FINANCE · MANAGEMENT · LEADERSHIP

AFOA CANADA

Building a Community of Professionals

Budgeting and Financial Management

July 13, 2026

Terminology

Glossary of Financial Terms:

Assets

- What a First Nation or First Nation Business **OWNS**.
- **Economic resources controlled** as a result of past transactions.
- Expected to provide **future economic benefits**.
- Examples of assets include: **cash, inventory, and vehicles**.

(CPA Canada, 2025)

Glossary of Financial Terms:
Liabilities

- What a First Nation or First Nation Business **OWES**.
- **Obligation to others** as a result of past transactions/events.
- Examples of assets include: **loans, accounts payable, deferred revenue, etc.**

(CPA Canada, 2025)

Glossary of Financial Terms:

Deferred or Unexpended Revenue

Payments an entity has **received in advance** for products or services that have **NOT yet been delivered or performed**.

E.g. a First Nation receives ISC program funding, **but has not yet spent it on eligible activities within the fiscal year it was provided.**

The ability for a First Nation to defer & 'carry forward' these funds into the future depends heavily on the funding agreement terms & conditions.

(Amure, 2025)

Glossary of Financial Terms:

Revenues

- Include **increases in economic resources** resulting from operations.
- These economic resources may include: **increases to assets, or decreases to liabilities.**
- Result from **operations, transactions & events** of accounting period.
- Examples of revenue include: **funding, sales, etc**.

(CPA Canada, 2025)

Glossary of Financial Terms:
Expenses

Costs arising as a direct result of operations, transactions and events of the accounting period.

Examples of expenses include: **salaries and benefits, insurance, office supplies, etc**.

(CPA Canada, 2025)

Glossary of Financial Terms

GAAP

- **Generally Accepted Accounting Principles**.
- Standardized rules and guidelines that govern accepted accounting practice.

GAAS

- **Generally Accepted Auditing Standards.**
- Guidelines and practices for auditing, established by Chartered Professional Accountants of Canada.

(Ashton College, 2025)

Glossary of Financial Terms

PSAS

- **Public Sector Accounting Standards**.
- The financial reporting framework used by governments **(including First Nations)** & other public sector entities.

FINANCIAL STATEMENTS

- Historical financial reports – the result of prior transactions.
- **Report on the financial position of an organization.**

Glossary of Financial Terms

JOURNAL ENTRIES

- **Posts a financial transaction into the accounting system.**
- The entry details items such as the date, account and amounts.

Glossary of Financial Terms

GENERAL LEDGER

- **Complete record of all of an organization's financial accounts.**
- Consists of all the transactions posted to the entity's various accounts over the years.

TRIAL BALANCE

- Sum of all transactions in an account **at a point in time.**
- A snapshot of the General Ledger.
- Used to generate financial statements.

BUDGETS

What is a Budget?

BUDGETS

A **FINANCIAL PLAN** THAT IS **REASONABLE AND WELL THOUGHT OUT.**

DEMONSTRATES **HOW PROGRAMS & SERVICES WILL BE DELIVERED** TO THE COMMUNITY - FINANCIALLY.

CONTROL ON SPENDING

STRATEGIC SPENDING

Important Aspects of Budgets

- Budgets are **completed for each program area – managers play a key role in the budget process.**
- Allocate financial resources for **program delivery**.
- Anticipated **cashflows and timing** for each program.
- Budgets **are a plan and we can compare actual results against this plan.**

Budgets & Time

– Budgets generally set to **run the length of the project or the year.**

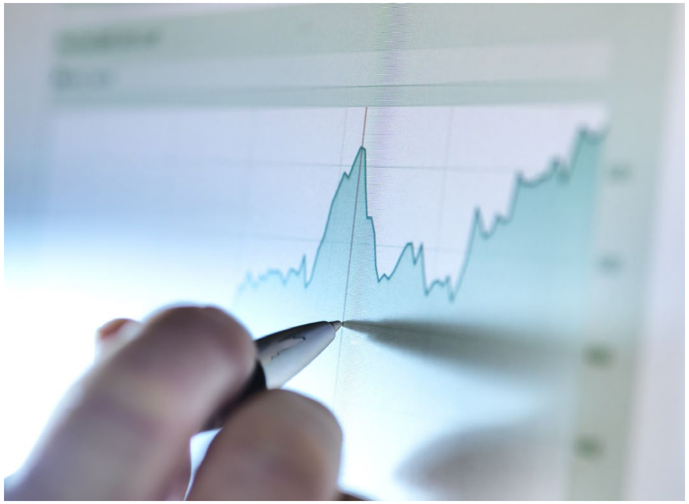
– They are monitored frequently. Usually, reporting against budgets is done as often as your finance team reports on actual financial performance.

