

**Lubicon Lake Band  
Consolidated Financial Statements  
March 31, 2017**

# **Lubicon Lake Band**

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## **Lubicon Lake Band**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of the **Lubicon Lake Band** are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Lubicon Lake Band maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

Original signed by \_\_\_\_\_ Chief

Original signed by \_\_\_\_\_ Councilor

**DOYLE & COMPANY**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

To the Chief and Council

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the **Lubicon Lake Band**, which comprise the statement of financial position as at March 31, 2017 and the statements of activities, change in net financial assets and cash flows, change in accumulated surplus, tangible capital assets, financial activities by program and expenditures by object for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the consolidated 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 consolidated financial statements.

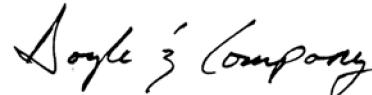
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Lubicon Lake Band as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

July 26, 2017

Edmonton, Alberta



Chartered Professional Accountants

**Lubicon Lake Band**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2017**

	<b>2017</b> \$	<b>2016</b> \$
<b>FINANCIAL ASSETS</b>		
Cash	<b>54,840</b>	57,263
Restricted cash (Note 3)	<b>256,363</b>	773,045
Investments (Note 2)	<b>150,000</b>	-
Accounts receivable (Note 4)	<b>927,337</b>	642,065
Investment in First Nation controlled entities (Note 5)	<b>83,321</b>	271,574
	<b>1,471,861</b>	1,743,947
<b>LIABILITIES</b>		
Accounts payable (Note 6)	<b>99,250</b>	225,288
Deferred contributions (Note 7)	<b>1,228,759</b>	510,902
Promissory note (Note 8)	<b>1,228,697</b>	500,000
	<b>2,556,706</b>	1,236,190
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(1,084,845)</b>	507,757
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	<b>8,532,743</b>	9,046,564
Prepaid expenses	<b>35,328</b>	45,346
	<b>8,568,071</b>	9,091,910
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 12)</b>	<b>7,483,226</b>	9,599,667

**Approved by the First Nation:**

\_\_\_\_\_  
Original signed by \_\_\_\_\_ Chief

\_\_\_\_\_  
Original signed by \_\_\_\_\_ Councillor

**Lubicon Lake Band**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2017**

	2017 Budget \$	2017 Actual \$	2016 Actual \$
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	2,514,199	2,555,581	2,264,076
Trust Funds - Revenue	500,000	500,000	-
Alberta Government Grant	459,500	549,500	582,269
First Nations Development Fund	-	466,373	453,788
Health Canada	628,391	655,911	686,014
Human Resource Development Canada	90,735	90,735	84,912
Other revenue	778,178	785,013	631,800
Revenue deferred from previous period	263,106	510,902	594,095
Revenue deferred to subsequent period	-	(1,228,759)	(510,902)
	<b>5,234,109</b>	<b>4,885,256</b>	<b>4,786,052</b>
<b>EXPENDITURES</b>			
Administration and Governance	1,310,171	1,383,480	1,196,898
Alberta Government Programs	383,840	385,806	300,647
Aboriginal Skills Employment & Training	90,751	90,739	84,912
Consultation	135,500	150,896	153,653
Economic Development	55,434	79,519	91,898
Education	242,900	238,398	122,233
First Nations Development Fund	-	467,922	366,025
Health	823,133	694,443	763,629
Housing	365,000	375,100	373,184
Integrated Employment Training Program	262,500	205,587	142,270
Professional and Institutional Development Program	-	-	37,450
Public Works	463,913	439,167	486,515
Social Services	1,066,127	946,084	986,469
	<b>5,199,269</b>	<b>5,457,141</b>	<b>5,105,783</b>
<b>Excess of Revenue Over Expenditures</b>			
<b>- Before Other Revenue (Expenditures)</b>	<b>34,840</b>	<b>(571,885)</b>	<b>(319,731)</b>
<b>Other Revenue (Expenditures)</b>			
Capital funding			
Alberta Government	-	-	3,515,000
Amortization	-	(546,719)	(418,420)
	<b>-</b>	<b>(546,719)</b>	<b>3,096,580</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>34,840</b>	<b>(1,118,604)</b>	<b>2,776,849</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31, 2017**

