

**LAKE BABINE NATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

LAKE BABINE NATION  
FINANCIAL STATEMENTS  
MARCH 31, 2016

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**LAKE BABINE NATION**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**MARCH 31, 2016**

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 Professional Accountants and as such include amounts that are the best estimates and judgments of management.

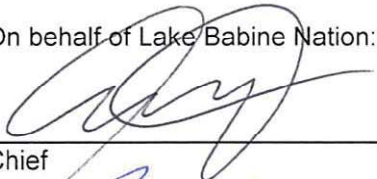
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The 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 Council meets 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 financial statements and the external auditor's report.

The external auditors, DMC Chartered Professional Accountants 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:



Chief



Councillor

July 27 2016  
Date

July 27 2016  
Date



## **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, 2016, 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. All other investments including Lake Babine Economic Development Society (LBEDS), Talok Fisheries LLP, and Talok Fisheries Ltd. were all completed on a review basis.

*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, 2016 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 27, 2016

*DMC Chartered Professional  
Accountants Inc.*



**LAKE BABINE NATION**

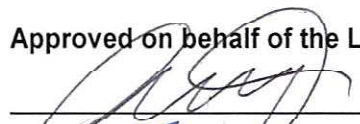
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 1,689,808	\$ 433,619
Short term deposits (Note 2)	1,705,438	1,012,751
Restricted cash (Note 3)	36,514	36,516
Accounts receivable (Note 4)	1,670,386	1,099,597
Loan receivables (Note 5)	94,527	96,432
Due from government agencies (Note 6)	110,637	200,724
Inventory held for sale (Note 7)	18,684	14,170
Investment in First Nation Entities (Notes 8 and 9)	4,704,984	4,841,808
Federal trust funds (Note 10)	1,372,290	1,180,168
	<b>11,403,268</b>	<b>8,915,785</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 11)	11,046	69,006
Accounts payable and accrued liabilities (Note 12)	1,353,659	1,739,201
Due to government agencies (Note 13)	99,694	93,094
Deferred revenue (Note 14)	122,100	427,008
Long-term debt (Note 15)	11,342,486	10,753,586
Replacement reserves (Note 16)	292,837	275,154
	<b>13,221,822</b>	<b>13,357,049</b>
<b>NET DEBT</b>	<b>(1,818,554)</b>	<b>(4,441,264)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 17)	23,877,725	22,192,565
Prepaid expenses	42,884	10,814
	<b>23,920,609</b>	<b>22,203,379</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 22,102,055</b>	<b>\$ 17,762,115</b>

Contingent Liabilities (Note 19)  
Economic Dependence (Note 20)

**Approved on behalf of the Lake Babine Nation**

 , Chief

 , Councillor

See accompanying notes to these financial statements.

**LAKE BABINE NATION**

**STATEMENT OF CHANGE IN NET DEBT**

**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual Restated</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 489,975</b>	<b>\$ 2,264,424</b>	<b>\$ (554,971)</b>
Acquisition of tangible capital assets	-	(2,827,929)	(2,403,250)
Amortization of tangible capital assets	-	1,100,780	1,206,682
Loss on disposal of tangible capital assets	-	4,943	585,255
Proceeds on disposal of tangible capital assets	-	37,037	359,058
	-	(1,685,169)	(252,255)
Acquisition of prepaid asset	(73,780)	(40,293)	(14,250)
Use of prepaid asset	41,710	8,227	41,710
	(32,070)	(32,066)	27,460
Loan proceeds repayable	(752,400)	(752,400)	(752,400)
Transfer of tangible capital assets to balance sheet	-	2,827,921	2,403,251
	(752,400)	2,075,521	1,650,851
(Decrease) increase in net financial assets	(294,495)	2,622,710	871,085
NET DEBT AT BEGINNING OF YEAR	-	(4,441,264)	(5,312,349)
<b>NET DEBT AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ (1,818,554)</b>	<b>\$ (4,441,264)</b>

See accompanying notes to these financial statements.

**LAKE BABINE NATION**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual Restated</b>
<b>REVENUE</b>			
Federal government transfers (Note 23)	\$ 11,553,671	\$ 13,877,252	\$ 12,066,437
Provincial government transfers (Note 23)	2,116,489	6,436,212	4,533,162
Administration fee	1,633,024	37,272	-
Band Generated	2,501,472	5,932,612	3,421,538
Interest income	1,800	109,729	48,050
Miscellaneous	204,000	816,511	1,202,431
Other Aboriginal Groups	3,119,363	3,615,587	3,425,466
Transfer from deferred revenue	-	250,100	675,138
	<b>21,129,819</b>	<b>31,075,275</b>	<b>25,372,222</b>

See accompanying notes to these financial statements.