– **Timing** is key, budgets should be fully **developed and approved before the new fiscal year begins**.

– Budgets **<u>must</u> be approved by Those Charged with Governance** (Chief and Council, Board of Directors).

Budgets & Control

- Budgets establish **CLEAR** spending boundaries.
- Enhance **ACCOUNTABILITY AND TRUST.**
- They help **GIVE CONTROL** in spending and in operations.
- Offers a real-time safeguard.
- Serves as an **OPERATIONAL PLAN** based on the **NATION'S GOALS.**
- Staff need to be held accountable to this plan.



Preliminary Program Budgets

Developing preliminary program budgets is typically a responsibility of Program Managers. The steps involved are:

1) Director of Operations holds a meeting with Program Managers to discuss format of Program Budgets and timelines.
2) The Director of Finance will have a revenue forecast available given historical and current expenditure levels.
3) Program managers meet with staff to commence budget development. **Identify program priorities and cost estimates.**

(AFOA Saskatchewan, 2024)

Preliminary Program Budgets

4) Each program should list the details of all projected expenditures including operating, personnel, supplies and equipment costs for the upcoming year.

5) Director of Finance can summarize Preliminary Program Budget submissions for Chief and Council. Program Managers may present their budget submissions to Chief and Council.

6) Then Chief and Council make necessary cuts or additions to the submitted budgets.

7) Program Managers are responsible to enact these changes and submit the revised documents to the Directors of Finance and Operations.

(AFOA Saskatchewan, 2024)

Appropriations & Work Plans

- **Appropriation** - process by which revenues identified during forecasts are to be allocated to a Nation's programs.
- **Program Work Plans -** detail how much and when monies are to be transferred to each program.
- Appropriations and Work Plans serve as **the link** between planning and financial management.

Financial Planning → **Appropriation & Work Plans** → **Financial Management**

(AFOA Saskatchewan, 2024)

Budget Cycle

(AFOA Saskatchewan, 2024)

Accountability Cycle

(AFOA Saskatchewan, 2024)

Additional Tools & Templates

- The **First Nations Financial Management Board (FMB)** has a series of excellent resources available for budgets contained at the following link: https://fnfmb.com/en/tools-and-templates/finance/budgets
- In your manual appendices you can find copies of the FMB's publicly available:
  - Planning and Budgeting Schedule Template;
  - Department Annual Work Plan Template; and
  - Annual Department Budget Template.

FINANCIAL STATEMENTS

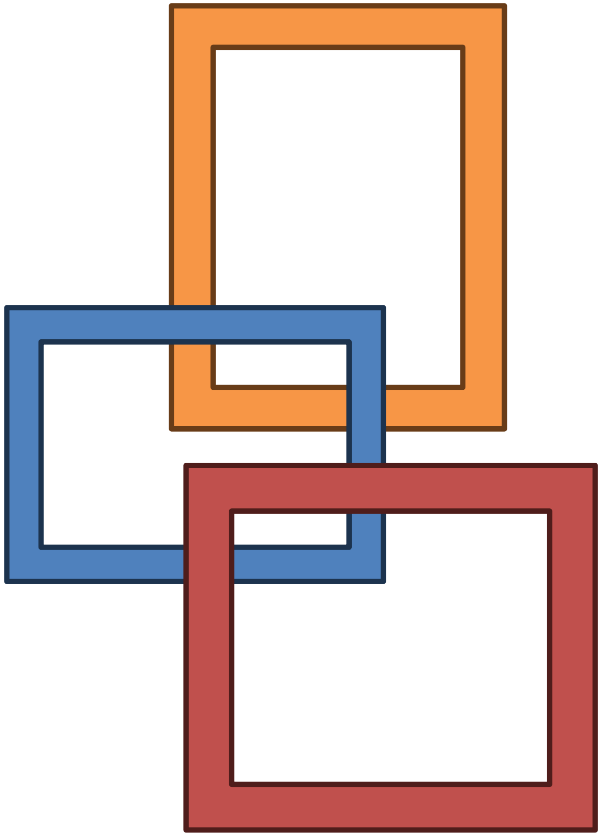
Why Do We Care About Financial Statements?

