

**LAKE BABINE NATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**LAKE BABINE NATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING.....** 1

**INDEPENDENT AUDITOR'S REPORT.....** 2 - 3

**FINANCIAL STATEMENTS**

<b>Statement of Financial Position.....</b>	4
<b>Statement of Change in Net Debt.....</b>	5
<b>Statement of Revenue, Expenditures and Accumulated Surplus .....</b>	6 - 7
<b>Statement of Cash Flows.....</b>	8
<b>Notes to Financial Statements.....</b>	9 - 33

# LAKE BABINE NATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2015

The accompanying financial statements of Lake Babine Nation are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

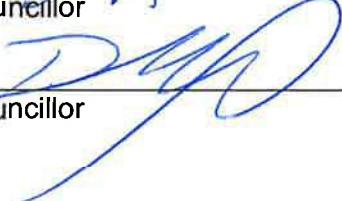
The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. (The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.)

The external auditors, Dean Mason & Company Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Lake Babine Nation and meet when required.

On behalf of Lake Babine Nation:

  
\_\_\_\_\_  
Councillor

Jul 30/15  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Councillor

Jul 30/15  
\_\_\_\_\_  
Date



DEAN MASON  
& COMPANY INC  
CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To the Members of  
Lake Babine Nation

We have audited the accompanying financial statements of Lake Babine Nation, which comprise the statement of financial position as at March 31, 2015, and the statements of revenue, expenditures and accumulated surplus, change in net debt, 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*

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 auditor's 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 First Nation'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 First Nation'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*

We were unable to obtain reviewed financial statements supporting the Nation's investment in Burns Lake Native Development Corporation (BLNDC) or its equity in earnings. As a result, we are not able to determine whether any adjustments might be necessary to the Investment in BLNDC, other income or ending surplus on Schedule 875 Equity in First Nations.

*Qualified opinion*

Except as noted in the above paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2015 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Prince George, British Columbia  
July 30, 2015

*Dean Mason Company Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**LAKE BABINE NATION****STATEMENT OF FINANCIAL POSITION****MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 433,619	\$ 285,390
Short term deposits (Note 2)	1,012,751	416,248
Restricted cash (Note 3)	36,516	36,452
Accounts receivable (Note 4)	1,111,507	2,269,603
Loan receivables (Note 5)	96,432	95,872
Due from government agencies (Note 6)	200,724	163,581
Inventory held for sale (Note 7)	14,170	16,536
Investment in First Nation Entities (Note 8 and9)	4,841,808	4,480,109
Trust funds (Note 10)	1,180,168	924,468
	<b>8,927,695</b>	8,688,259
<b>LIABILITIES</b>		
Bank indebtedness (Note 11)	69,006	400,756
Accounts payable and accrued liabilities (Note 12)	1,739,195	1,396,005
Due to government agencies (Note 13)	93,094	80,811
Deferred revenue (Note 14)	381,822	898,811
Long-term debt (Note 15)	10,753,586	10,096,236
Replacement reserves (Note 16)	275,154	1,127,985
	<b>13,311,857</b>	14,000,604
<b>NET DEBT</b>	<b>(4,384,162)</b>	(5,312,345)
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 17)	22,192,565	21,940,314
Prepaid expenses	10,814	38,271
	<b>22,203,379</b>	21,978,585
<b>ACCUMULATED SURPLUS (Note 18)</b>	<b>\$17,819,217</b>	<b>\$16,666,240</b>

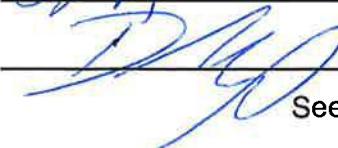
Contingent Liabilities (Note 19)

Economic Dependence (Note 20)

Approved on behalf of the Lake Babine Nation



, Councillor



, Councillor

See accompanying notes to these financial statements.

**LAKE BABINE NATION**

**STATEMENT OF CHANGE IN NET DEBT**

**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual Restated</b>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	<b>\$ (2,464,532)</b>	<b>\$ (497,875)</b>	<b>\$ (1,001,606)</b>
Acquisition of tangible capital assets	(417,543)	(2,403,245)	(861,754)
Amortization of tangible capital assets	-	1,206,682	1,709,047
Loss on disposal of tangible capital assets	-	585,255	-
<u>Proceeds on disposal of tangible capital assets</u>	<u>-</u>	<u>359,058</u>	<u>-</u>
	-	(252,250)	847,293
Acquisition of prepaid asset	(37,965)	(14,253)	(37,522)
<u>Use of prepaid asset</u>	<u>65,422</u>	<u>41,710</u>	<u>65,422</u>
	27,457	27,457	27,900
Loan Proceeds Repayable	(752,400)	(752,400)	(752,400)
<u>Transfer of tangible capital assets to balance sheet</u>	<u>1,599,888</u>	<u>2,403,251</u>	<u>805,367</u>
	847,488	1,650,851	52,967
Decrease in net financial assets	(1,589,587)	928,183	(73,446)
<b>NET DEBT AT BEGINNING OF YEAR</b>	<b>-</b>	<b>(5,312,345)</b>	<b>(5,238,899)</b>
<b>NET DEBT AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ (4,384,162)</b>	<b>\$ (5,312,345)</b>

See accompanying notes to these financial statements.

**LAKE BABINE NATION****STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS****FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>REVENUE</b>			
Federal government transfers (Note 23)	<b>\$11,322,129</b>	<b>\$12,066,437</b>	\$14,000,270
Provincial government transfers Note 23)	<b>391,120</b>	<b>4,545,072</b>	2,547,381
Band Generated	<b>1,452,480</b>	<b>3,355,370</b>	4,247,814
Interest income	-	<b>48,050</b>	40,278
Miscellaneous	<b>48,000</b>	<b>1,998,596</b>	1,579,007
Other Aboriginal Groups	<b>2,372,151</b>	<b>3,425,466</b>	456,385
Transfer from deferred revenue	-	<b>720,323</b>	20,000
Transfer to deferred revenue	-	-	(700,323)
	<b>15,585,880</b>	<b>26,159,314</b>	22,190,812

See accompanying notes to these financial statements.

