

Peters Indian Band
Financial Statements
March 31, 2016

Peters Indian Band

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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Peters Indian Band:

The accompanying financial statements of Peters Indian Band are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Peters Indian Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Band's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

November 22, 2016

<u>Signed by Norma J. Peters</u>	Chief	<u>Signed by Victoria Peters</u>	Councillor
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Independent Auditors' Report

To the Members of Peters Indian Band:

We have audited the accompanying financial statements of Peters Indian Band, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year ended then ended, and 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 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.

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 the auditors' 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, the auditor considers 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 qualified audit opinion.

Basis for Qualified Opinion

Beginning January 1, 2009, Canadian Public Sector Accounting Standards require that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year.

The financial statements do not include complete budgeted information. The exclusion of such information is a departure from Canadian Public Sector Accounting Standards as the comparison of budgeted to actual results is a significant measurement of performance.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Peters Indian Band as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year ended then ended in accordance with Canadian public sector accounting standards.

Chilliwack, British Columbia

November 22, 2016

MNP LLP

Chartered Professional Accountants

Peters Indian Band
Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash	1,017,205	321,030
Accounts receivable (Note 3)	1,625	197,803
Funds held in trust (Note 4)	129,678	126,697
	1,148,508	645,530
Liabilities		
Accounts payable and accruals (Note 5)	519,339	120,773
Net financial assets	629,169	524,757
Non-financial assets		
Tangible capital assets (Schedule 1)	157,491	165,897
Prepaid expenses	12,131	7,618
Total non-financial assets	169,622	173,515
Accumulated surplus (Note 6)	798,791	698,272
Approved on behalf of the Chief and Council		
<u>Signed by Norma J. Peters</u>	Chief	<u>Signed by Victoria Peters</u> Councillor

Peters Indian Band
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	2016	2015
<hr/>			
Revenue			
Indigenous and Northern Affairs Canada		265,600	284,626
First Nation Health Authority		162,263	140,779
Kinder Morgan		2,586,420	606,000
Province of BC		66,326	83,445
Forestry revenue		37,460	-
BC Hydro		14,820	14,820
Ottawa trust distributions		2,981	3,335
Interest income		1,306	-
First nation tax commission		-	10,000
Funding recoveries		(1,014)	(1,772)
		3,136,162	1,141,233
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Expenses			
Administration	3	2,689,241	440,822
Social Assistance	4	58,499	63,337
Health	5	167,964	134,458
Education	6	47,207	68,753
Maintenance	7	64,326	57,986
Other	8	8,406	8,861
		3,035,643	774,217
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Surplus		100,519	367,016
Accumulated surplus, beginning of year		698,272	331,256
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Accumulated surplus, end of year		798,791	698,272
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Peters Indian Band
Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016	2015
Surplus	100,519	367,016
Amortization of tangible capital assets	8,406	8,861
Acquisition of prepaid expenses	(12,131)	(7,618)
Use of prepaid expenses	7,618	3,227
Increase in net financial assets	104,412	371,486
Net financial assets, beginning of year	524,757	153,271
Net financial assets, end of year	629,169	524,757

Peters Indian Band
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus	100,519	367,016
Non-cash items		
Amortization	8,406	8,861
	108,925	375,877
Changes in working capital accounts		
Accounts receivable	196,178	(104,355)
Prepaid expenses	(4,513)	(4,391)
Accounts payable and accruals	398,566	45,534
Funds held in trust	(2,981)	(3,334)
Increase in cash resources	696,175	309,331
Cash resources, beginning of year	321,030	11,699
Cash resources, end of year	1,017,205	321,030

1. Operations

The Peters Indian Band (the "Band") is located in the province of British Columbia, and provides various services to its members. Peters Indian Band includes the Band's government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for all tangible capital assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	5 %
Arts and crafts centre	declining balance	5 %
Street lighting	declining balance	5 %
Playground	declining balance	10 %
Graveyard	declining balance	10 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Band members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Band tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Band determines that a long-lived asset no longer has any long-term service potential to the Band, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

2. Significant accounting policies *(Continued from previous page)*

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The Band's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The Band recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Other revenue is recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Segments

The Band conducts its business through six reportable segments: Administration, Social Assistance, Health, Education, Maintenance and Other. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Peters Indian Band
Notes to the Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies (Continued from previous page)

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Band is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the Band reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Band continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2016, management has determined that no liability is required to be recorded.