- They tell our financial story for the last fiscal year.
  - ***Were funds managed wisely?***
  - ***Were goals accomplished?***
  - ***Were obligations met?***
  - ***Have programs & services been carried out effectively?***
- Provide details of transactions, balances, and financial relationships.
- Inform decision making.
- Indicate areas of concern and risk (financial and otherwise) to users.
- Provide a level of oversight for operations (budget vs. actual, current vs. prior year, & approved by those charged with governance).

Who uses a First Nation's Financial Statements?

- Chief and Council
- Community Membership
- Funders
- Management & Staff
- Financial Institutions

Reporting Frameworks



- Financial statements are prepared in accordance with the **appropriate financial reporting framework.**
- *Two options available:*
  - **General purpose framework** (meet the needs for a wide range of users).
  - **Special purpose framework** (meet the needs for specific users).

(Chartered Professional Accountants of Canada, 2025)

Common Reporting Frameworks

– Canadian Public Sector Accounting Standards **(PSAS)**
  this is what a First Nation's main statements are prepared under

– International Financial Reporting Standards **(IFRS).**

– Canadian Accounting Standards for Not-for-Profit Organizations **(ASNPO).**

– Accounting Standards for Private Enterprises **(ASPE).**

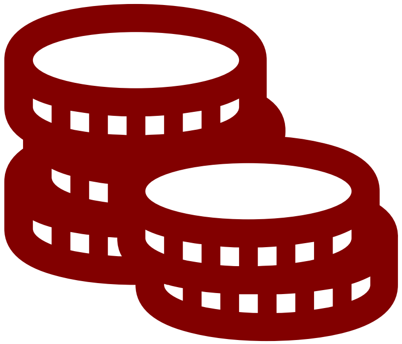
(Chartered Professional Accountants of Canada, 2025)

Compliance Based Frameworks

- Financial reporting provisions contained in **CMHC funding agreements.**
- Financial reporting provisions contained in **Trust agreements.**
- Financial reporting provisions of **other funding agreements** (e.g. agreements with Provincial Governments etc.)

Financial Statements Required for First Nation Governments

- **Statement Of Financial Position** *('Balance Sheet')*
- **Statement Of Operations** *('Income Statement')*
- **Statement Of Changes In Net Financial Assets (Debt)**
- **Statement Of Cash Flows**
- **Statement Of Remeasurement Gains And Losses***
- **Explanatory Notes**



(Indigenous Services Canada, 2024)

Financial Statements Required for First Nation Governments

- **Program Schedules** (schedules of revenue & expenditures)
- **Schedule of Remuneration for Elected Officials**
- **Schedule of Remuneration for Non-Elected Senior Officials**
- **A Management or Auditor's Letter**
- **Canada Mortgage and Housing Corporation (CMHC) Statements**

(Indigenous Services Canada, 2024)

Statement of Financial Position (Balance Sheet)

Key Areas

- Financial Assets
- Liabilities
- Net Financial Assets (Debt)
- Non-Financial Assets
- Accumulated Surplus

Statement of Financial Position (Balance Sheet)

Financial Assets

- Assets in general are items you **own and control.**
- Assets have value, and can be used generate revenue or deliver services.
- *Financial assets* can be used to service or repay debt.
- Examples: Cash, Accounts Receivable, Inventory for use, etc.

Liabilities

- Items you **owe** and create obligations (e.g. future cash outflows).
- Liabilities help carry out operations and enable future benefit.
- Examples: Accounts Payable, Deferred Revenue, Term Debt, etc.

(Chartered Professional Accountants of Canada, 2025)

Statement of Financial Position (Balance Sheet)

Net Financial Assets (Debt)

- A metric calculated as **financial assets less liabilities**.
- Measures the impact that historical operations & decisions will have on future cash flows.
- Reports **overall financial health of the Nation**.

Non-Financial Assets

- Assets held and are used in program and service delivery, **but are not available to be used to service debt.**
- Examples: **Buildings, equipment, vehicles etc**.

