

**Congress of Aboriginal Peoples**  
**Financial Statements**  
**March 31, 2008**

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# Raymond Chabot Grant Thornton

## Auditors' Report

Raymond Chabot Grant Thornton  
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To the Members of  
Congress of Aboriginal Peoples

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We have audited the statement of financial position of Congress of Aboriginal Peoples as at March 31, 2008 and the statements of revenues and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Organization as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants,  
Licensed Public Accountants

Ottawa, Canada  
June 30, 2008

# Congress of Aboriginal Peoples

## Revenues and Expenses

Year ended March 31, 2008

	2008	2007
	\$	\$
<b>Revenues</b>		
Canadian Heritage	453,480	468,474
Human Resources Development Canada	1,848,201	1,873,178
Indian and Northern Affairs Canada	1,301,950	862,816
Environment Canada	121,219	93,380
Health Canada	805,115	512,651
Office of the Federal Interlocutor	577,308	370,662
Statistics Canada		45,000
Interest and other income	17,224	12,224
Deferred contributions - beginning of year	589,259	378,530
Deferred contributions - end of year	(237,693)	(589,259)
	<u>5,476,063</u>	<u>4,027,656</u>
<b>Expenses</b>		
Salaries and benefits	684,397	615,763
Equipment rental and repairs	12,333	29,560
Occupancy costs	99,898	64,156
Insurance	10,912	11,236
Travel, accomodation and meetings	846,689	412,768
General assembly and board meetings	291,917	212,379
Office	70,733	87,809
Telecommunications	197,092	132,044
Write-off of prior year accounts receivable and accounts payable	(47,096)	(119,365)
Professional fees	44,350	40,392
Interest and bank charges	7,417	6,100
Consolidated revenue funding	1,527,219	813,973
Employment insurance funding	334,541	403,336
Research	230,246	146,294
National Youth Symposium	15,807	26,854
Interest on long-term debt	36,803	42,534
Coordination and consultation	971,528	968,336
Community level consultation	108,600	94,500
Amortization of capital assets	32,677	34,742
	<u>5,476,063</u>	<u>4,023,411</u>
<b>Excess of revenues over expenses for the year</b>		<u>4,245</u>

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

## Congress of Aboriginal Peoples Changes in Fund Balances

Year ended March 31, 2008

			2008	2007 Restated
	General fund	Capital assets fund	Total	Total
	\$	\$	\$	\$
Balance - beginning of year				
As previously stated	(505,380)	192,478	(312,902)	(317,147)
Prior period adjustment (Note 16)	60,617		60,617	60,617
Prior period, as restated	(444,763)	192,478	(252,285)	(256,530)
Excess (deficiency) of revenues over expenses for the year	32,677	(32,677)		4,245
Interfund transfers	(41,473)	41,473		
Acquisition of capital assets	(24,765)	24,765		
Balance - end of year	<u>(478,324)</u>	<u>226,039</u>	<u>(252,285)</u>	<u>(252,285)</u>

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

# Congress of Aboriginal Peoples

## Cash Flows

Year ended March 31, 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses		4,245
Non-cash items		
Amortization of capital assets	32,677	34,742
Changes in working capital items		
Accounts receivable	(1,374,125)	779,423
Prepaid expenses	5,757	(6,439)
Accounts payable and accrued liabilities	809,263	(146,033)
Deferred contributions	(351,566)	210,729
Net cash generated (used)	<u>(877,994)</u>	<u>876,667</u>
<b>INVESTING ACTIVITIES</b>		
Capital assets and net cash used	<u>(24,765)</u>	<u>(10,086)</u>
<b>FINANCING ACTIVITIES</b>		
Bank loan proceeds	75,000	
Repayment of bank loan		(60,000)
Repayment of long-term debt	(41,472)	(35,740)
Increase in provision for severance pay	6,002	2,460
Net cash generated (used)	<u>39,530</u>	<u>(93,280)</u>
<b>Net increase (decrease) in cash</b>	<b>(863,229)</b>	<b>773,301</b>
Cash, beginning of year	<u>851,107</u>	<u>77,806</u>
Cash (bank overdraft), end of year	<u>(12,122)</u>	<u>851,107</u>

