

**UNION BAR INDIAN BAND**  
**Financial Statements**  
**Year Ended**  
**March 31, 2016**

# **UNION BAR INDIAN BAND**

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**UNION BAR INDIAN BAND**  
**March 31, 2016**  
**Management's Responsibility**

**To the members of Union Bar Indian Band**

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

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 generally accepted accounting principles. 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 the transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

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

Joe Martin, CPA, and independent Chartered Professional Accountant, is appointed by the chief 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 Chief and management to discuss the audit findings.

July 29, 2016

  
Chief

# **UNION BAR INDIAN BAND**

**March 31, 2016**

## **Independent Auditor's Report**

### **To the Members of the Union Bar Indian Band:**

I have audited the accompanying financial statements of the Union Bar Indian Band, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform my 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 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 involves evaluation 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

Beginning January 01, 2009, generally accepted accounting principles 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 the accountants 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 to each of those assets, the accountants were unable to determine the net value of 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 years.



### **Qualified Opinion**

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

### **Prior Period Adjustment**

In 2015 the Band settled for access rights across lands owned by the Band for a pipeline. Due to a bookkeeping error this settlement was not recorded in the 2015 financial statements. In 2015 the financial statements were understated by \$245,583. The comparative 2015 financial statements have been restated to reflect the inclusion of this income. A reconciliation of surplus has been provided with the 2016 financial statements.

### **Other Matter**

The supplementary schedules are Unaudited and included for informational purposes and have only been audited to the extent of the financial statements taken as a whole.

Joe Martin Joe Martin  
Chartered Professional Accountant  
July 29, 2016  
46140 Airport Road, Chilliwack B.C.

## Union Bar Indian Band

Consolidated Statement of Financial Position  
March 31, 2016

	2016	2015
<b>Financial assets</b>		
Cash	1,440,710	\$940,498
Term deposits (.5% matures August 2016)	246,783	245,583
Funds held in trust	<u>155,592</u>	<u>166,137</u>
	1,843,085	1,352,218
<b>Liabilities</b>		
Accounts payable and accruals	<u>5,327</u>	<u>1,598</u>
<b>Net Financial Assets</b>	1,837,758	1,350,620
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	68,829	79,932
Prepaid expenses	<u>8,957</u>	<u>18,815</u>
	77,786	98,747
<b>Accumulated surplus (Note 4)</b>	<u>\$1,915,544</u>	<u>\$1,449,367</u>

Approved on behalf of the Council



Chief

## Union Bar Indian Band

Statement of Operations and Accumulated Surplus  
March 31, 2016

	Budget 2017	2016	2015
<b>Revenue</b>			
Aboriginal Affairs and Northern development Canada (See Note 5)			
Indian Registry (2057)	\$900	849	\$901
Band Support (1011)	78,000	72,649	78,083
Fire Protection (8773)	360	360	360
Municipal Services (8769)	10,000	3,845	5,850
Roads and bridges (8767)	7,600	8,056	7,972
Water Systems (8566)	6,000	5,713	5,687
Special claims settlement		211,604	---
BC Special Distribution	285	278	---
Interest Income	5,000	1,936	8,119
Ottawa Trust Interest and royalties	5,000	3,217	20,417
Band revenue funds	---	265,000	246,083
Forestry income- timber rights	80,000	79,064	238,968
Campground	<u>250,000</u>	<u>270,798</u>	<u>255,822</u>
	443,145	923,369	868,262
<b>Expenses</b>			
Administration	155,000	168,682	152,402
Maintenance	10,000	32,819	7,447
Campground	245,000	245,964	232,350
Capital	<u>15,000</u>	<u>13,703</u>	<u>14,985</u>
	425,000	461,168	407,184
<b>Other income</b>			
Gain on disposal of capital assets	---	<u>3,976</u>	---
<b>Surplus</b>	18,145	466,177	461,078
<b>Accumulated surplus, beginning of year</b>		<u>1,449,367</u>	<u>988,289</u>
<b>Accumulated surplus, end of year</b>		<u>\$1,915,544</u>	<u>\$1,449,367</u>

## Union Bar Indian Band

### Statement of Change in Net Financial Assets March 31, 2016

	2016	2015
<b>Annual Surplus</b>	\$466,177	\$461,078
Purchases of tangible capital assets	(2,624)	(16,270)
Amortization	13,703	14,985
Acquisition of prepaid expenses	(8,957)	(18,815)
Use of prepaid expenses	18,815	23,897
Proceeds of disposal of tangible capital assets	4,000	---
Gain on sale of tangible capital assets	<u>(3,976)</u>	<u>---</u>
Increase in net financial assets	487,138	464,875
Net financial assets, beginning of year	1,350,620	\$885,745
Net financial assets, end of year	<u>\$1,837,758</u>	<u>\$1,350,620</u>

