

**Peters First Nation
Financial Statements**

For the year ended March 31, 2019

Peters First Nation

Contents

For the year ended March 31, 2019

	Page
Management's Responsibility	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Accumulated Surplus.....	2
Statement of Changes in Net Financial Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5
Schedule 1 - Schedule of Tangible Capital Assets.....	11
Schedule 2 - Segmented Information.....	12

Management's Responsibility

To the Members of Peters First Nation:

The accompanying financial statements of Peters First Nation 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 First Nation 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 Nation's external auditors.

MNP LLP an independent firm of Chartered Professional Accountants, 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.

Original Signed by: Chief Norma Webb

Chief

Original Signed by: Victoria Peters

Councilor

To the Members of Peters First Nation:

Opinion

We have audited the financial statements of Peters First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Peters First Nation as at March 31, 2019 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter - Amended Note

We draw attention to Note 13 to the financial statements, which describes that the financial statement Note 5 we originally reported on August 26, 2020 has been amended and describes the matter that gave rise to the amendment. Our opinion is not modified in respect of this matter.

Basis for Qualified Opinion

The consolidated financial statements do not include 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

August 26, 2020, except as to Note 13, which is as of December 22,
2020

MNP LLP

Chartered Professional Accountants

MNP

Peters First Nation
Statement of Financial Position
As at March 31, 2019

	2019	2018 (Restated)
Financial assets		
Cash	1,209,466	989,545
Accounts receivable	651,313	63,876
Portfolio investments (Note 3)	40,000	20,000
Funds held in trust (Note 4)	303,729	148,892
	2,204,508	1,222,313
Liabilities		
Accounts payable and accruals	886,199	423,167
Net financial assets	1,318,309	799,146
Contingencies (Note 5)		
Subsequent events (Note 6)		
Non-financial assets		
Tangible capital assets (Note 12) (Schedule 1)	734,720	744,685
Prepaid expenses	25,276	11,783
Total non-financial assets	759,996	756,468
Accumulated surplus (Note 7)	2,078,305	1,555,614

Approved on behalf of the Chief and Council

Original Signed by: Chief Norma Webb

Chief

Original Signed by: Victoria Peters

Councilor

Peters First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	2019	2018 (Restated)
Revenue		
Indigenous Services Canada	1,350,551	472,792
Other revenue	233,845	117,303
First Nation Health Authority	221,164	211,465
Sto:lo Aboriginal Skills and Employment Training	5,959	-
Forestry revenue	294,621	-
Province of British Columbia	165,363	150,869
Ottawa trust distributions	3,787	6,307
	2,275,290	958,736
Expenses		
Administration	786,338	792,433
Social Assistance	42,098	50,900
Health	118,221	174,131
Education	142,563	79,801
Maintenance	617,187	223,900
Other	46,192	30,801
	1,752,599	1,351,966
Surplus (deficit)	522,691	(393,230)
Accumulated surplus, beginning of year, as previously stated	1,059,948	1,436,575
Retrospective application of change in accounting policy (Note 12)	495,666	512,269
Accumulated surplus, beginning of year, as restated	1,555,614	1,948,844
Accumulated surplus, end of year	2,078,305	1,555,614

Peters First Nation
Statement of Changes in Net Financial Assets
For the year ended March 31, 2019

	2019	2018 (Restated)
Surplus (deficit)	522,691	(393,230)
Purchases of tangible capital assets	(36,227)	(113,700)
Amortization of tangible capital assets (Note 12)	46,192	30,801
Acquisition of prepaid expenses	(25,276)	(11,783)
Use of prepaid expenses	11,783	7,739
Increase (decrease) in net financial assets	519,163	(480,173)
Net financial assets, beginning of year	799,146	1,279,319
Net financial assets, end of year	1,318,309	799,146