3. Accounts receivable

Accounts receivable include loans to Band members in the amount of \$1,550, (2015 - \$6,450).

4. Funds held in Ottawa Trust accounts

Capital and revenue trust monies are transferred to the Band on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Band's Council.

	2016	2015
Capital Trust		
Balance	87,243	87,243
Revenue Trust		
Balance, beginning of year	39,454	36,119
Interest	2,615	2,980
BC Special Distribution	366	355
Balance, end of year	42,435	39,454
	129,678	126,697

5. Accounts payable and accruals

Included in accounts payable and accruals are government remittances payable of \$3,838 (2015 - \$1,608), and INAC recovery accruals of \$4,201 (2015 - \$8,568).

6. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Operating surplus	511,622	405,678
Equity in Ottawa Trust Funds	129,678	126,697
Equity in tangible capital assets	157,491	165,897
	798,791	698,272

7. Segments

Peters Indian Band
Notes to the Financial Statements
For the year ended March 31, 2016

The Peters Indian Band receives revenues and incurs expenses from various projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by segments. Schedules 3 to 8 disclose the Band's revenues and expenses in the following segments:

Administration

Includes general operations, support and financial management of the Band.

Social Assistance

Includes revenues and expenses relating to the social assistance of the members of the Band.

Health

Includes revenues and expenses relating to maintaining the health of the members of the Band.

Education

Includes revenues and expenses related to primary, secondary and post secondary education of the members of the Band.

Maintenance

Includes revenues and expenditures related to ongoing community maintenance.

Other

Includes revenues and expenses related to the Ottawa Trust fund and equity in capital assets.

8. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Band's actual revenue and expenses. Complete budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

9. Economic dependence

Peters Indian Band receives substantially all of its revenue from Indigenous and Northern Affairs Canada ("INAC") and First Nation Health Authority ("FNHA") as a result of agreements entered into with the Government of Canada. These agreements are administered by INAC and FNHA under the terms and conditions of the *Indian Act*. The ability of the Band to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

Peters Indian Band
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Buildings</i>	<i>Arts and Crafts Centre</i>	<i>Street Lighting</i>	<i>Playground</i>	<i>Graveyard</i>	<i>2016</i>	<i>2015</i>
Cost							
Balance, beginning of year	225,670	9,118	6,291	13,035	2,500	256,614	256,614
Balance, end of year	225,670	9,118	6,291	13,035	2,500	256,614	256,614
Accumulated amortization							
Balance, beginning of year	65,054	7,304	5,040	11,176	2,143	90,717	81,856
Annual amortization	8,030	91	63	186	36	8,406	8,861
Balance, end of year	73,084	7,395	5,103	11,362	2,179	99,123	90,717
Net book value of tangible capital assets	152,586	1,723	1,188	1,673	321	157,491	165,897
2015 Net book value of tangible capital assets	160,615	1,814	1,251	1,859	358	165,897	

Peters Indian Band
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016	2015
Consolidated expenses by object		
Amortization	8,406	8,861
Bank charges and interest	644	169
Basic needs and shelter	10,132	12,513
Communicable disease control	18,402	-
Community events	2,100	4,475
Consulting and contracting	193,810	169,386
Family assistance	38,674	14,389
Family violence	1,200	1,720
Furniture and equipment	-	600
Health crisis expenses	21,956	-
Health planning management	34,300	28,500
Health wellness	67,263	52,676
Healthy child development	1,467	2,070
Healthy living	15,840	15,718
Homemakers wages	1,200	3,900
Infrastructure support	1,821	-
Insurance	3,469	3,397
Materials and supplies	8,569	18,939
Member distributions	1,932,400	14,800
Municipal services	21,483	8,080
NNADAP	45,304	31,840
National child benefit	20,973	21,519
Office, telephone, internet, utilities	40,096	23,709
Post secondary education	36,599	62,841
Professional fees	115,701	24,925
Rent	4,400	3,156
Repairs and maintenance	54,271	32,552
Salaries and benefits	104,619	108,262
Solvent abuse	-	1,600
Special needs	3,200	3,069
Student supplies	5,295	3,412
Supplemental health benefit	769	334
Travel	900	1,900
Travel, meetings and workshops	243,374	117,841
Inter-segmental allocation of administration costs	(22,994)	(22,936)
	3,035,643	774,217