**LAKE BABINE NATION**

**STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015 Actual</b>	<b>2014 Actual</b>
<b>EXPENDITURES</b>		
Operations	2,566,634	5,737,986
LBN Education Program	5,111,641	5,287,722
Economic Development	1,042,334	4,850,736
Social Housing Fund	-	1,090,211
Health Services Fund	2,993,993	2,618,700
LBN Social Development	2,710,755	1,778,091
Capital Projects 500	853,284	1,851,049
Operations & Maintenance	1,099,482	1,404,868
Fisheries Fund	640,489	737,218
Treaty Negotiations	1,031,800	1,125,839
	<b>18,050,412</b>	<b>26,482,420</b>
	<b>22,723,841</b>	
<b>RECOVERY</b>	<b>-</b>	<b>(138,279)</b>
<b>REPLACEMENT RESERVE</b>	<b>-</b>	<b>(31,847)</b>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>		
<b>BEFORE OTHER ITEMS</b>	<b>(2,464,532)</b>	<b>(493,232)</b>
	<b>(627,737)</b>	
<b>OTHER ITEMS</b>		
Bad debts- Housing	-	(369,211)
Income(Loss) in First Nation Entities	-	81,148
Extinguished Replacement Reserve Requirement	-	868,678
Wages - Severance	-	(1,712)
Loss due to theft	-	(69,092)
Loss on investment	-	(48,746)
Loss on disposal of tangible capital assets	-	(585,258)
	<b>-</b>	<b>(4,643)</b>
	<b>(373,869)</b>	
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	<b>(2,464,532)</b>	<b>(497,875)</b>
	<b>(1,001,606)</b>	
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>16,666,240</b>
	<b>17,614,879</b>	
<b>TRANSFERS FROM (TO)</b>	<b>1,694,962</b>	<b>1,650,851</b>
	<b>52,967</b>	
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>\$ (769,570)</b>	<b>\$17,819,216</b>
	<b>\$16,666,240</b>	

See accompanying notes to these financial statements.

**LAKE BABINE NATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from OPERATING ACTIVITIES</b>		
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (497,875)	\$ (1,001,606)
Items not affecting cash		
Amortization	1,206,682	1,712,668
Replacement Reserve	(836,831)	(228,606)
Loan proceeds repayable	(752,400)	(752,400)
Capitalization of tangible capital assets	2,403,251	805,367
Write off of other investments	-	48,746
Loss on disposal of tangible capital assets	585,255	-
	<b>2,108,082</b>	584,169
Change in non-cash operating working capital	<b>989,267</b>	(1,080,204)
	<b>3,097,349</b>	(496,035)
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,403,251)	(865,367)
Proceeds on sale of tangible capital assets	359,058	-
	<b>(2,044,193)</b>	(865,367)
<b>FINANCING ACTIVITIES</b>		
Proceeds on long term debt	960,837	752,400
Repayment of long term debt	(303,489)	(804,956)
Change in short term financing (net)	(331,750)	393,928
Proceeds from repayment of band member receivables	(560)	16,163
	<b>325,038</b>	357,535
<b>INVESTING ACTIVITIES</b>		
Investment in First Nation Controlled Entities	(361,699)	295,408
Replacement reserve	(16,000)	(8,524)
Proceeds from Ottawa Trust Funds	(30,452)	(31,237)
Contributions to Ottawa Trust fund	(225,247)	-
	<b>(633,398)</b>	255,647
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>744,796</b>	(748,220)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>738,090</b>	1,486,310
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,482,886</b>	<b>\$ 738,090</b>
<b>REPRESENTED BY</b>		
Cash	\$ 433,619	\$ 285,390
Short term deposits	1,012,751	416,248
Restricted cash	36,516	36,452
	<b>\$ 1,482,886</b>	<b>\$ 738,090</b>

See accompanying notes to these financial statements.

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### DESCRIPTION OF OPERATIONS

Lake Babine Nation is a self-governed First Nation Band and operates on Lake Babine Nation traditional territory, located at Burns Lake, BC and area.

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

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

##### (a) Reporting entity principles of financial reporting

These financial statements report only on the activities of the Lake Babine Nation.

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The First Nation also prepares Financial Statements that summarize the assets, liabilities and results of operations for the following entities:

1. Lake Babine Nation Operating Fund
2. Lake Babine Nation Negotiation Funding Agreements
3. Lake Babine Nation Health Services Fund
4. Lake Babine Nation Fisheries Fund
5. Lake Babine Nation Social Housing Fund

All inter-entity balances have been eliminated, but in order to present the results of operations for each specific fund, transactions amongst funds have not been eliminated on the individual schedules.

These financial statements account for the activities of Burns Lake Native Development Corporation, Talok Fisheries Ltd, Talok Fisheries LLP and Lake Babine Economic Development Society, as government business enterprises as defined in the Public Sector Accounting Handbook, using the modified equity method.

##### (b) Fund accounting

The First Nation 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 purposes of presentation in the Summary Financial Statements. Detail of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation including administration, education, social assistance, operation and maintenance, and other miscellaneous programs.
- The Negotiation Funding Agreements which reports the activities of the BC Treaty Program.
- The Social Housing Fund which reports on the housing assets, rental income and other related activities.
- The Health Services Fund which reports the activities related to the Nation's health programs.
- The Capital Fund which reports the capital assets of the First Nation and their related activities.

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## **LAKE BABINE NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(c) Financial instruments**

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash (restricted and unrestricted), accounts receivable, advances from related parties, portfolio investments and trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, reserves, advances to related parties and long term debt.

Fair value is determined by the price that is quoted in an active market. The most recent quote price becomes its new carrying value. When a quoted price in an active market is not available for an equity instrument that is a portfolio investment, it is measured at cost.

The Nation does not currently have any financial instruments that are measured at fair value.

##### **(d) Cash and Cash equivalents**

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

##### **(e) Inventories for resale**

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value based on weighted average cost method.

##### **(f) Portfolio investments**

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

##### **(g) Loans receivable**

Loans receivable are stated at the lower of cost and management's best estimate of net recoverable value. Valuation allowances, which are not required to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectability of either principle or interest is not reasonably assured.