Accumulated Surplus (Deficit)

- Accumulation of **surpluses or deficits over time.**

(Chartered Professional Accountants of Canada, 2025)

Statement of Financial Position (Balance Sheet)

(Name of Reporting Entity)
Consolidated Statement of Financial Position
as at March 31, 2X10
(in $000's)

	2X10	2X09
Financial assets		
Cash and cash equivalents	4,086	4,263
Accounts receivable	4,373	4,605
Business enterprises equity	2,122	1,273
Portfolio investments	331	207
Total financial assets	10,912	10,348
Liabilities		
Accounts payable and accrued liabilities	7,196	7,534
Long-term debt	9,363	9,796
Deferred revenue	1,703	1,841
Total liabilities	18,262	19,171
Net debt	**(7,350)**	**(8,823)**
Non-financial assets		
Tangible capital assets	7,218	7,215
Inventories of supplies	112	222
Prepaid assets	30	20
Total non-financial assets	7,360	7,457
Accumulated surplus/(deficit)	**10**	**(1,366)**

See accompanying notes to the consolidated financial statements.

(Chartered Accountants of Canada, 2008)

Statement of Operations (Income Statement)

Key Areas		
Revenues	Expenses	Surplus (Deficit)

Statement of Operations (Income Statement)

Revenues

- Increase in economic resources resulting from entity operations.
- Examples include: **ISC funding, interest earned, etc.**

Expenses

- Result from the entity performing its program & service delivery.
- A decrease in economic resources.
- Examples include: **salaries and benefits, amortization, supplies, advertising, etc.**

(Chartered Professional Accountants of Canada, 2025)

Statement of Operations (Income Statement)

- Calculated as revenues **LESS** expenditures.
- If revenues are **GREATER than expenses = surplus.**
- If revenues are **LESS than expenses = deficit.**

Surplus or (deficit)

(Chartered Professional Accountants of Canada, 2025)

Statement of Operations (Income Statement)

(Name of Reporting Entity)
Consolidated Statement of Operations
for the year ended March 31, 2X10
(in $000's)

	2X10 Budget	2X10 Actual	2X09 Actual
Revenues			
ISC	6,382	7,464	6,655
Income from business enterprises	2,642	2,659	3,848
Taxation	1,265	1,408	1,543
Rental/Leases	470	547	558
Tribal Council	345	341	330
Health Canada	660	770	705
Industry Canada	641	680	652
Province	581	651	669
User fees	427	485	465
Trust income	100	342	402
Investment income	409	610	747
Miscellaneous revenue	355	365	280
	14,277	16,322	16,854
Expenses			
Education	4,329	4,287	4,168
Health	1,541	1,626	1,457
Community infrastructure	1,706	1,856	1,740
Band government	1,654	1,701	1,709
Economic development	2,626	2,823	2,807
Social assistance	781	772	717
Social housing	1,051	1,127	1,060
Recreation	468	487	462
Land claim	93	267	183
	14,249	14,946	14,303
Annual surplus	28	1,376	2,551
Accumulated deficit at beginning of year	(1,366)	(1,366)	(3,917)
Accumulated surplus/(deficit) at end of year	**(1,338)**	**10**	**(1,366)**

See accompanying notes to the consolidated financial statements.

(Chartered Accountants of Canada, 2008)

Statement of Changes in Net Financial Assets (Debt)

- Explains the difference between the Nation's surplus for the year and the change in its net financial assets (debt) for the year.
- Often highlights items such as capital asset acquisitions, impacts of capital assets disposals, etc.
- Overall, Net Debt depicts the amount of future cash flows that will be needed to service current year debt.

Statement of Changes in Net Financial Assets (Debt)

(Name of Reporting Entity)
Consolidated Statement of Change in Net Debt
for the year ended March 31, 2X10
(in $000's)

	2X10 Budget	2X10 Actual	2X09 Actual
Annual surplus	28	1,376	2,551
Acquisition of tangible capital assets	(294)	(294)	(250)
Proceeds on sale of tangible capital assets	0	46	72
Amortization of tangible capital assets (depreciation)	226	226	230
(Gain)/loss on sale of tangible capital assets	0	(5)	(19)
Write-downs of tangible capital assets	0	24	44
	(68)	(3)	77
Acquisition of supplies inventories	0	0	(324)
Acquisition of prepaid asset	0	(30)	(20)
Use of supplies inventories	0	110	102
Use of prepaid asset	0	20	0
	0	100	(242)
(Increase)/decrease in net debt	(40)	1,473	2,386
Net debt at beginning of year	(8,823)	(8,823)	(11,209)
Net debt at end of year	**(8,863)**	**(7,350)**	**(8,823)**

See accompanying notes to the consolidated financial statements.