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

# Congress of Aboriginal Peoples

## Financial Position

March 31, 2008

	<u>2008</u>	<u>2007 Restated</u>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash		851,107
Accounts receivable	1,980,253	606,128
Prepaid expenses	8,243	14,000
	<u>1,988,496</u>	<u>1,471,235</u>
Capital assets (Note 5)	698,326	706,238
	<u>2,686,822</u>	<u>2,177,473</u>
<b>LIABILITIES</b>		
Current liabilities		
Bank overdraft	12,122	
Bank loan (Note 6)	75,000	
Accounts payable and accrued liabilities	2,086,276	1,277,013
Deferred contributions (Note 7)	237,693	589,259
Current portion of long-term debt	375,689	423,478
	<u>2,786,780</u>	<u>2,289,750</u>
Long-term debt (Note 8)	96,599	90,282
Provision for severance pay	55,728	49,726
	<u>2,939,107</u>	<u>2,429,758</u>
<b>FUND BALANCES EQUITY (DEFICIENCY)</b>		
Capital assets fund	226,039	192,478
General fund	(478,324)	(444,763)
	<u>(252,285)</u>	<u>(252,285)</u>
	<u>2,686,822</u>	<u>2,177,473</u>
Contingency (Note 10)		

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

On behalf of the Board,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

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### **1 - GOVERNING STATUTES AND NATURE OF OPERATIONS**

The Congress of Aboriginal Peoples is incorporated as a non-profit organization without share capital and interacts with various governments on issues relating to Aboriginal Peoples, specifically those relating to Metis, Non-Status and Off-Reserve Indians. The Organization is exempt from taxation under paragraph 149(1)(l) of the Federal Income Tax Act.

### **2 - ACCOUNTING CHANGE**

#### **Recently adopted standards**

On April 1, 2007, in accordance with the applicable transitional provisions, the Organization applied the recommendations of new Section 1506, "Accounting Changes", of the Canadian Institute of Chartered Accountants' Handbook. This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of GAAP that are issued but not yet effective or not yet adopted by the Organization. The new standard has no impact on the Organization's financial results.

On April 1, 2007, in accordance with the applicable transitional provisions, the Organization adopted the new recommendations in Sections 3855, "Financial Instruments – Recognition and Measurement", and 3861, "Financial Instruments – Disclosure and Presentation", of the *Canadian Institute of Chartered Accountants' Handbook*.

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. The transitional provisions of these sections require that the Organization remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of fund balances at the beginning of the fiscal year of initial application. The financial statements of prior fiscal years are not restated.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Organization's financial instruments, which were previously recognized at cost:

- Cash is classified as held-for-trading financial assets. It is measured at fair value and changes in fair value are recognized as the revenues and expenses. This change had no impact on the financial statements as at March 31, 2008;
- Trade accounts receivable is classified as loans and receivables. Trade accounts receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts. Other loans and receivables are recognized at amortized cost using the effective interest method, including any impairment. This change had no impact on the financial statements as at March 31, 2008;

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

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### **2 - ACCOUNTING CHANGE (Continued)**

- The bank loan and accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. This change had no impact on the financial statements as at March 31, 2008.
- Long-term debt is classified as other financial liabilities. It is measured at amortized cost using the effective interest method. Financing costs are now applied against long-term debt. This change had no impact on the financial statements as at March 31, 2008.

### **3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies followed by the Organization:

#### **Accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates. This change had no impact on the financial statements as at March 31, 2008.

#### **Program surplus or deficit**

For ongoing programs, a surplus or deficit is carried as a deferred contribution on the Organization's statement of financial position, and carried forward to be recognized in future years as contribution agreements permit. Any surplus or deficit that is repayable to, or receivable from, the Government of Canada is recorded as such.