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## **LAKE BABINE NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(h) Investments in First Nation Entities**

Investments in Burns Lake Native Development Corporation are accounted for on a modified equity basis.

Investments in Lake Babine Economic Development Society are accounted for on a modified equity basis.

Investments in affiliated First Nation Entity (Woyenne Enterprises Ltd.) are recorded at cost.

Investments in Talok Fisheries Ltd. are accounted for on a modified equity basis.

Investments in Talok Fisheries Limited Partnership are accounted for on a modified equity basis.

##### **(i) Trust funds**

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds 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.

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## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

#### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (j) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Lake Babine Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings and infrastructure	4%
Automotive equipment	30%
Computer equipment	30%
Equipment	20%
Fisheries equipment	20%
Water and sewer	5%
Roads and bridges	5%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Lake Babine Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

##### (k) Impairment of long-lived asset

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as excess of the carrying value of the asset over its fair value.

##### (l) Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

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# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Replacement reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation (CMHC).

#### (n) Revenue recognition

Revenue and funding are recognized as follows:

- i) Government funding is recognized as revenue when it becomes available under the terms of the applicable funding agreements. Funding received under the funding agreements relating to a subsequent period is reflected as deferred revenue in the year of receipt.
- ii) Logging revenue is recognized upon delivery of logs to mill.
- iii) Housing revenue is recognized based on lower end of market (LEM) rent for CMHC subsidized housing and based on collected receipts for non-subsidized houses. Rents not collected are written off to bad debts.
- iv) Income from investments is recorded on the accrual basis.
- v) Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amount can be made.

#### (o) Asset classification

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

#### (p) Net Financial Debt

The Nation's financial statements are presented so as to highlight net financial debt as the measurement of financial position. The net debt of the Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

#### (q) Use of estimates

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 revenue and expenses during the reporting period. Accounts specifically affected by estimates in these financial statements are allowance for doubtful accounts and accounts receivable impairment. Actual results could differ from those estimates.

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**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****2. CASH AND CASH EQUIVALENTS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Lake Babine Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

	<b>2015</b>	<b>2014</b>
Externally restricted		
Replacement and Subsidy fund	\$ 36,517	\$ 36,453
Internally restricted		
Guaranteed Investment Certificate - bearing interest at 1.3% per annum, maturing April 8, 2015	1,012,751	-
Guaranteed Investment Certificate	-	228,834
Guaranteed Investment Certificate	-	187,414
Total Internally restricted	<b>1,012,751</b>	416,248
Unrestricted		
Operating	306,159	75,156
Social Housing	123,943	74,015
Treaty Negotiation	3,516	136,218
Total Unrestricted	<b>433,618</b>	285,389
<b>Total cash and cash equivalents</b>	<b>\$ 1,482,886</b>	\$ 738,090

Subsequent to year end, the Guaranteed Investment Certificate maturing April 8, 2015 has been rolled into a new Guaranteed Investment Certificate maturing in 2016.

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## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

#### 3. RESTRICTED CASH

Restricted cash balance comprise funds held in a separate bank account which will be used for repairs and maintenance on the Nation owed housing. These funds are restricted as a requirement by the Canadian Mortgage and Housing Corporation (CMHC) and should match to the replacement reserve requirement.

	2015	2014
Restricted Cash - CMHC replacement reserve	<u>\$ 36,516</u>	<u>\$ 36,372</u>

As of March 31, 2015, the restricted cash has been underfunded by \$238,638 (2014 - \$1,091,667)

#### 4. ACCOUNTS RECEIVABLE

	2015	2014
<b>Due from funders</b>		
Aboriginal Affairs and Northern Development Canada	\$ 6,200	\$ 960,694
Department of Fisheries and Oceans	80,545	122,442
Canada Mortgage and Housing Corporation	3,796	22,007
First Nation Funding agencies	<u>762,566</u>	<u>822,887</u>
	<u>853,107</u>	<u>1,928,030</u>
<b>Due from members</b>		
Rent receivable	<u>2,172,525</u>	<u>1,879,532</u>
<b>Due from others</b>		
Miscellaneous	13,702	13,704
Travel reimbursements	1,868	8,822
	<u>15,570</u>	<u>22,526</u>
	<u>3,041,202</u>	<u>3,830,088</u>
Allowance for doubtful accounts - rent receivable	<u>(1,929,695)</u>	<u>(1,560,485)</u>
	<u><b>\$ 1,111,507</b></u>	<u><b>\$ 2,269,603</b></u>

Amounts due from Nation members (including rent receivable) shown above are unsecured and non-interest bearing.

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**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****5. LOANS RECEIVABLE**

Loans receivable consists of band member loans and payroll advances, these amounts are unsecured and non-interest bearing.

	<b>2015</b>	<b>2014</b>
Payroll advances	\$ 27,969	\$ 21,028
Member loans	<u>68,463</u>	<u>74,844</u>
	<b>\$ 96,432</b>	<b>\$ 95,872</b>

**6. DUE FROM GOVERNMENT AGENCIES**

	<b>2015</b>	<b>2014</b>
Operations fund - GST rebate	\$ 175,445	\$ 141,025
Health Services fund - GST rebate	15,820	14,364
Social Housing fund - GST rebate	2,829	2,366
Treaty Negotiation fund - GST rebate	5,305	4,923
Social Development fund - GST rebate	<u>1,325</u>	<u>903</u>
	<b>\$ 200,724</b>	<b>\$ 163,581</b>

Amounts receivable from the government are for GST rebates, these amounts are for GST paid on travel and amounts charged on items delivered to the First Nation reserve.