Peters First Nation
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	522,691	(393,230)
Non-cash items		
Amortization (Note 12)	46,192	30,801
	568,883	(362,429)
Changes in working capital accounts		
Accounts receivable	(587,437)	1,003,225
Prepaid expenses	(13,493)	(4,044)
Accounts payable and accruals	463,032	(21,223)
Funds held in trust	(154,837)	(6,306)
	276,148	609,223
Capital activities		
Purchases of tangible capital assets	(36,227)	(113,700)
Investing activities		
Purchases of portfolio investments	(20,000)	(20,000)
Increase in cash resources	219,921	475,523
Cash resources, beginning of year	989,545	514,022
Cash resources, end of year	1,209,466	989,545

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

1. Operations

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

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.

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 Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation 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.

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:

	Method	Rate
Buildings	declining balance	5 %
Equipment	declining balance	10 %
Infrastructure	straight-line	36-70 years
Computer equipment	declining balance	55 %

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation 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 land or other Nation 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.

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 Nation 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 Nation 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 revenue 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.

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

2. Significant accounting policies (Continued from previous page)

Segments

The Nation 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 Nation'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.

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 Nation 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, 2019.

At each financial reporting date, the Nation 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 Nation 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, 2019, management has determined that no liability is required to be recorded.

Portfolio investments

	2019	2018
Measured at cost: 1100568 BC Ltd.	40,000	20,000

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

4. Funds held in trust

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

Funds held in legal trust are retainer funds held with the Nation's legal council year-end.

	2019	2018
Capital Trust		
Balance, beginning of year	99,787	97,084
Forestry royalties	-	2,703
Balance, end of year	99,787	99,787
Revenue Trust		
Balance, beginning of year	49,105	45,501
Interest	3,415	3,227
BC Special Distribution	372	377
Balance, end of year	52,892	49,105
Funds held in legal trust		
Deposits	200,000	-
Withdrawals	(48,950)	-
Balance, end of year	151,050	-
	303,729	148,892

5. Contingencies

The Nation's consolidated financial statements are subject to review by the Nation's funding agents and it is possible that adjustments could be made based on the results of their reviews. Any liabilities resulting from these reviews will be accounted for as an expense at the time of resolution.

During the year, Indigenous Services Canada issued a management review letter indicating the Nation may be liable to repay funding in relation to their review. The review is under appeal by the Nation with the ultimate outcome uncertain. As such, no liability has been recorded as at March 31, 2019. Any liability resulting from the review will be accounted for as an expense at the time of resolution.

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

6. Subsequent event

Subsequent to year-end, there was a global outbreak of the COVID-19 virus, which has had a significant impact on businesses and entities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada to fight the virus.

7. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
	(Restated)	
Operating surplus	1,190,906	662,037
Equity in Ottawa Trust Funds	152,679	148,892
Equity in tangible capital assets (<i>Note 12</i>)	734,720	744,685
	2,078,305	1,555,614

8. Segments

The Nation receives revenue and incurs expenses from various projects and sources. For management and reporting purposes, the revenue, expenses and surpluses or deficits are organized by segments. Schedule 2 discloses the Nation's revenue and expenses in the following segments:

Administration

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

Social Assistance

Includes revenue and expenses relating to the social assistance of the members of the Nation.

Health

Includes revenue and expenses relating to maintaining the health of the members of the Nation.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of the Nation.

Maintenance

Includes revenue and expenditures related to ongoing community maintenance.

Other

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

Peters First Nation
Notes to the Financial Statements
For the year ended March 31, 2019

9. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Nation'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.

10. Economic dependence

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

11. First Nations Financial Transparency Act

The First Nation is required to publish its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2019. As the audit report is dated after this date, the First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.

12. Change in accounting policies

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following Sections, as set out in the Canada Public Sector Accounting Handbook:

- PS 3430 *Restructuring Transactions*
- PS 3150 *Tangible Capital Assets*

Pursuant to recommendations, the adoption of *PS 3430* applied prospectively, and prior periods have not been restated.

