

UNION BAR INDIAN BAND
Financial Statements
Year Ended
March 31, 2018

UNION BAR INDIAN BAND

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UNION BAR INDIAN BAND
March 31, 2018
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, 2018


Chief

UNION BAR INDIAN BAND

March 31, 2018

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, 2018, 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, 2018, 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.

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, 2018
122-9240 Young Road, Chilliwack, B.C.

Union Bar Indian Band
Consolidated Statement of Financial Position
March 31, 2018

	2018	2017
Financial assets		
Cash - current	\$2,408,342	\$1,643,434
Term deposits (.5% matures August 2018) - current	854,657	853,078
Funds held in trust (long-term)	<u>131,873</u>	<u>138,553</u>
	3,394,872	2,635,065
Liabilities		
Accounts payable and accruals (Current)	<u>17,831</u>	<u>6,271</u>
Net Financial Assets	3,377,041	2,628,794
Non-financial assets		
Tangible capital assets (Note 3) - long-term	302,375	80,952
Prepaid expenses-current	<u>3,137</u>	<u>6,204</u>
	305,512	87,156
Accumulated surplus (Note 4)	<u>\$3,682,553</u>	<u>\$2,715,950</u>

Approved on behalf of the Council

 Chief

Union Bar Indian Band

Statement of Operations and Accumulated Surplus March 31, 2018

	Budget 2018	2018	2017
Revenue			
Aboriginal Affairs and Northern development Canada (See Note 5)			
Indian Registry (2057)	\$950	\$5,000	\$923
Band Support (1011)	78,000	73,071	72,991
Fire Protection (8773)	360	360	360
Municipal Services (8769)	7,000	5,671	6,662
Roads and bridges (8767)	8,200	8,214	8,104
Water Systems (8566)	6,000	5,851	5,779
Special claims settlement		----	----
BC Special Distribution	285	----	----
Interest Income	5,000	5,962	7,396
Ottawa Trust Interest and royalties	2,500	4,680	1,481
Band revenue funds	---	1,000,000	850,000
Forestry income- timber rights	80,000	80,886	80,390
Campground	<u>250,000</u>	<u>272,612</u>	<u>288,957</u>
	438,295	1,462,307	1,323,043
Expenses			
Administration	200,000	176,689	201,513
Maintenance	40,000	44,138	32,996
Campground	250,000	230,282	248,851
Capital	<u>100,000</u>	<u>44,595</u>	<u>39,277</u>
	590,000	495,704	522,637
Other income			
Gain on disposal of capital assets	---	---	----
Surplus (deficit)	(151,705)	966,603	800,406
Accumulated surplus, beginning of year	<u>3,682,553</u>	<u>2,715,950</u>	<u>1,915,544</u>
Accumulated surplus, end of year	<u>\$3,530,848</u>	<u>\$3,682,553</u>	<u>\$2,715,950</u>

Union Bar Indian Band

Statement of Change in Net Financial Assets

March 31, 2018

	2018	2017
Annual Surplus	\$966,603	\$800,406
Purchases of tangible capital assets	(266,018)	(51,400)
Amortization	44,595	8,788
Acquisition of prepaid expenses	3,067	2,753
Proceeds of disposal of tangible capital assets	----	----
Loss (gain) on sale of tangible capital assets	----	<u>30,489</u>
Increase in net financial assets	748,247	791,036
Net financial assets, beginning of year	2,628,794	1,837,758
Net financial assets, end of year	<u>\$3,377,041</u>	<u>\$2,628,794</u>