**7. INVENTORY HELD FOR RESALE**

Inventories held for resale are classified as follows:

	<b>2015</b>	<b>2014</b>
Confectionary	\$ 3,450	\$ 3,204
Fuel and oil	8,370	11,110
Cigarettes and tobacco	<u>2,350</u>	<u>2,222</u>
	<b>\$ 14,170</b>	<b>\$ 16,536</b>

## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

#### 8. INVESTMENT IN FIRST NATION ENTITIES

	2015	2014
Burns Lake Native Development Corporation (62.87%)		
BLNDC shares, at cost	\$ 63	\$ 63
BLNDC share of net assets	<u>3,907,657</u>	<u>3,907,657</u>
	3,907,720	3,907,720
Lake Babine Economic Development Society (100%)		
	(61,795)	-
Advances to Lake Babine Economic Development Society	586,553	661,028
Lake Babine Economic Development Society, deficiency in net assets	<u>(188,195)</u>	<u>(188,195)</u>
	336,563	472,833
Talok Fisheries Ltd. (100%)		
Shares at cost (100%)	1	1
TFL share of net assets	90,888	99,554
Advances to/(from) LBN	<u>(1)</u>	<u>(1)</u>
	90,888	99,554
Talok Fisheries LLP		
Partnership Units	1,200	-
LBN share of net assets	149,209	-
Advances to LBN	7	-
Loan Receivable for sale of fisheries equipment	<u>356,219</u>	<u>-</u>
	506,635	-
	<u><u>\$ 4,841,808</u></u>	<u><u>\$ 4,480,109</u></u>

Lake Babine Nation holds a 62.87% share ownership interest in Burns Lake Native Development Corporation ("BLNDC"), which in turn holds a 100% interest in Dz'ilh K'az Kwa Development Corporation ("DKKA"), and in Burns Lake Native Logging Ltd. ("BLNL"). DKKA in turn owns 100% of the issued shares of Burns Lake Speciality Wood Ltd. and BLNDC also holds a 15% interest in Babine Forest Products Limited, both accounted for by the cost method. The investment in BLNDC and Woyenne Enterprises Ltd. (an inactive company) is as detailed above.

Lake Babine Economic Development Society is an agent to Lake Babine Nation due to the fact that Chief and Council of Lake Babine Nation still holds significant decision making power within the Society. Therefore, the Society has been accounted for on a modified equity basis as described in Note 1.

Lake Babine Nation holds 1,200 Class "A" Common shares of Talok Fisheries Ltd., which represents a 100% ownership interest.

Lake Babine Nation owns 99.99% of Talok Fisheries LLP.

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## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

#### 8. INVESTMENT IN FIRST NATION ENTITIES, continued

#### 9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

- ◆ Burns Lake Native Development Corporation
- ◆ Lake Babine Economic Development Society
- ◆ Talok Fisheries Corporation Ltd
- ◆ Talok Fisheries LLP

	Burns Lake Native Development Corporation	Lake Babine Economic Development Society	Talok Fisheries Corporation Ltd	Talok Fisheries LLP
Cash	\$ 199,567	\$ -	\$ 1,466	\$ 166,525
Accounts receivable	87,243	42,225	1,517	92,984
Inventory	-	41,768	-	-
Due to / from funds	255,507	-	-	-
Prepaid expenses	10,047	-	-	-
Long term investments	5,853,770	-	92,405	-
Tangible capital assets	83,892	295,654	-	357,019
 Total assets	 \$ 6,490,026	 \$ 379,647	 \$ 95,388	 \$ 616,528
 Bank indebtedness	 \$ -	 \$ 56,384	 \$ -	 \$ -
Accounts payable	67,428	46,234	4,499	17,488
Due to / from funds	255,507	-	-	-
Current portion of long-term debt	-	-	-	25,444
Long-term debt	-	-	-	330,775
Due to government agencies	-	20,224	-	-
Due to related parties	-	517,693	-	-
 Total liabilities	 322,935	 640,535	 4,499	 373,707
Share capital	-	-	1	-
Equity	6,167,091	(260,888)	90,888	242,821
 Total equity	 6,167,091	 (260,888)	 90,889	 242,821
 Total liabilities and equity	 \$ 6,490,026	 \$ 379,647	 \$ 95,388	 \$ 616,528

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, continued

	Burns Lake Native Development Corporation	Lake Babine Economic Development Society	Talok Fisheries Corporation Ltd	Talok Fisheries LLP
Revenue	\$ -	\$ 2,891,896	\$ -	\$ 1,101,826
<u>Amortization of subsidy</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,557</u>
		<u>2,891,896</u>		<u>1,126,383</u>
Direct costs	-	2,806,085	-	638,469
Expenses	-	147,606	10,198	336,290
Partnership income Talok Fisheries LLP	-	-	(15)	-
<u>Income taxes (recovery) - current</u>	<u>-</u>	<u>-</u>	<u>(1,517)</u>	<u>-</u>
		<u>2,953,691</u>	<u>8,666</u>	<u>974,759</u>
<u>Net income</u>	<u>\$ -</u>	<u>\$ (61,795)</u>	<u>\$ (8,666)</u>	<u>\$ 151,624</u>

Burns Lake Native Development Corporation qualification:

The Company has not had review engagement done for the year ended June 30, 2014. As a result of the above, we were unable to determine whether adjustments were required in respect of investments and advances, other income (charges), excess revenue (expenses) for the year, and fund balances at end of year.

Lake Babine Economic Development Society:

Lake Babine Economic Development Society was entered into the system on a compilation basis.

#### Related Party Transaction

Transactions with related parties, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

	2015	2014
Payroll expense - Lake Babine Economic Development Society	\$ 233,278	\$ 233,278
Management fee revenue - Talok Fisheries Ltd	7,350	7,350
Sale of Assets - Talok Fisheries LLP	381,663	-
<u>Payment of receivable for equipment sale - Talok Fisheries LLP</u>	<u>25,444</u>	<u>-</u>
	<u>\$ 647,735</u>	<u>\$ 240,628</u>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 10. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

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.

	2015	2014
Capital funds held in trust	\$ 623,933	\$ 398,686
Revenue funds held in trust	556,235	525,782
	<b>\$ 1,180,168</b>	<b>\$ 924,468</b>

	2015 Revenue	2015 Capital	2015 Total	2014 Total
Surplus, beginning of year	\$ 525,782	\$ 398,686	\$ 924,468	\$ 893,231
Contributions	-	225,247	225,247	-
Interest earnings	30,453	-	30,453	31,237
Surplus, end of year	<b>\$ 556,235</b>	<b>\$ 623,933</b>	<b>\$ 1,180,168</b>	<b>\$ 924,468</b>

### 11. BANK INDEBTEDNESS

Bank indebtedness consists of an operating line of credit authorized to \$150,000 bearing interest at prime plus 3.5% per annum, and is unsecured.