	<b>2017</b> \$	<b>2016</b> \$
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>(1,616,441)</b>	<b>2,787,546</b>
Acquisition of tangible capital assets	(32,898)	(3,600,127)
Amortization of tangible capital assets	546,719	418,419
Decrease of trust funds	(500,000)	-
	<b>13,821</b>	<b>(3,181,708)</b>
Acquisition of prepaid assets	(35,328)	(45,346)
Use of prepaid assets	45,346	-
	<b>10,018</b>	<b>(45,346)</b>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(1,592,602)</b>	<b>(439,508)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>507,757</b>	<b>947,265</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>(1,084,845)</b>	<b>507,757</b>

**Lubicon Lake Band**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from funding agencies and other income	4,599,984	8,130,886
Cash paid to suppliers and employees	(5,336,459)	(5,902,915)
	<b>(736,475)</b>	<b>2,227,971</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long-term liabilities	728,697	500,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments	(150,000)	-
Decrease in investment in First Nation controlled entities	188,253	333,492
Tangible capital assets acquired	(32,898)	(3,600,127)
	<b>5,355</b>	<b>(3,266,635)</b>
<b>DECREASE IN CASH DURING THE YEAR</b>	<b>(2,423)</b>	<b>(538,664)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>57,263</b>	<b>595,927</b>
<b>CASH, END OF YEAR</b>	<b>54,840</b>	<b>57,263</b>

**Lubicon Lake Band**  
**Consolidated Statement of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2017**

	<b>Unrestricted Surplus</b> \$	<b>Equity in Tangible Capital Assets</b> \$	<b>Equity in Enterprise Fund</b> \$	<b>Equity in Trust Funds</b> \$	<b>2017</b> \$	<b>2016</b> \$
<b>Balance, Beginning of Year</b>	<b>(352,328)</b>	<b>9,046,564</b>	<b>271,574</b>	<b>633,857</b>	<b>9,599,667</b>	<b>6,812,121</b>
Excess of revenue over expenses	(1,118,604)	-	(509,588)	11,751	(1,616,441)	2,787,546
Restricted funds used for operations	-	-	-	(500,000)	(500,000)	-
Current years funds used for subsidiaries advances	(321,335)	-	321,335	-	-	-
Current years funds used for tangible capital assets	(32,898)	32,898	-	-	-	-
Annual amortization expense	546,719	(546,719)	-	-	-	-
Change in accumulated surplus	(926,118)	(513,821)	(188,253)	(488,249)	(2,116,441)	2,787,546
<b>Balance, End of Year</b>	<b>(1,278,446)</b>	<b>8,532,743</b>	<b>83,321</b>	<b>145,608</b>	<b>7,483,226</b>	<b>9,599,667</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Tangible Capital Assets - Schedule 2**  
**For the year ended March 31, 2017**

	Automotive	Buildings & Infrastructure	Housing	Furniture & Equipment	2017	2016
	\$	\$	\$	\$	\$	\$
<b>COST:</b>						
Balance, Beginning of Year	659,627	1,711,967	7,476,329	14,829	9,862,752	6,262,625
Acquisition of tangible capital assets	-	-	-	32,898	32,898	3,600,127
Balance, End of Year	<b>659,627</b>	<b>1,711,967</b>	<b>7,476,329</b>	<b>47,727</b>	<b>9,895,650</b>	<b>9,862,752</b>
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, Beginning of Year	328,870	162,386	316,417	8,515	816,188	397,769
Annual amortization	172,932	68,479	299,053	6,255	546,719	418,419
Balance, End of Year	<b>501,802</b>	<b>230,865</b>	<b>615,470</b>	<b>14,770</b>	<b>1,362,907</b>	<b>816,188</b>
<b>NET BOOK VALUE</b>	<b>157,825</b>	<b>1,481,102</b>	<b>6,860,859</b>	<b>32,957</b>	<b>8,532,743</b>	<b>9,046,564</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Financial Activities by Program - Schedule 3**  
**For the year ended March 31, 2017**

