capital Assets

	Cost	Accumulated amortization	2005 Net Book value	2004 Net Book value
Computer hardware, software and licenses	\$ 214,038	\$ 138,302	\$ 75,736	\$ 79,286
Office equipment	62,650	33,293	29,357	31,638
Leasehold improvements	12,417	12,417	—	4,349
	\$ 289,105	\$ 184,012	\$ 105,093	\$ 115,273

Cost and accumulated amortization at March 31, 2004 amounted to \$267,433 and \$152,160 respectively.

5. Deferred government contributions:

(a) Department of Indian Affairs and Northern Development (DIAND):

	Opening balance	Amounts received/receivable	Revenue recognized	Ending balance
2003/2004				
Amendment #1				
Communication products	\$ 16,840	\$ —	\$ (16,840)	\$ —
Amendment #2				
KSI – survey	47,477	—	(46,758)	719
Flexible transfer payment #2	11,916	—	(2,623)	9,293
2004/2005				
Core funding	\$ —	\$ 600,000	\$ (600,000)	\$ —
DKS/KSI	—	701,910	(688,900)	13,010
Conference sponsorship	—	20,000	(20,000)	—
	\$ 76,233	\$ 1,321,910	\$ (1,375,121)	\$ 23,022

(b) Health Canada:

	Opening balance	Amounts received/receivable	Revenue recognized	Ending balance
E-Health Interchange project agreement	\$ 753	\$ —	\$ —	\$ 753

6. Commitments:

Pursuant to a sublease for office space, the Association is required to pay a minimum sublease amount of \$12,505 for the three months ending June 30, 2005.

The Association also has office equipment leases requiring annual payments of \$8,068 until 2010.

7. Contingencies

(a) Prior year fraudulent activity:

In 2004, the Association initiated civil and criminal litigation against a former senior officer of the Association for fraud. The Association is claiming a cost recovery of \$217,000, damages of \$50,000, legal costs, interest and additional indemnity. The identified loss affected the following fiscal years:

2001	\$	25,000
2002		94,113
2003		93,150

The identified fraudulent transactions do not qualify as eligible for government funding and correspondingly the affected fiscal years were adjusted in the 2003 audited financial statements.

The amount of restitution from the accused will be recorded in the year that the amount is received. Management cannot estimate the amount that is likely to be received at this time.

Insurance proceeds of \$50,000 were received and recognized as revenue in 2004. The Association incurred \$1,524 (2004 – \$37,371) in legal fees related to this contingency.

(b) Government contributions:

Government contributions related to the projects of the Association are subject to conditions regarding the expenditure of the funds. The Association's accounting records, as well as those of agencies delegated to execute the projects, are subject to audit by various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

8. Fair value of financial instruments:

The carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, deferred membership revenue and deferred government contributions approximate their fair value due to their relatively short periods to maturity.

9. Comparative figures:

Certain 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.



AFOA

Aboriginal Financial Officers Association of Canada

**Aboriginal Finance Officers
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