	2015	2014
Cheques in excess of cash	\$ 69,006	\$ 370,756
RBC Line of Credit	-	30,000
	<b>\$ 69,006</b>	<b>\$ 400,756</b>

### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trades accounts payable	\$ 1,159,368	\$ 851,231
Payroll and benefits	454,498	373,092
Accrued payables	125,329	171,682
	<b>\$ 1,739,195</b>	<b>\$ 1,396,005</b>

**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****13. DUE TO GOVERNMENT AGENCIES**

	<b>2015</b>	<b>2014</b>
Forestry - GST collected on sales	\$ 236,539	\$ 219,705
Forestry - GST paid on purchases	<u>(143,444)</u>	<u>(138,894)</u>
	<b>\$ 93,095</b>	<b>\$ 80,811</b>

The First Nation has forestry activity in which it is required to collect and pay GST on sales and purchases. The First Nation is up to date on all filings for GST for the forestry department.

**14. DEFERRED REVENUE**

	March 31, 2014	Funding received, 2015	Revenue recognized, 2015	March 31, 2015
<b>Aboriginal Affairs and Northern Development Canada (AANDC)</b>				
Tachet Water (CPMS 7047)	\$ 33,899	\$ -	\$ -	\$ 33,899
NORHA Funding (CPMS 7367)	135,132	-	(20,000)	115,132
Drainage System Capacity Building (9039)	<u>29,457</u>	<u>-</u>	<u>-</u>	<b><u>29,457</u></b>
	<b>198,488</b>	<b>-</b>	<b>(20,000)</b>	<b>178,488</b>
<b>Other</b>				
Insurance claim (Fort Babine Gym (CPMS#1458)	700,323	-	(700,323)	-
OCG Oil and Gas - LNG	-	80,000	-	80,000
INsurance Claim (Phase 4 Social Housing 1 Unit)	<u>-</u>	<u>123,334</u>	<u>-</u>	<b><u>123,334</u></b>
	<b>700,323</b>	<b>203,334</b>	<b>(700,323)</b>	<b>203,334</b>
	<b>\$ 898,811</b>	<b>\$ 203,334</b>	<b>\$ (720,323)</b>	<b>\$ 381,822</b>

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**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****15. LONG-TERM DEBT**

Lake Babine Nation has signed promissory notes and First Nation Negotiation Support Agreements totaling \$10,180,028 as at March 31, 2015. representing advances made by Canada for negotiations. Repayment provisions for these loans are outlined in Sections 13.0 and 14.0 of the First Nation Negotiation Support Agreement.

**2015****2014****\$10,180,028****\$ 9,427,628**

Mortgage bearing interest at 3.29% per annum, repayable in monthly payments of \$12,376 including interest. The loan is secured by specific property with a net book value of \$351,941. The loan matures on May 1, 2016.

**234,400****351,941**

Woyenne School-Term loan bearing interest at prime plus 3.05% per annum, repayable in monthly payments of \$2,819 including interest. The loan is secured by specific equipment. The loan matures on October 22, 2018.

**108,670****135,101**

Comprehensive claims loan bearing no interest, repayable on demand.

**50,000****50,000**

Loan bearing interest at 6.29% per annum, repayable in monthly payments of \$1,521 including interest. The loan is secured by specific equipment with a net book value of \$56,662. The loan matures on April 22, 2019.

**65,599****-**

Loan bearing interest at 6.29% per annum, repayable in monthly payments of \$1,521.51 including interest. The loan is secured by specific equipment with a net book value of \$56,662. The loan matures April 22, 2019.

**65,599****-**

Term Loan bearing interest at prime plus 2.65% per annum, repayable in monthly payments of \$1,220 including interest. The loan is secured by specific equipment with a net book value of \$41,980. The loan matures on July 3, 2018.

**46,193****-**

Term loan bearing interest at prime plus 3.05% per annum, repayable in monthly payments of \$522 including interest. The loan is secured by specific equipment with a net book value of \$9,940. The loan matures on October 21, 2015.

**3,097****8,979**

Mortgage

**-**

**12,787**

Mortgage

**-**

**31,057**

Mortgage

**-**

**74,754**

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**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****15. LONG-TERM DEBT, continued**

	<b>2015</b>	<b>2014</b>
Loan	-	10
	<b>\$10,753,586</b>	<b>\$10,096,236</b>

All of the above residential mortgages are secured by ministerial guarantees provided by Aboriginal Affairs and Northern Development Canada.

Principal portion of long-term debt due within the next five years:

2016	\$ 215,495
2017	165,292
2018	78,430
2019	61,733
2020 and thereafter	<b>10,232,636</b>
	<b>\$10,753,586</b>

	<b>2015</b>	<b>2014</b>
Interest expense for the year on long-term debt	\$ 37,226	\$ 34,082

**16. REPLACEMENT RESERVE**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the Nation is required to make annual deposits of at least \$94,711 to a separate replacement reserve to cover the cost of replacing certain items contained in the rental housing projects financed by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise may be approved by CMHC.