The *PS 3150 Tangible Capital Assets* adoption was applied retroactively. As a result of the adoption, all tangible capital assets must be capitalized and amortized. For the year ended March 31, 2019, the change resulted in an increase in tangible capital assets and opening accumulated surplus of \$495,666, and an increase in amortization expense of \$11,702.

The change in accounting policy has been applied retroactively with restatement of prior years. The cumulative effect in the prior year, as of March 31, 2018 was an increase in tangible capital assets and opening accumulated surplus of \$512,269, and an increase in amortization expense of \$16,130.

13. Emphasis of Matter

Note 5, Contingencies, has been amended to reflect information available up to the date of the audit report.

Peters First Nation
Schedule 1 - Schedule of Tangible Capital Assets

For the year ended March 31, 2019

	<i>Buildings</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Computer Equipment</i>	2019	2018
						<i>(Restated)</i>
Cost						
Balance, beginning of year	385,961	142,841	952,512	-	1,481,314	256,614
Acquisition of tangible capital assets	-	-	-	36,227	36,227	113,700
Retrospective application of change in accounting policy (Note 12)	-	-	-	-	-	1,111,000
Balance, end of year	385,961	142,841	952,512	36,227	1,517,541	1,481,314
Accumulated amortization						
Balance, beginning of year	234,397	41,089	461,143	-	736,629	107,097
Annual amortization	7,203	10,843	11,536	16,605	46,192	14,198
Retrospective application of change in accounting policy (Note 12)	-	-	-	-	-	615,334
Balance, end of year	241,605	51,932	472,679	16,605	782,821	736,629
Net book value of tangible capital assets	144,356	90,909	479,833	19,622	734,720	744,685
Net book value of tangible capital assets 2018	151,564	101,752	491,369	-	744,685	

Peters First Nation
Schedule 2 - Segmented Information
For the year ended March 31, 2020

	Administration	Social Assistance	Health	Education	Maintenance	Other	2020
Revenue							
Indigenous Services Canada	\$ 264,190	\$ 51,091	\$ 1,494	\$ 118,276	\$ 915,500	\$ -	\$ 1,350,551
Other government	180,362	-	206,164	5,939	-	-	392,485
Economic activities and other	528,466	-	-	-	-	3,787	532,254
973,018	51,091	207,658	124,235	915,500	3,787	2,275,290	
Expenses							
Amortization	-	-	-	-	-	46,192	46,192
Operating expenses	570,357	-	-	-	606,189	-	1,176,546
Salaries, wages and benefits	35,774	23,918	-	8,429	10,996	-	79,118
Program and services delivery expenses	180,209	18,180	118,221	134,134	-	-	450,743
786,340	42,098	118,221	142,563	617,86	46,192	1,732,599	
Annual surplus (deficit)	\$ 186,679	\$ 8,993	\$ 89,437	\$ (18,328)	\$ 298,314	\$ (42,405)	\$ 522,691

	Administration	Social Assistance	Health	Education	Maintenance	Other	2019 (Restated)
Revenue							
Indigenous Services Canada	\$ 151,895	\$ 53,807	\$ 5,648	\$ 48,687	\$ 212,755	\$ -	\$ 472,792
Other government	150,869	-	211,465	-	-	-	362,334
Economic activities and other	92,303	-	-	25,000	-	-	123,610
395,067	53,807	217,113	73,687	212,755	6,307	958,736	
Expenses							
Amortization	-	-	-	-	-	30,801	30,801
Operating expenses	514,593	-	-	198,502	-	713,095	
Salaries, wages and benefits	110,492	-	9,520	25,398	-	145,409	
Program and services delivery expenses	167,348	50,900	174,131	70,281	-	462,660	
792,433	50,900	174,131	79,801	223,900	30,801	1,351,966	
Annual surplus (deficit)	\$ (397,366)	\$ 2,907	\$ 42,982	\$ (6,114)	\$ (11,145)	\$ (24,494)	\$ (393,230)