## Union Bar Indian Band

### Reconciliation of Prior Period Adjustment to Surplus March 31, 2016

	2016	2015
Surplus as Previously Stated	\$1,203,784	\$988,289
Increase due to Prior Period Adjustment	<u>245,583</u>	<u>---</u>
Surplus restated	1,449,367	988,289
Surplus for the year	<u>466,177</u>	<u>461,078</u>
Surplus end of the year	<u>\$1,915,544</u>	<u>\$1,449,367</u>



## Union Bar Indian Band

### Statement of Cash Flows

For the Year Ended March 31, 2016

	2016	2015
Annual operating surplus	\$466,177	\$461,078
Financial Statement Items Not Involving Cash		
Amortization	13,703	14,985
Gain on sale of tangible capital assets	(3,976)	---
Net Change in Non-Cash Working Capital Balances:		
Accounts receivable	---	---
Prepaid	9,858	5,082
Accounts Payable	<u>3,729</u>	<u>(14,410)</u>
Cash Flows from (Used) In Operating Activities	489,491	466,735
Cash flows from Investing Activities:		
Purchase of tangible Assets	(2,624)	(16,270)
Proceeds disposal tangible assets	<u>4000</u>	<u>---</u>
	1,376	(16,270)
Increase (Decrease) In Cash for The Period	490,867	450,465
Cash and Equivalents, Beginning of the Year	<u>1,352,218</u>	<u>901,753</u>
Cash and Equivalents, End of the Year	<u>\$1,843,085</u>	<u>\$1,352,218</u>
Consisting of		
Cash	\$1,440,710	\$940,498
Term deposits	246,783	245,583
Funds held in trust	<u>155,592</u>	<u>166,137</u>
	<u>\$1,843,085</u>	<u>\$1,352,218</u>
Supplementary information		
Interest on long term debt		
Interest earned term deposits	\$5,153	\$8,120

## **Union Bar Indian Band**

Notes to Financial Statements

Year Ending March 31, 2016

### **1. Operations**

The Union Bar Indian Band (the "band") is located in the province of British Columbia, and provides various services to its members. Union Bar Indian Band includes the Band's members, 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 generally accepted accounting principles for public sector entities and include the following significant accounting policies:

#### **Basis of presentation**

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

#### **Tangible capital assets**

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenditures and not reported in the capital fund.

Subsequent to March 31, 1996, tangible capital assets acquired in excess of \$250 are reported in the capital fund. On acquisition, the costs to acquire tangible capital assets are reported as expenditures in the operating fund with a corresponding contribution recognized in the capital fund. The cost is based on historical cost accounting records. Contributed tangible capital assets are recorded at fair value at the date of contribution.

#### **Amortization**

Amortization for tangible capital assets is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

When a tangible capital asset no longer has any long-term service potential, the excess of its net carrying amount over its residual value is recognized as an expense in the statement of operations.

## **Union Bar Indian Band**

Notes to Financial Statements

Year Ending March 31, 2016

	<b>Rate</b>
Automotive equipment	5 years
Building and bridge	20 years
Computer equipment	2 years
Tools and office equipment	3 years
Contracting equipment	5 years
Signs	5 years
Paving	10 years
Sawmill	10 years

### **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 balance sheet with an offsetting amount in accumulated surplus. Trust monies consist of:

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

### **Revenue recognition**

#### **Funding**

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

#### **Other revenues**

Kawkawa Lake Resort revenues from camping, campground usage and store operations are recognized when services are provided and the inventory item sold.

Forestry and land use revenues are recognized in the period in which the external party accessed the Band's land.

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenditures during the reporting period.



## **Union Bar Indian Band**

Notes to Financial Statements

Year Ending March 31, 2016

### **Financial Instruments**

The Band's financial instruments consist of cash, term deposits, and accounts payables. It is management's position that the band is not exposed to significant interest, liquidity or credit risks arising from the financial instruments. The fair values of the financial instruments approximate the carrying value due to the immediate or short-term maturity of these instruments.