	<b>2015</b>	<b>2014</b>
Balance, beginning of year	\$ 1,127,985	\$ 1,365,115
Contributions, required during the year	31,847	94,711
Withdrawals	(16,000)	(8,524)
Extinguished Replacement Reserve Requirement	<b>(868,678)</b>	<b>(323,317)</b>
	<b>\$ 275,154</b>	<b>\$ 1,127,985</b>

As of March 31, 2015, the restricted cash has been underfunded by \$238,638 (2014 - \$1,091,667)

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 17. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2015 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 4,743,539	\$ -	\$ -	\$ 4,743,539	\$ -	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	40,750,691	1,954,939	(1,324,834)	41,380,796	32,815,913	512,714	(701,728)	32,626,899	8,753,897
Automotive equipment	1,158,598	255,767	(574,174)	840,191	982,607	100,081	(536,555)	546,133	294,058
Computer equipment	592,185	73,162	(79,257)	586,090	458,846	50,840	(73,788)	435,898	150,192
Equipment	2,315,175	99,601	(363,028)	2,051,748	1,836,609	84,330	(255,816)	1,665,123	386,625
Fisheries equipment	610,156	8,873	(429,629)	189,400	374,887	8,751	(258,720)	124,918	64,482
Water and sewer	11,282,240	10,909	-	11,293,149	4,346,072	384,836	-	4,730,908	6,562,241
Roads and bridges	3,860,857	-	-	3,860,857	2,558,193	65,133	-	2,623,326	1,237,531
	<b>\$ 65,313,441</b>	<b>\$ 2,403,251</b>	<b>\$ (2,770,922)</b>	<b>\$ 64,945,770</b>	<b>\$ 43,373,127</b>	<b>\$ 1,206,685</b>	<b>\$ (1,826,607)</b>	<b>\$ 42,753,205</b>	<b>\$ 22,192,565</b>

	Cost				Accumulated amortization				2014 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 4,683,539	\$ 60,000	\$ -	\$ 4,743,539	\$ -	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	40,369,213	381,478	-	40,750,691	31,732,431	1,083,482	-	32,815,913	7,934,778
Automotive equipment	1,106,380	52,218	-	1,158,598	921,986	60,621	-	982,607	175,991
Computer equipment	531,991	60,194	-	592,185	431,393	27,453	-	458,846	133,339
Equipment	2,280,154	35,021	-	2,315,175	1,756,884	79,725	-	1,836,609	478,566
Fisheries equipment	610,156	-	-	610,156	335,363	39,524	-	374,887	235,269
Water and sewer	11,029,496	252,744	-	11,282,240	3,992,777	353,295	-	4,346,072	6,936,168
Roads and bridges	3,837,145	23,712	-	3,860,857	2,489,632	68,561	-	2,558,193	1,302,664
	<b>\$ 64,448,074</b>	<b>\$ 865,367</b>	<b>\$ -</b>	<b>\$ 65,313,441</b>	<b>\$ 41,660,466</b>	<b>\$ 1,712,661</b>	<b>\$ -</b>	<b>\$ 43,373,127</b>	<b>\$ 21,940,314</b>

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## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

#### 18. ACCUMULATED SURPLUS

	2015	2014
Restricted		
Equity in Investments in First Nation Entities	\$ 3,962,022	\$ 3,761,053
Equity in Ottawa Trust Funds	<u>1,554,972</u>	<u>1,299,273</u>
	<hr/> <u>5,516,994</u>	<hr/> <u>5,060,326</u>
Unrestricted		
Operating equity	<u>12,364,017</u>	<u>11,996,923</u>
	<hr/> <u>\$17,881,011</u>	<hr/> <u>\$17,057,249</u>

#### 19. CONTINGENT LIABILITIES

Lake Babine Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Lake Babine Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Lake Babine Nation's financial statements.

#### 20. ECONOMIC DEPENDENCE

Lake Babine Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada. The Nation's ability to operate certain programs depends on the continuation of this funding.

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**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2015****21. GOVERNMENT TRANSFERS**

	<b>2015</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ 9,636,356	\$ 853,284	\$10,489,640
Canada Mortgage and Housing Corporation	63,967	-	63,967
Department of Fisheries and Oceans	645,500	-	645,500
Government of Canada	33,995	-	33,995
<b>Total</b>	<b>10,379,818</b>	<b>853,284</b>	<b>11,233,102</b>
<b>Provincial government transfers</b>	<b>4,502,792</b>	<b>-</b>	<b>4,502,792</b>
	<b>\$14,882,610</b>	<b>\$ 853,284</b>	<b>\$15,735,894</b>
	<b>2014</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ 9,050,836	\$ 940,301	\$ 9,991,137
Health Canada	3,084,841	-	3,084,841
Canada Mortgage and Housing Corporation	240,815	-	240,815
Department of Fisheries and Oceans	683,477	-	683,477
<b>Total</b>	<b>13,059,969</b>	<b>940,301</b>	<b>14,000,270</b>
<b>Provincial government transfers</b>	<b>2,547,381</b>	<b>-</b>	<b>2,547,381</b>
	<b>\$15,607,350</b>	<b>\$ 940,301</b>	<b>\$16,547,651</b>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 22. SEGMENTED INFORMATION

	2015 Budget	Operations		LBN Education Program			Economic Development		
		2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ 906,350	\$ 906,348	\$ 867,170	\$ 4,686,841	\$ 4,686,837	\$ 4,615,694	\$ 139,777	\$ 440,833	\$ 137,655
Federal Government	-	-	-	-	-	-	-	823,835	-
Provincial Government	89,868	369,896	111,776	301,252	1,102,748	799,390	-	2,126,928	670,715
Other Aboriginal Groups	-	-	-	-	308,636	323,385	-	17,250	-
Band Generated	-	261,917	20,100	-	14,335	34,297	1,065,000	2,392,910	3,302,340
Interest income	-	47,966	40,178	-	-	-	-	-	-
Transfer from deferred revenue	-	700,323	-	-	-	-	-	-	-
Other revenue	-	1,041,943	108,435	-	19,987	19,347	28,000	812,012	630,520
<b>Total revenue</b>	<b>996,218</b>	<b>3,328,393</b>	<b>1,147,659</b>	<b>4,988,093</b>	<b>6,132,543</b>	<b>5,792,113</b>	<b>1,232,777</b>	<b>6,613,768</b>	<b>4,741,230</b>
<b>Expenses</b>									
Administration fees	13,890	-	-	375,867	-	-	123,278	2,250	-
Capital Purchases	11,000	67,927	76,453	12,183	30,035	47,218	7,178	125,610	130,656
Contracted services	-	1,877,982	3,803	-	9,750	1,664	413,616	1,546,506	2,052,853
Professional fees	374,251	781,170	312,471	-	3,229	400	152,035	1,081,372	255,128
Repairs and maintenance	6,000	15,375	39,801	41,800	50,391	20,693	-	36,121	17,794
Travel	387,513	665,218	427,423	75,386	150,739	111,157	19,310	337,386	121,478
Wages and benefits	957,189	1,066,245	883,771	1,290,056	1,873,109	1,583,602	178,203	999,955	1,167,022
Other expenses	816,791	1,264,068	791,169	3,316,349	3,177,930	3,542,458	148,714	744,867	773,686
<b>Total expenses</b>	<b>2,566,634</b>	<b>5,737,985</b>	<b>2,534,891</b>	<b>5,111,641</b>	<b>5,295,183</b>	<b>5,307,192</b>	<b>1,042,334</b>	<b>4,874,067</b>	<b>4,518,617</b>
<b>Other income (expenses)</b>	<b>(1,570,416)</b>	<b>(2,409,592)</b>	<b>(1,387,232)</b>	<b>(123,548)</b>	<b>837,360</b>	<b>484,921</b>	<b>190,443</b>	<b>1,739,701</b>	<b>222,613</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,570,416)</b>	<b>\$ (3,043,927)</b>	<b>\$ (1,437,690)</b>	<b>\$ (123,548)</b>	<b>\$ 837,360</b>	<b>\$ 484,921</b>	<b>\$ 190,443</b>	<b>\$ 1,739,701</b>	<b>\$ 153,521</b>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 22. SEGMENTED INFORMATION, continued