	INAC Revenue \$	Other Revenue \$	2017 Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$	2016 Surplus (Deficit) \$
Administration and Governance	499,741	685,704	1,185,445	1,383,480	(198,035)	(120,818)
Alberta Government Programs	-	384,940	384,940	385,806	(866)	-
Aboriginal Skills Employment & Training Services	-	90,735	90,735	90,739	(4)	-
Consultation	-	145,400	145,400	150,896	(5,496)	(19,384)
Economic Development	55,434	-	55,434	79,519	(24,085)	(36,465)
Education	219,447	67,980	287,427	238,398	49,029	-
First Nation Development Fund	-	467,915	467,915	467,922	(7)	(1,526)
Health Services	-	691,414	691,414	694,443	(3,029)	56,971
Housing	350,100	(35,000)	315,100	375,100	(60,000)	3,435,816
Integrated Employment Training Program	-	205,587	205,587	205,587	-	(2,387)
Public Works	504,427	(375,000)	129,427	439,167	(309,740)	(66,831)
Social Services	926,432	-	926,432	946,084	(19,652)	(50,107)
	<b>2,555,581</b>	<b>2,329,675</b>	<b>4,885,256</b>	<b>5,457,141</b>	<b>(571,885)</b>	<b>3,195,269</b>

The accompanying notes form part of these financial statements.

**Lubicon Lake Band**  
**Consolidated Statement of Expenditures by Object - Schedule 4**  
**For the year ended March 31, 2017**

	<b>2017</b> \$	<b>2016</b> \$
<b>EXPENDITURES</b>		
Advertising	10,567	10,548
Bank charges	8,271	7,833
Contractors	432,364	203,439
Community special events	182,165	110,000
Equipment	143,354	1,640
Honorarium	3,200	-
Insurance	50,532	34,843
Material and supplies	335,447	190,447
Meeting costs	14,255	141,055
Office	40,911	51,760
Professional fees	584,003	812,374
Propane	-	110,066
Program expense	994,276	1,096,967
Rent	66,785	19,987
Repairs and maintenance	68,512	76,080
Training	144,068	88,815
Travel	382,285	267,160
Telephone and utilities	437,931	308,209
Wages and employee benefits	1,558,215	1,574,564
<b>TOTAL EXPENDITURES</b>	<b>5,457,141</b>	<b>5,105,783</b>

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**NATURE OF OPERATIONS**

Lubicon Lake Band provides local government, education and social development services to its members and was established under the Indian Act (Canada)

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements include the assets, liabilities, and results of operations of Lubicon Lake Band (the "Band") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of Band members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

**(a) Fund Accounting**

The Lubicon Lake Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Lubicon Lake Band maintains the following funds:

- The Operating Fund which reports the general activities of the Band Administration.
- The Tangible Capital Assets Fund which reports the capital assets of the Band, together with their related financing.
- The Trust Fund which reports on trust funds owned by the Band and held by third parties.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of one year or less.

**(c) Investment in Controlled Entities**

Investments in wholly-owned incorporated subsidiaries of Lubicon Lake Band are accounted for by the equity method. The equity method initially records the investment at cost and the carrying value thereafter is adjusted for the investor's pro-rata share of post acquisition earnings or losses of the subsidiary. Lubicon Lake Band owns the following subsidiary:

- 1769919 Alberta Ltd.
- Lubicon Lake Forestry

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(d) Revenue Recognition**

Government transfers and grant revenue are recognized as the Band becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

**(e) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

	Rate
Automotive	30%
Buildings and infrastructure	4%
Furniture and equipment	20%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**(f) Trust Funds**

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Band trust funds are included as revenue in these statements only to the extent they have been received from the Band's trust funds. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(g) Financial Instruments**

The Band's financial instruments consist of cash, accounts receivable, investments, trust funds, accounts payable, deferred revenue and long-term liabilities. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant market, currency or interest risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Credit Risk**

The Band is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

**(h) Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. INVESTMENTS**

Investments consist of a guaranteed investment certificate. This GIC mature on March 30, 2018 and earn interest annually at rate of \$0.65%.