#### **Program administration revenues and expenses**

The Organization charges its programs for office rent, office supplies and equipment administrative support where such charges are specifically provided for in the program funding agreement. These charges are recorded as administration recoveries in Core and administration expenses in the various programs, but are eliminated in the statement of revenues and expenses.

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

### 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital assets

Capital assets are recorded at cost. When the Organization receives capital asset contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

Capital assets are amortized over their estimated useful lives according to the diminishing balance method at the following annual rates:

	<u>Rates</u>
Building	4%
Computer equipment	30%
Furniture and fixtures	20%
Computer software	100%

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions which the Organization receives are deferred and recognized as revenues and expenses when the funds have been disbursed to the recipient organization.

#### Fund accounting

The Congress of Aboriginal Peoples uses fund accounting for financial reporting purposes.

The General Fund accounts for the daily operating activities of the Organization.

The Capital Assets Fund accounts for the Organization's investment in capital assets net of accumulated amortization and long-term debt.

### 4 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

Cash flows relating to interest on operating activities are detailed as follows:

	<u>2008</u>	<u>2007</u>
	\$	\$
Interest on long-term debt	36,803	42,534
Interest and bank charges	7,417	6,100

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

### 5 - CAPITAL ASSETS

	2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	186,000		186,000
Building	557,841	93,517	464,324
Computer equipment	171,484	140,181	31,303
Furniture and fixtures	42,060	25,361	16,699
Computer software	5,203	5,203	
	<u>962,588</u>	<u>264,262</u>	<u>698,326</u>
			2007
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	186,000		186,000
Building	557,841	74,170	483,671
Computer equipment	156,647	129,944	26,703
Furniture and fixtures	32,131	22,427	9,704
Computer software	5,203	5,043	160
	<u>937,822</u>	<u>231,584</u>	<u>706,238</u>

### 6 - BANK LOAN

The Organization has an authorized operating line of credit of \$75,000 bearing interest at prime rate plus 1.75%. The Organization's balance as of March 31, 2008 is \$75,000 (\$ Nil in 2007).

### 7 - DEFERRED CONTRIBUTIONS

	2008	2007
	\$	\$
Balance - beginning of year	589,259	378,530
Recognized as revenues	(589,259)	(378,530)
Received related to the following year	237,693	589,259
Balance - end of year	<u>237,693</u>	<u>589,259</u>

**Congress of Aboriginal Peoples**  
**Notes to Financial Statements**  
 March 31, 2008

**8 - LONG-TERM DEBT**

	Current portion	2008	2007
	\$	\$	\$
Demand loan payable, in blended monthly instalments of \$4,119, interest calculated at a rate of 7%, renegotiable on June 20, 2008, secured by the land and building	358,260	358,260	384,155
Mortgage payable, in blended monthly instalments of \$2,404, interest calculated at a rate of 11%, renegotiable on June 20, 2008, secured by a second charge on the land and building	17,429	114,028	129,605
Current portion of long-term debt	375,689	472,288	513,760
		375,689	423,478
		96,599	90,282

The instalments on long-term debt for the next five years are \$42,778 in 2009, \$46,553 in 2010, \$50,680 in 2011, \$55,192 in 2012 and \$60,127 in 2013.

**9 - COMMITMENTS**

The Organization has entered into a vehicle operating lease agreement expiring July 31, 2009 which calls for minimum lease payments of \$2,400 in 2009, and \$800 in 2010.

The Organization has entered into various operating lease agreements expiring from August 2010 to October 2013, for the rental of office equipment. Minimum lease payments for the next five years are \$18,263 in 2009, \$17,323 in 2010, \$16,651 in 2011 and 2012, and \$3,300 in 2013.

**10 - CONTINGENCY**

On March 28, 2008, a claim in the amount of \$50,000 was filed against the Organization as a result of not renewing a consultant's contract. No action has been taken on the claim yet, and the claim is still pending. Since the Organization's directors are of the opinion that the potential claim is unwarranted, no provision has been recorded in this respect.