	Social Housing Fund			Health Services Fund			LBN Social Development		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 2,710,755	\$ 2,710,755	\$ 2,713,339
Federal Government	-	63,967	240,815	692,179	-	3,084,841	-	-	-
Provincial Government	-	-	-	-	5,000	25,000	-	-	-
Other Aboriginal Groups	-	-	-	2,372,151	3,097,580	133,000	-	-	-
Band Generated	-	676,095	881,575	-	-	-	-	-	-
Interest income	-	84	100	-	-	-	-	-	-
Transfer from deferred revenue	-	20,000	20,000	-	-	-	-	-	-
Other revenue	-	132	3,301	20,000	31,421	50,650	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>810,278</b>	<b>1,145,791</b>	<b>3,084,330</b>	<b>3,134,001</b>	<b>3,293,491</b>	<b>2,710,755</b>	<b>2,710,755</b>	<b>2,713,339</b>
<b>Expenses</b>									
Administration fees	-	-	-	229,645	-	-	257,903	-	-
Amortization	-	261,829	778,451	-	45,319	47,982	-	-	-
Capital Purchases	-	-	-	73,577	53,139	-	60,467	-	-
Contracted services	-	55,233	1,306	-	30,729	21,377	-	-	-
Professional fees	-	12,198	4,000	13,673	85,379	187,284	18,000	42,032	-
Repairs and maintenance	-	254,696	254,757	57,464	36,745	45,100	-	-	-
Travel	-	30,067	19,090	513,756	663,470	641,849	70,795	39,887	28,215
Wages and benefits	-	235,877	202,403	1,509,403	1,289,702	1,632,194	428,161	273,605	224,779
Other expenses	-	277,258	270,841	596,475	464,377	529,471	1,875,429	1,449,618	1,438,319
<b>Total expenses</b>	<b>-</b>	<b>1,127,158</b>	<b>1,530,848</b>	<b>2,993,993</b>	<b>2,668,860</b>	<b>3,105,257</b>	<b>2,710,755</b>	<b>1,805,142</b>	<b>1,691,313</b>
<b>Other income (expenses)</b>	<b>-</b>	<b>(316,880)</b>	<b>(385,057)</b>	<b>90,337</b>	<b>465,141</b>	<b>188,234</b>	<b>-</b>	<b>905,613</b>	<b>1,022,026</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 181,604</b>	<b>\$ (304,845)</b>	<b>\$ 90,337</b>	<b>\$ 452,219</b>	<b>\$ 188,234</b>	<b>\$ -</b>	<b>\$ 905,613</b>	<b>\$ 1,022,026</b>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 22. SEGMENTED INFORMATION, continued

	Capital Projects 500			Operations & Maintenance			Fisheries Fund		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ 853,284	\$ 959,850	\$ 940,301	\$ 696,953	\$ 735,017	\$ 716,978	-	\$ -	\$ -
Federal Government	-	-	-	-	-	-	635,990	688,995	683,477
Band Generated	-	-	-	387,480	10,112	9,503	-	-	-
Other revenue	-	200	-	-	-	-	-	82,902	64,030
<b>Total revenue</b>	<b>853,284</b>	<b>960,050</b>	<b>940,301</b>	<b>1,084,433</b>	<b>745,129</b>	<b>726,481</b>	<b>635,990</b>	<b>771,897</b>	<b>747,507</b>
<b>Expenses</b>									
Administration fees	84,034	-	-	-	-	-	11,120	-	-
Amortization	-	885,644	806,434	-	-	-	-	12,122	77,579
Capital Purchases	2,000	-	533,367	-	168,319	-	54,681	8,873	5,992
Contracted services	645,960	749,070	178,681	-	677	392	-	41,005	7,275
Professional fees	72,000	158,310	57,760	-	2,165	3,520	98,792	122,766	98,110
Repairs and maintenance	-	15,692	625	100,200	100,591	146,331	22,380	6,863	38,381
Travel	13,200	9,695	11,246	5,472	11,911	2,477	63,353	50,004	65,400
Wages and benefits	32,630	5,055	486	434,872	440,024	430,539	344,763	367,476	345,227
Other expenses	3,460	27,583	17,757	558,938	706,358	597,988	45,400	128,108	89,269
<b>Total expenses</b>	<b>853,284</b>	<b>1,851,049</b>	<b>1,606,356</b>	<b>1,099,482</b>	<b>1,430,045</b>	<b>1,181,247</b>	<b>640,489</b>	<b>737,217</b>	<b>727,233</b>
<b>Other income (expenses)</b>	<b>-</b>	<b>(890,999)</b>	<b>(666,055)</b>	<b>(15,049)</b>	<b>(684,916)</b>	<b>(454,766)</b>	<b>(4,499)</b>	<b>34,680</b>	<b>20,274</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (890,999)</b>	<b>\$ (666,055)</b>	<b>\$ (15,049)</b>	<b>\$ (684,916)</b>	<b>\$ (454,766)</b>	<b>\$ (4,499)</b>	<b>\$ 97,682</b>	<b>\$ 20,274</b>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