**Peters Indian Band
Administration**

Schedule 3 - Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	107,308	108,791
First Nation Health Authority crisis funding	7,500	-
Kinder Morgan	2,586,420	606,000
Province of BC	66,326	83,445
Forestry revenue	37,460	-
BC Hydro	14,820	14,820
Interest income	1,306	-
First Nation Tax Commission	-	10,000
	2,821,140	823,056
Expenses		
Bank charges and interest	644	169
Community donations	18,402	-
Community events	2,100	4,475
Consulting and contracting	193,810	169,386
Family assistance	38,674	14,389
Funeral expense	-	600
Health crisis expenses	21,956	-
Insurance	3,469	3,397
Inter-segmental allocation of administration costs	(27,407)	(22,936)
Member distributions	1,932,400	14,800
Office, telephone, internet, utilities	40,096	23,709
Professional fees	115,701	24,925
Rent	1,500	2,306
Repairs and maintenance	22,897	2,435
Salaries and benefits	81,625	85,326
Travel, meetings and workshops	243,374	117,841
	2,689,241	440,822
Surplus before transfers	131,899	382,234
Transfers between segments	(5,445)	-
Surplus	126,454	382,234
Accumulated surplus, beginning of year	467,913	85,679
Accumulated surplus, end of year	594,367	467,913

Peters Indian Band
Social Assistance

Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	63,788	62,760
Funding recoveries	(203)	(1,772)
	63,585	60,988
Expenses		
Basic needs and shelter	10,132	11,913
Homemakers wages	1,200	3,900
National child benefit	20,973	21,519
Salaries and benefits	22,994	22,936
Special needs	3,200	3,069
	58,499	63,337
Surplus (deficit) before transfers	5,086	(2,349)
Transfers between segments	564	-
Surplus (deficit)	5,650	(2,349)
Accumulated deficit, beginning of year	(3,710)	(1,361)
Accumulated surplus (deficit), end of year	1,940	(3,710)

**Peters Indian Band
Health**

Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus

For the year ended March 31, 2016

	2016	2015
Revenue		
First Nation Health Authority	154,763	140,779
Indigenous and Northern Affairs Canada	1,555	1,404
	156,318	142,183
Expenses		
Family violence	1,200	1,720
Health planning management	34,300	28,500
Health wellness	67,263	52,676
Healthy child development	1,467	2,070
Healthy living	15,840	15,718
Infrastructure support	1,821	-
Medical travel	769	334
NNADAP	45,304	31,840
Solvent abuse	-	1,600
	167,964	134,458
Surplus (deficit) before transfers	(11,646)	7,725
Transfers between segments	3,960	-
Surplus (deficit)	(7,686)	7,725
Accumulated surplus, beginning of year	7,725	-
Accumulated surplus, end of year	39	7,725

Peters Indian Band
Education

Schedule 6 - Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	48,735	67,655
Expenses		
Administration	4,413	-
Furniture and equipment	-	600
Post secondary education	36,599	62,841
Student supplies	5,295	3,412
Travel	900	1,900
	47,207	68,753
Surplus (deficit) before transfers	1,528	(1,098)
Transfers between segments	921	-
Surplus (deficit)	2,449	(1,098)
Accumulated deficit, beginning of year	(1,099)	(1)
Accumulated deficit, end of year	1,350	(1,099)

Peters Indian Band
Maintenance

Schedule 7 - Schedule of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	44,214	44,016
Expenses		
Materials and supplies	8,569	18,939
Municipal services	21,483	8,080
Rent	2,900	850
Repairs and maintenance	31,374	30,117
	64,326	57,986
Deficit	(20,112)	(13,970)
Accumulated deficit, beginning of year	(68,474)	(54,504)
Accumulated deficit, end of year	(88,586)	(68,474)

Peters Indian Band
Other

Schedule 8 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
Ottawa trust distributions	2,981	3,335
Expenses		
Amortization	8,406	8,861
Deficit	(5,425)	(5,526)
Accumulated surplus, beginning of year	295,918	301,444
Accumulated surplus, end of year	290,493	295,918