Union Bar Indian Band
Statement of Cash Flows
For the Year Ended March 31, 2018

	2018	2017
Annual operating surplus	\$966,603	\$800,406
Financial Statement Items Not Involving Cash		
Amortization	44,595	8,788
Loss (gain) on sale of tangible capital assets	----	30,489
Net Change in Non-Cash Working Capital Balances:		
Accounts receivable	----	---
Prepaid	3,067	2,753
Accounts Payable	<u>11,560</u>	<u>944</u>
Cash Flows from (Used) In Operating Activities	1,025,825	843,380
Cash flows from Investing Activities:		
Purchase of tangible Assets	(266,018)	(51,400)
Proceeds disposal tangible assets	<u>----</u>	<u>----</u>
	(266,018)	(51,400)
Increase (Decrease) In Cash for The Period	759,807	791,980
Cash and Equivalents, Beginning of the Year	<u>2,635,065</u>	<u>1,843,085</u>
Cash and Equivalents, End of the Year	<u>\$3,394,872</u>	<u>\$2,635,065</u>
Consisting of		
Cash	\$2,408,342	\$1,643,434
Term deposits	854,657	853,078
Funds held in trust	<u>131,873</u>	<u>138,553</u>
	<u>\$3,394,872</u>	<u>\$2,635,065</u>
Supplementary information		
Interest earned term deposits	\$10,642	\$8,877

Union Bar Indian Band

Notes to Financial Statements

Year Ending March 31, 2018

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 \$1,000 are reported 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, 2018

	Rate
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, 2018

Financial Instruments

The Band's financial instruments consist of cash, term deposits, and accounts payables. It is managements 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 affective 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, 2018

3. Tangible capital assets

2017

	Cost	Additions	Disposals	Accumulated amortization	2017 Net book value
Buildings	\$56,910	\$51,400	\$(56,910)	\$---	\$51,400
Equipment	102,338	---	---	91,324	11,014
Bridges	7,200	---	---	5,150	2,050
Computers	2,641	---	---	2,481	160
Automotive	33,512	---	---	22,866	10,646
Contracting equipment	24,822	---	---	22,413	2,409
Paving	3,160	---	---	2,754	406
Sawmill	18,650	---	---	17,135	1,515
Signs	17,929	---	---	16,577	1,352
	<u>\$267,162</u>	<u>\$51,400</u>	<u>\$(56,910)</u>	<u>\$180,700</u>	<u>\$80,952</u>

2018

	Cost	Additions	Disposals	Accumulated amortization	2018 Net book value
Buildings	\$51,400	\$144,255	---	\$9,782	\$185,873
Equipment	102,338	121,763	---	122,881	101,220
Bridges	7,200	---	---	5,252	1,948
Computers	2,641	---	---	2,561	80
Automotive	33,512	---	---	24,995	8,517
Contracting equipment	24,822	---	---	22,895	1,927
Paving	3,160	---	---	2,795	365
Sawmill	18,650	---	---	17,286	1,364
Signs	17,929	---	---	16,848	1,081
	<u>\$261,652</u>	<u>\$266,018</u>		<u>\$225,295</u>	<u>\$302,375</u>

Amortization expense of \$44,595 was recorded in Administration expense.

4. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Equity in Ottawa Trust Funds	\$131,873	\$138,553
Equity in tangible capital assets	302,375	80,952
Unrestricted surplus	<u>3,248,305</u>	<u>2,496,445</u>
	<u>\$3,682,553</u>	<u>\$2,715,950</u>

Note 5 – Reconciliation of INAC Revenue

Union Bar Indian Band

Reconciliation of INAC Revenue from Statement of Operations to Funds Reported on 2017-2018

Funding Confirmation

March 31, 2018

<u>Reconciliation of INAC Revenue Statement:</u>	Reported on FS	Recoveries	AANDC Funding per 2018 Report
Revenue			
Aboriginal Affairs and Northern development Canada (See Note 5)			
Indian Registry (2057)	\$5,000	---	\$5,000
Band Support (T011)	73,071	---	73,071
Fire Protection (8773)	360	---	360
Municipal Services (8769)	5,671	---	5,671
Roads and bridges (8767)	8,214	---	8,214
Water Systems (8566)	5,851	---	5,851
Special claims settlement	----	---	----
	<u>\$98,167</u>	<u>\$---</u>	<u>\$98,167</u>