### 22. SEGMENTED INFORMATION, continued

	Treaty Negotiations			Equity in First Nation Investments			Consolidated totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,993,960	\$ 10,489,640	\$ 9,991,137
Federal Government	-	-	-	-	-	-	1,328,169	1,576,797	4,009,133
Provincial Government	-	940,500	940,500	-	-	-	391,120	4,545,072	2,547,381
Other Aboriginal Groups	-	2,000	-	-	-	-	2,372,151	3,425,466	456,385
Band Generated	-	-	-	-	-	-	1,452,480	3,355,369	4,247,815
Interest income	-	-	-	-	-	-	-	48,050	40,278
Transfer from deferred revenue	-	-	-	-	-	-	-	720,323	20,000
Other revenue	-	10,000	2,400	-	-	-	48,000	1,998,597	878,683
<b>Total revenue</b>	<b>-</b>	<b>952,500</b>	<b>942,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,585,880</b>	<b>26,159,314</b>	<b>22,190,812</b>
<b>Expenses</b>									
Administration fees	104,400	-	-	-	-	-	1,200,137	2,250	-
Amortization	-	1,769	2,217	-	-	-	-	1,206,683	1,712,663
Capital Purchases	-	-	-	-	-	-	221,086	453,903	793,686
Contracted services	-	-	8,090	-	-	-	1,059,576	4,310,952	2,275,441
Professional fees	142,400	241,670	88,755	-	-	-	871,151	2,530,291	1,007,428
Repairs and maintenance	-	-	833	-	-	-	227,844	516,474	564,315
Travel	124,100	170,706	89,189	-	-	-	1,272,885	2,129,083	1,517,524
Wages and benefits	476,700	443,300	291,860	-	-	-	5,651,977	6,994,348	6,761,883
Other expenses	184,200	268,394	134,655	-	-	-	7,545,756	8,508,561	8,185,613
<b>Total expenses</b>	<b>1,031,800</b>	<b>1,125,839</b>	<b>615,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,050,412</b>	<b>26,652,545</b>	<b>22,818,553</b>
<b>Other income (expenses)</b>	<b>(1,031,800)</b>	<b>(173,339)</b>	<b>327,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,464,532)</b>	<b>(493,231)</b>	<b>(627,741)</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,031,800)</b>	<b>\$ (173,360)</b>	<b>\$ 327,301</b>	<b>-</b>	<b>\$ 81,148</b>	<b>\$ (334,530)</b>	<b>\$ (2,464,532)</b>	<b>\$ (497,875)</b>	<b>\$ (1,001,609)</b>

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**23. EXPENDITURES BY OBJECT**

	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
Administration fees	\$ 1,200,137	\$ 2,250	\$ -
Advertising	32,941	25,545	24,489
Amortization	-	1,206,682	1,712,661
Awards day	21,546	14,752	6,896
Bad debts(recovery)	-	139,920	(30,780)
Bingo expense	-	8,511	11,778
Capital Purchases	221,086	453,902	793,686
Catering	56,500	110,784	98,799
Christmas	60,000	64,191	63,665
Cigarette purchases	-	57,719	36,830
Contracted services	1,059,576	4,310,952	2,275,441
Economic development	94,651	114,176	99,984
Emergency	8,200	5,987	2,515
Equipment leases and rentals	117,869	119,652	133,924
Fees	41,292	135,311	89,668
Fees-fuel gas card	35,517	18,670	24,718
Fire Protection	3,200	-	-
Fuel and oil	59,818	346,025	327,415
Honorarium	418,400	534,154	414,026
Incentives	77,000	171,055	65,510
Insurance	93,073	260,292	254,497
Interest and bank charges	13,200	77,679	85,290
Janitorial	6,000	11,168	1,694
Meeting expenses	398,135	239,695	153,090
Municipal services	300,948	311,640	266,351
Other expenses	-	1,330	1,158
Professional development	132,500	104,202	47,822
Professional fees	871,151	2,530,290	1,007,429
Property taxes	-	2,335	2,569
Purchases	-	34,875	31,374
Relocation costs	10,000	13,674	4,037
Rent	38,900	50,469	59,864
Repairs and maintenance	227,844	516,484	564,311
Social assistance and support	1,605,485	1,194,482	1,403,023
Supplies	376,428	692,145	635,574
Traditional food	60,000	52,821	46,137
Training	239,839	239,763	166,831
Travel	1,272,885	2,129,084	1,517,526
Tuitions and allowances	2,798,692	2,580,724	3,036,589
Utilities and telephone	418,282	587,491	508,307
Wages and benefits	5,651,977	6,994,349	6,761,883
Water testing	27,340	17,190	17,260
		<b>\$26,482,420</b>	\$22,723,841

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## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

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#### 24. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

(a) Credit Risk

The Band is exposed to credit risk from their investment in Lake Babine Economic Development Society ("LBEDS"), which is in the same geographical area and does significant business with members of the Nation. The Nation has advanced significant amounts to LBEDS to assist with start up and construction costs, and payroll, management considers their risk of collection of these receivables to be acceptable and appropriately managed.

(b) Interest rate risk

The band is exposed to interest rate risk. Interest rate risk is the risk that the band has interest rate exposure on its bank contingent liabilities, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The band reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans that are at fixed term rates and do not affect interest rate risk. The band does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk to the band is low and is not material.

#### 25. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2015	2014
Decrease (increase) in accounts receivable	\$ 1,120,953	\$(1,254,146)
Decrease (increase) in inventory	2,366	(3,031)
Decrease in prepaid expenses	27,457	27,900
(Decrease) increase in accounts payable	355,481	(531,239)
Decrease in deferred revenue	(516,989)	680,323
	<hr/> <b>\$ 989,268</b>	<hr/> <b>\$(1,080,193)</b>

#### 26. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

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**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**27. COMPARATIVE AMOUNTS**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.