**3. RESTRICTED CASH**

	<b>2017</b>	<b>2016</b>
	\$	\$
Trust Funds		
Band Capital	29,392	29,392
Band Revenue	116,216	604,465
First Nation Development Fund	110,755	139,188
	<b>256,363</b>	<b>773,045</b>

**4. ACCOUNTS RECEIVABLE**

	<b>2017</b>	<b>2016</b>
	\$	\$
Kee Tee Kee Now Tribal Council	733,267	368,268
First Nation Development Fund	123,405	114,956
Alberta Government grant	30,250	99,871
Aboriginal Skills Employment & Training Services	25,993	35,640
Other	14,422	23,330
	<b>927,337</b>	<b>642,065</b>

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**5. INVESTMENTS IN BAND CONTROLLED ENTITIES**

	<b>2017</b> \$	<b>2016</b> \$
<b>1769919 Alberta Ltd. (Venture) - 100% interest</b>		
Shares	100	100
Advances	597,898	276,563
Accumulated surplus in earnings	(499,619)	(5,089)
	<b>98,379</b>	271,574
<b>Lubicon Lake Forestry - 100% interest</b>		
Shares	100	-
Accumulated surplus in earnings	(15,158)	-
	<b>(15,058)</b>	-
Total investment in controlled entities	<b>83,321</b>	271,574

Unaudited financial information for each of the entities for their respective March 31, 2017 years ended are as follows:

	<b>Assets</b> \$	<b>Liabilities</b> \$	<b>Revenues</b> \$	<b>Net Earnings (Loss)</b> \$
1769919 Alberta Ltd.	<b>618,102</b>	<b>1,117,618</b>	<b>1,844,345</b>	<b>(494,527)</b>
Lubicon Lake Forestry	-	15,158	-	(15,158)

**6. ACCOUNTS PAYABLE**

	<b>2017</b> \$	<b>2016</b> \$
Trade	85,085	222,911
GST payable	4,861	-
Canada Revenue Agency - source deductions	9,304	2,377
	<b>99,250</b>	225,288

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**7. DEFERRED CONTRIBUTIONS**

	<b>2017</b>	<b>2016</b>
	\$	\$
Kee Tee Kee Now Tribal Council	<b>478,105</b>	-
Health Canada	<b>39,681</b>	25,496
First Nation Development Funds	<b>236,251</b>	247,794
Alberta Government grants		
MNP Housing	<b>144,871</b>	-
Community Prospectus	<b>22,000</b>	-
Traditional use study	<b>66,902</b>	-
Integrated employment training program	<b>240,949</b>	137,270
Career and employment counsellor	-	35,172
Trades coordinator	-	39,142
Graduation coach	-	26,028
	<b>1,228,759</b>	510,902

**8. PROMISSORY NOTE**

The promissory note due to Indigenous and Northern Affairs Canada is \$1,228,697 (2016 - \$500,000) and is repayable on the earlier of March 31, 2018 or the date on which the claim is settled. The promissory note is interest free unless the First Nation defaults or the loan reaches maturity.

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2017</b>	<b>2016</b>
	\$	\$
Tangible capital assets (Schedule 2)	<b>9,895,650</b>	9,862,752
Accumulated amortization (Schedule 2)	<b>(1,362,907)</b>	(816,188)
	<b>8,532,743</b>	9,046,564

**10. EQUITY IN ENTERPRISE FUND**

	<b>2017</b>	<b>2016</b>
	\$	\$
Balance, beginning of year	<b>271,574</b>	105,066
Surplus (deficit) from subsidiary companies	<b>(509,588)</b>	(2,470)
Advances to controlled entities	<b>321,335</b>	168,978
Balance, end of year	<b>83,321</b>	271,574

**Lubicon Lake Band**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2017**

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**11. EQUITY IN TRUST FUND**

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	29,392	604,465	633,857
Earnings	-	11,751	11,751
	<b>29,392</b>	<b>616,216</b>	<b>645,608</b>

BCR NUMBER	DATES RELEASED	FUND EXPENDITURE	
63-6-9-2016	2017/03/01	Operational Budget	-
			<b>500,000</b>
			<b>500,000</b>
		Balance, end of year	<b>29,392</b>
			<b>116,216</b>
			<b>145,608</b>

**12. ACCUMULATED SURPLUS**

	2017 \$	2016 \$
Unrestricted surplus	(1,278,446)	(352,328)
Equity in tangible capital assets	8,532,743	9,046,564
Equity in enterprise fund	83,321	271,574
Equity in trust funds	<b>145,608</b>	633,857
	<b>7,483,226</b>	<b>9,599,667</b>

**13. LEASE COMMITMENTS**

- (a) The office lease with Williams Scotsman Canada is for five years commencing September 1, 2016 and requires monthly payments \$4,500.
- (b) The 5000 gallon water tank lease with Williams Scotsman Canada is for five years commencing September 1, 2016 and requires monthly payments \$3,100.