Financial Statements of

ABORIGINAL MOTHERS CENTRE SOCIETY

Year ended March 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Aboriginal Mothers Centre Society

We have audited the accompanying statement of financial position of Aboriginal Mothers Centre Society (the "Society"), as at March 31, 2011 and the statements of operations and changes in net deficiency, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aboriginal Mothers Centre Society as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The financial statements of Aboriginal Mothers Centre Society as at and for the year ended March 31, 2010 are unaudited. Accordingly, we do not express an opinion on them.

Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

May 7, 2012
Vancouver, Canada

ABORIGINAL MOTHERS CENTRE SOCIETY

Statement of Financial Position

March 31, 2011, with comparative information for 2010

		2011		2010 (Unaudited)
Assets				
Current assets:				
Cash	$	47,661	$	8,163
Accounts receivable		23,964		14,682
		71,625		22,845
Capital assets (note 2)		129,323		-
	$	200,948	$	22,845
Liabilities and Net Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	201,362	$	175,130
Due to related parties (note 5)		2,000		2,000
		203,362		177,130
Net deficiency:				
Unrestricted		(131,737)		(154,285)
Net assets invested in capital assets		129,323		-
		(2,414)		(154,285)
	$	200,948	$	22,845

See accompanying notes to financial statements.

Approved on behalf of the Board:

Michelle F. Director

Marjorie L. Director

ABORIGINAL MOTHERS CENTRE SOCIETY

Statement of Operations and Changes in Net Deficiency

Year ended March 31, 2011, with comparative information for 2010

		2011		2010
				(Unaudited)
Grants and donations	$	261,667	$	5,726
Expenses:				
Administrative fees		91,595		45,798
Program expenses (note 6)		18,201		22,963
		109,796		68,761
Excess (deficiency) of revenues over expenses		151,871		(63,035)
Deficiency, beginning of year		(154,285)		(91,250)
Net deficiency, end of year	$	(2,414)	$	(154,285)

See accompanying notes to financial statements.

ABORIGINAL MOTHERS CENTRE SOCIETY
Statement of Cash Flows

Year ended March 31, 2011, with comparative information for 2010

		2011		2010 (Unaudited)
Cash provided by (used in):				
Operations:				
Excess (deficiency) of revenue over expenditures	$	151,871	$	(63,035)
Items not involving cash:				
Contributed capital assets		(129,323)		-
Changes in non-cash operating working capital:				
Accounts receivable		(9,282)		(1,122)
Accounts payable and accrued liabilities		26,232		68,679
		39,498		4,522
Increase in cash		39,498		4,522
Cash, beginning of year		8,163		3,641
Cash, end of year	$	47,661	$	8,163

See accompanying notes to financial statements.

Purpose of the organization:

Aboriginal Mothers Centre Society (the "Society") was incorporated under the Society Act (British Columbia) as a not-for-profit organization. The purpose of the Society is to provide and foster programs of a social, cultural, education, recreational, and economic nature to Aboriginal women and their families. The Society is a charitable organization registered under the Income Tax Act (Canada), and as such is exempt from income taxes and is authorized to issue donation receipts for income tax purposes.

The Society's main source of revenue is derived from funding received from federal, provincial, and municipal governments for the purpose of conducting programs and activities pursuant to its mandate as outlined above. Therefore, its ability to conduct programs and activities relevant to its mandate in the future is dependant on the Society being able to continue to receive necessary funding from the various levels of government.

1. **Significant accounting policies:**

   (a) Basis of presentation:

   These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP").

   (b) Revenue recognition:

   The Society follows the deferral method of accounting for contributions which include donations and grants.

   Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured.

   Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

ABORIGINAL MOTHERS CENTRE SOCIETY

1. Significant accounting policies (continued):

(c) Capital assets:

Assets are recorded at cost. Amortization is provided over the estimated useful life using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%

The Society assesses the carrying amount of long-lived assets initially based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices when available, otherwise on the discounted cash flows over the life of the asset. The assets are not amortized during the year as the assets are not in use.

(d) Contributed services and assets:

Volunteers contributed an indeterminate number of hours to assist the Society in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributions of assets, supplies, and services that would otherwise have been purchased are recorded at fair value at the date of contribution provided a fair value can be reasonably determined.

(e) Financial instruments:

The Society's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties.

The Society's financial instruments are classified as follows:

- Cash is classified as held-for-trading;
- Accounts receivable is classified as loans and receivables;
- Accounts payable and accrued liabilities are classified as other financial liabilities; and
- Due to related parties are classified as other financial liabilities.

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in the Statement of Operations and Changes in Net Deficiency. Loans and receivables and financial liabilities classified as other financial liabilities are initially recorded at fair value and subsequently measured at amortized cost.

Cash is recorded at fair value. Accounts receivable, accounts payable and accrued liabilities, and due to related parties are initially recorded at fair value and subsequently measured at amortized cost.

The Society has elected not to adopt CICA Handbook Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation", and instead has continued to disclose its financial instruments as required under Section 3861 - "Financial Instruments - Disclosure and Presentation".

The Society has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk and liquidity risk.

It is management's opinion that the Society is not exposed to significant interest, currency, liquidity, or credit risks arising from these financial instruments.

(f) Future accounting pronouncements:

Changes in accounting framework:

In December 2010 the CICA in conjunction with the Accounting Standards Board ("AcSB") issued *Part III - Accounting Standards for Not-for-Profit Organizations* ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Society has the option to apply International Financial Reporting Standards ("IFRS") or the newly approved accounting standards for Not-for-Profit Organizations. The Society is evaluating the impact of adopting the new standards for not-for-profit organizations.

2. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
				(Unaudited)
Furniture and fixtures	$ 129,323	$ -	$ 129,323	$ -

3. Fair value of financial instruments:

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the relatively short periods to maturity of these items. The Society is not exposed to significant interest or credit risks arising from these financial instruments.

4. Capital disclosures:

The Society receives its principal source of capital through grant funding and donations. The Society defines capital to be net assets. There are no restrictions on the Society's capital.

5. Due to related parties:

Included in due to related parties is an amount of $2,000 (2010 - $2,000) due to a member of the Board of Directors of the Society, is non-interest bearing, unsecured, and has no specific repayment terms.

6. Program expenses:

There are four different programs in operation during the year which include:

Community kitchen program - the main objective of this program is to provide food services to the other programs provided by the Society and to provide on the job training.

Daycare program - the main objective of this program is to provide a safe an accessible childcare facility that has culturally appropriate programming and services. The daycare program is fully in operation subsequent to the year end, as of November 1, 2011.

Social entrepreneurship program - the main objective of this program is to create entry level jobs for mothers in need through the production of high quality sewn products such as handbags and tote bags and high quality machine knitted scarves and mittens.

Transformative housing program - the main objective of this program is to provide temporary housing to pregnant or early parenting mothers who are at risk of homelessness or require child welfare intervention.

For the year ended March 31, 2011, the following expenses are incurred by the various programs:

Community kitchen program	$	10,018
Daycare program		1,517
Social entrepreneurship program		4,858
Transformative housing program		1,808
Total program expenses	$	18,201

7. Subsequent event:

On June 1, 2011, the Society entered into a lease agreement with Lu'ma Native BCH Housing Society for a lease occupying the Society's new office space and program centre. The terms of the lease call for rent payable of $1 for each of the first two years, and rent payable at market rates thereafter which are not yet readily determinable.