**11 - ECONOMIC DEPENDENCE**

The Congress of Aboriginal Peoples derives the majority of its funding from the Government of Canada and, as such, is subject to compliance with the terms and conditions of the contribution agreements under which the funding was advanced.

The Organization's accounting records are subject to audit by the Government of Canada to identify instances, if any, in which the amounts charged against contributions have not complied with the agreed terms and conditions and which, therefore, would be refundable to the Government of Canada. Adjustments to prior years' contributions are recorded in the year in which the Government of Canada requests the adjustment.

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

### **12 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS**

#### **Financial risk management objectives and policies**

The Organization is exposed to various financial risks resulting from both its operations and its investments activities. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

#### **Financial risks**

The Organization's main financial risk exposure and its financial risk management policies are as follows.

##### *Credit risk*

For the Organization, significant concentrations of credit risk are related to the ability to obtain approval for funding and the timing of receipt of this funding. The Organization's accounts receivable are primarily due from the federal government.

##### *Interest rate risk*

The Organization is exposed to interest rate risk in relation to interest income earned on cash. In addition, the Organization's long-term debt has a renegotiable interest rate and as such the Organization is exposed to changes in interest rates.

### **13 - STATUTORY INFORMATION**

During the year, amounts paid to the National Chief were as follows:

Salary	\$ 100,170
Travel and other expenses	<u>5,422</u>
	<u>105,592</u>

### **14 - PAYROLL SOURCE DEDUCTIONS**

For the year ended March 31, 2008 all payroll deductions were paid to the government on or before their due dates.

### **15 - COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

# Congress of Aboriginal Peoples

## Notes to Financial Statements

March 31, 2008

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### **16 - PRIOR PERIOD ADJUSTMENT**

The prior period adjustment is for an amount received in 2008 for the reimbursement of legal expenses from the Test Case Funding program at Indian and Northern Affairs Canada, but relates to legal expenses incurred in 2006. The effect of this in 2007 was to increase accounts receivable and increase the operating fund balance.

### **17 - FUTURE ACCOUNTING STANDARDS**

*Going Concern – Inclusion of Guidelines in Section 1400, "General Standards of Financial Statement Presentation"*

In June 2007, the Canadian Institute of Chartered Accountants modified Section 1400, "General Standards of Financial Statement Presentation", in order to require that management make an assessment of the Organization's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet date. These new requirements are effective for fiscal years beginning on or after January 1, 2008 and the Organization will implement them as of April 1, 2008. The new requirements only address disclosures and will have no impact on the the Organization's financial results.

#### *Capital Disclosures*

In December 2006, the Canadian Institute of Chartered Accountants published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Organization will implement it as of April 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Organization's financial results.

# Congress of Aboriginal Peoples Supplementary Information

Year ended March 31, 2008

	Core	AHRDA Agreement	Policy Collaboration	HRCP	OFI Political Accord
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Canadian Heritage	453,480				
Human Resources Development Canada		1,698,201	150,000		509,286
Indian and Northern Affairs Canada				12,000	
Environment Canada					
Health Canada					
Office of the Federal Interlocutor					
Statistics Canada	10,688	6,536			
Interest and other income		589,259			
Deferred contributions - beginning of year		(187,023)	(50,670)		
Deferred contributions - end of year					
	464,168	2,106,973	99,330	12,000	509,286
<b>Expenses</b>					
Salaries and benefits	391,242	80,776	12,655		
Equipment rental and repairs	2,833	9,500			
Occupancy costs	83,998	6,900			
Insurance	10,912				
Travel, accommodation and meetings	78,022	24,934	43,586		71,323
General assembly and board meetings	102,251		1,992		125,000
Office	34,026	9,282			
Telecommunications	30,169	3,600			
Write-off of prior year accounts receivable and accounts payable	(47,096)				
Professional fees	25,701	15,675			
Interest and bank charges	7,417				
Administration costs (recovery)	(321,703)		11,300	1,200	52,158
Consolidated revenue funding		1,527,219			
Employment insurance funding		334,541			18,499
Research	(43,006)				
Communications	36,803				
Coordination and consultation	39,922	94,546	29,797	10,800	242,306
Community level consultation					
Amortization of capital assets	32,677				
	464,168	2,106,973	99,330	12,000	509,286
Excess of revenues over expenses for the year					