(Chartered Accountants of Canada, 2008)

Statement of Cash Flows

Reports on the **sources and uses of cash** during the year.

Statement of Cash Flows

(Name of Reporting Entity)
Consolidated Statement of Cash Flow
for the year ended March 31, 2X10
(in $000's)

	2X10	2X09
Operating transactions		
Annual Surplus	1,376	2,551
Non-cash items included in annual surplus/(deficit)	804	522
Prepaid expenses	(30)	(20)
Change in deferred revenue	(138)	16
Other	(893)	77
Cash provided by operating transactions	1,119	3,146
Capital transactions		
Acquisition of tangible capital assets	(294)	(250)
Sale of tangible capital assets	46	72
Cash applied to capital transactions	(248)	(178)
Investing transactions		
Proceeds from disposals and redemptions of portfolio investments	352	997
Portfolio investments	(594)	(2,089)
Other	(17)	(15)
Cash applied to investing transactions	(259)	(1,107)
Financing transactions		
Proceeds from long-term debt	3,970	3,694
Repayment of long-term debt	(4,759)	(6,175)
Cash applied to financing transactions	(789)	(2,481)
Decrease in cash and cash equivalents	**(177)**	**(620)**
Cash and cash equivalents at beginning of year	4,263	4,883
Cash and cash equivalents at end of year	**4,086**	**4,263**

See accompanying notes to the consolidated financial statements.

(Chartered Accountants of Canada, 2008)

Statement of Remeasurement Gains and Losses

This statement is required for governments holding investments, which have experienced unrealized gains and losses due to the following:

- **Changes in fair market value measurements;**
- **Portfolio investments quoted in an active market;**
- **Financial instruments designated as fair value; and**
- **Changes in foreign currency exchange rates.**

***Not all entities generate this statement, if such transactions are not relevant for it.**

(Chartered Professional Accountants of Canada, 2025)

Program Schedules

- Terms and conditions of ISC funding agreements tell us each program/activity, or ‘Q Code’, **should have a separate program schedule completed**.

- **This leads to A LOT of them!**

Program Schedules

- Each surplus or deficit that appears on the individual program schedules **must be read as independent statements**.

- **Each surplus or deficit does always not have the same 'implications' for each program/service.**

- Depending on the type of funding issued, **the surplus may be carried forward or subject to ISC claw back.**

Schedules of Remuneration

- Requirement of the ***First Nations Financial Transparency Act***.
- Two schedules require publishing:
  - One set is produced for **Chief and Council.**
  - The other set is produced for **Non-Elected Senior Officials (Senior Management).**
- Subject to a review engagement.

(CIRNAC, 2024)

CMHC Statements

– First Nations that participate in and receive funding through **CMHC Section 95 On-Reserve Non-Profit Housing Program have a specific set of required financial statements.**

– These report directly on the source and use of funding for **the construction, purchase and rehabilitation of affordable housing and rental housing on reserve.**

(CMHC, 2025)

As we wrap up…..

- We appreciate your time and attention throughout this workshop.
- Do you have any questions from today?

About the Capacity Development Workshops Survey

- Survey takes about 5 minutes to complete.
- Feedback is used to improve AFOA Canada programs, as well as inform service delivery and marketing efforts.
- Can be completed on a laptop, phone or tablet by clicking the link, scanning the QR code, or typing in the address on the next slide.

You will be asked to generate your own unique code in the survey:

- This keeps your information anonymous and allows AFOA Canada deeper insight into the quality and impact of our programs over time.

Instructions on creating your code:

- Put together:
- 1) The first two letters of the month you have your birthday. For example, April will be AP
- 2) The four last numbers of your phone number. For example, 2797
- In the example, the code is: AP2797

Course/Workshop Evaluation

https://www.surveymonkey.com/r/AFOA-Survey

Thank you

Meegwetch

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