### **Recent accounting pronouncements**

#### **Tangible capital assets**

In September 2006, the Public Sector Accounting Board (PSAB) issued amendments to the

In February 2007, PSAB revised PSG-7 Tangible Capital Assets of Local Governments with transitional guidance on reporting tangible capital asset information in their financial statements prior to adoption of PS 3150. This guideline requires local governments to disclose the cost, additions, disposals, impairment, amortization, and accumulated amortization of each category of tangible capital assets.

Union Bar Indian Band has not yet begun the process of accumulating all the relevant information required for identifying and reporting tangible capital assets with the guidance from PS 3150.

**See Basis for Qualified Opinion in the Independent Auditors Report.**

#### **Government transfers**

In March 2011, the Public Sector Accounting Board replaced and revised the existing section PS 3410 Government Transfers with a newly amended section PS 3410. Newly issued PS 3410 establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section permits a recipient government to recognize government transfers as revenue when the transfer is authorized by the transferring government, unless the transfer creates a liability for the recipient. A liability is created as a result of the recipient government not yet meeting eligibility criteria or the existence of stipulations in the transfer agreement. When a government transfer results in recognition of a liability, revenue is recognized by a recipient government as the liability is settled. A transferring government recognizes an expense when the transfer is authorized and the recipient has met all eligibility criteria.

As a result of the Department of Indian and Northern Affairs requiring First Nations to apply Canadian public sector accounting standards, the Band must follow the requirements of this section. Newly revised and issued PS 3410 may be applied prospectively or retroactively and is effective for fiscal years beginning on or after April 01, 2012; however earlier adoption is encouraged. PS 3410 has been adopted prospectively and the adoption has not had any material impact on its financial statements.



## Union Bar Indian Band

Notes to Financial Statements  
Year Ending March 31, 2016

### 3. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2015 Net book value
Buildings	\$56,910	---	---	\$24,817	\$32,093
Equipment	84,080	16,270	---	79,693	20,657
Bridges	7,200	---	---	4,928	2,272
Computers	2,006	---	---	2,002	4
Automotive	49,257	---	---	32,599	16,658
Contracting equipment	24,822	---	---	21,058	3,764
Paving	3,160	---	---	2,659	501
Sawmill	18,650	---	---	16,779	1,871
Signs	<u>17,929</u>	<u>---</u>	<u>---</u>	<u>15,817</u>	<u>2,112</u>
	<u>\$264,014</u>	<u>\$16,070</u>	<u>---</u>	<u>\$200,352</u>	<u>\$79,932</u>

	Cost	Additions	Disposals	Accumulated amortization	2016 Net book value
Buildings	\$56,910	-	-	\$26,423	\$30,487
Equipment	100,350	1,988	-	86,619	15,719
Bridges	7,200	-	-	5,042	2,158
Computers	2,006	636	-	2,320	322
Automotive	49,257	-	15,745	20,205	13,307
Contracting equipment	24,822	-	-	21,811	3,011
Paving	3,160	-	-	2,709	451
Sawmill	18,650	-	-	16,966	1,684
Signs	<u>17,929</u>	<u>-</u>	<u>-</u>	<u>16,239</u>	<u>1,690</u>
	<u>\$280,284</u>	<u>2,624</u>	<u>15,745</u>	<u>\$198,334</u>	<u>\$68,829</u>

Amortization expense of \$13,432 was recorded in Administration expense.

### 4. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in Ottawa Trust Funds	\$155,592	\$166,137
Equity in tangible capital assets	68,829	79,932
Unrestricted surplus	<u>1,691,123</u>	<u>1,203,298</u>
	<u>\$1,915,544</u>	<u>\$1,449,367</u>

Note 5 – Reconciliation of INAC Revenue

**Union Bar Indian Band**

Reconciliation of INAC Revenue from Statement of Operations to Funds Reported on 2015-2016  
Funding Confirmation  
March 31, 2016

<b><u>Reconciliation of INAC Revenue Statement:</u></b>	<b>Reported on FS</b>	<b>Recoveries</b>	<b>AANDC Funding per 2016 Report</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern development Canada (See Note 5)			
Indian Registry (2057)	849	---	849
Band Support (1011)	72,649	30	72,679
Fire Protection (8773)	360	---	360
Municipal Services (8769)	3,845	2,805	6,650
Roads and bridges (8767)	8,056	---	8,056
Water Systems (8566)	5,713	---	5,713
Special claims settlement	<u>211,604</u>	<u>---</u>	<u>211,604</u>
	<u>\$303,076</u>	<u>\$2,835</u>	<u>\$305,911</u>