# Congress of Aboriginal Peoples Supplementary Information

Year ended March 31, 2008

	Can. Wildlife Services	Diabetes Initiative	Early Childhood Development	Communications	Governance	Women's Summit
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Canadian Heritage						
Human Resources Development Canada						
Indian and Northern Affairs Canada				365,753	55,442	30,000
Environment Canada	121,219					
Health Canada		98,450	49,782			
Office of the Federal Interlocutor						
Statistics Canada						
Interest and other income						
Deferred contributions - beginning of year						
Deferred contributions - end of year						
	121,219	98,450	49,782	365,753	55,442	30,000
<b>Expenses</b>						
Salaries and benefits				99,797		
Equipment rental and repairs						
Occupancy costs						
Insurance						
Travel, accommodation and meetings	3,482	27,701	5,682	16,340	23,917	24,000
General assembly and board meetings				9,166	16,500	
Office				10,000		
Telecommunications		10,459	962	50,094		
Write-off of prior year accounts receivable and accounts payable						
Professional fees						
Interest and bank charges						
Administration costs (recovery)						
Consolidated revenue funding	15,900	8,950	5,000	50,237	7,986	
Employment insurance funding						
Research				12,398	7,039	
Communications						
Coordination and consultation	51,837	51,340	20,538	101,914		6,000
Community level consultation	50,000		17,600			
National youth symposium				15,807		
Report						
Registration fees						
	121,219	98,450	49,782	365,753	55,442	30,000
<b>Excess of revenues over expenses for the year</b>						



# Congress of Aboriginal Peoples Supplementary Information

Year ended March 31, 2008

	Powley	Universal Accountability		Industry	Total	Total
	\$	Suffrage	Alignment	Canada	2008	2007
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Canadian Heritage					453,480	468,474
Human Resources Development Canada					1,848,201	1,873,178
Indian and Northern Affairs Canada		20,126	19,519	7,790	1,301,950	862,816
Environment Canada					121,219	93,380
Health Canada					805,115	512,651
Office of the Federal Interlocutor	577,308				577,308	370,662
Statistics Canada						45,000
Interest and other income					17,224	12,224
Deferred contributions - beginning of year					589,259	378,530
Deferred contributions - end of year					(237,693)	(589,259)
	577,308	20,126	19,519	7,790	5,476,063	4,027,656
<b>Expenses</b>						
Salaries and benefits			3,015		684,397	615,763
Equipment rental and repairs					12,333	29,560
Occupancy costs					99,898	64,156
Insurance					10,912	11,236
Travel, accommodation and meetings	54,276				846,689	412,768
General assembly and board meetings	30,000		9,000		291,917	212,379
Office	8,171				70,733	87,809
Telecommunications	101,777				197,092	132,044
Write-off of prior year accounts receivable and accounts payable					(47,096)	(119,365)
Professional fees					44,350	40,392
Interest and bank charges					7,417	6,100
Administration costs (recovery)	81,750	3,128	4,819		1,527,219	813,973
Consolidated revenue funding					334,541	403,336
Employment insurance funding		5,575	2,685		230,246	146,294
Research	212,784				36,803	42,534
Communications					15,807	26,854
National youth symposium						968,336
Coordination and consultation	88,550	11,423		7,790	971,528	94,500
Community level consultation					108,600	
Amortization of capital assets					32,677	34,742
	577,308	20,126	19,519	7,790	5,476,063	4,023,411
Excess of revenues over expenses for the year						4,245