**LAKE BABINE NATION**

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

**FOR THE YEAR ENDED MARCH 31, 2016**

		<b>2016 Actual</b>	<b>2015 Actual</b>
<b>EXPENDITURES</b>			
Operations	2,443,550	3,488,972	5,624,716
LBN Education Program	5,336,240	5,665,761	4,984,138
Economic Development	1,721,155	5,821,480	4,181,635
Natural Resource Management	857,012	1,101,957	1,141,595
Social Housing Fund	1,056,176	1,007,892	1,090,936
Health Services Fund	3,264,328	2,842,577	2,618,700
LBN Social Development	2,751,621	2,100,462	1,778,090
Capital Projects 500	868,063	3,980,332	1,851,019
Operations & Maintenance	871,552	1,198,813	1,404,867
Fisheries Fund	640,500	655,735	737,218
Treaty Negotiation Fund	1,029,647	819,555	1,125,839
Equity in First Nation Investments	-	-	10,558
	<b>20,839,844</b>	<b>28,683,536</b>	<b>26,549,311</b>
<b>RECOVERY</b>	-	<b>(67,855)</b>	<b>(137,554)</b>
<b>REPLACEMENT RESERVE</b>	-	<b>(18,885)</b>	<b>(31,847)</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	<b>489,975</b>	<b>2,305,012</b>	<b>(1,346,491)</b>
<b>OTHER ITEMS</b>			
Bad debts- Housing	-	<b>(262,129)</b>	<b>(369,211)</b>
Loss in First Nation Entities	-	<b>(65,669)</b>	<b>81,148</b>
Extinguished Replacement Reserve Requirement	-	-	<b>868,678</b>
Loss(gain) on disposal of tangible capital assets	-	<b>(4,942)</b>	<b>(585,258)</b>
Other revenue	-	<b>242,148</b>	<b>796,163</b>
Forgiveness of debt	-	<b>50,000</b>	-
	-	<b>(40,592)</b>	<b>791,520</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>489,975</b>	<b>2,264,420</b>	<b>(554,971)</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	-	<b>17,762,115</b>	<b>16,666,235</b>
<b>TREATY LOAN</b>	-	<b>(752,400)</b>	<b>(752,400)</b>
<b>CAPITALIZATION OF TANGIBLE CAPITAL ASSETS</b>	-	<b>2,827,920</b>	<b>2,403,251</b>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>\$ 489,975</b>	<b>\$ 22,102,055</b>	<b>\$ 17,762,115</b>

See accompanying notes to these financial statements.

**LAKE BABINE NATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2016**

	2016	2015 Restated
<b>Cash flows from</b>		
<b>OPERATING ACTIVITIES</b>		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 2,264,424	\$ (554,971)
Items not affecting cash		
Amortization	1,100,780	1,206,682
Replacement Reserve	18,885	(836,831)
Loan proceeds repayable	(752,400)	(752,400)
Capitalization of tangible capital assets	2,838,904	2,403,251
Forgiveness of debt	(50,000)	-
Loss on disposal of tangible capital assets	4,943	585,255
	5,425,536	2,050,986
Change in non-cash operating working capital		
Accounts receivable	(570,789)	1,170,006
Due from government agencies	90,087	(37,143)
Inventory	(4,514)	2,366
Prepaid expenses	(32,070)	27,457
Accounts payable and accrued liabilities	(385,559)	343,197
Due to government agencies	6,600	12,283
Deferred revenue	(304,908)	(471,803)
	4,224,383	3,097,349
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,838,904)	(2,403,251)
Proceeds on sale of tangible capital assets	37,037	359,058
	(2,801,867)	(2,044,193)
<b>FINANCING ACTIVITIES</b>		
Proceeds on long term debt	847,455	960,837
Repayment of long term debt	(208,544)	(303,489)
Change in short term financing (net)	(57,960)	(331,750)
Proceeds from repayment of band member receivables	1,905	(560)
	582,856	325,038
<b>INVESTING ACTIVITIES</b>		
Investment in First Nation Controlled Entities	136,824	(361,699)
Replacement reserve	(1,202)	(16,000)
Proceeds from Ottawa Trust Funds	(125,975)	(30,452)
Contributions to Ottawa Trust fund	(66,145)	(225,247)
	(56,498)	(633,398)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,948,874</b>	<b>744,796</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,482,886</b>	<b>738,090</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,431,760</b>	<b>\$ 1,482,886</b>
<b>REPRESENTED BY</b>		
Cash	\$ 1,689,808	\$ 433,619
Short term deposits	1,705,438	1,012,751
Restricted cash	36,514	36,516
	<b>\$ 3,431,760</b>	<b>\$ 1,482,886</b>

See accompanying notes to these financial statements.

## **LAKE BABINE NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

#### **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.

## **LAKE BABINE NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

#### **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.

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**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.

## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

#### 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 declining balance basis based on each asset class' estimated useful lives as follows:

Automotive equipment	30%
Buildings and infrastructure (CMHC rate is equal to the annual principal reduction of the applicable mortgage)	4%
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.



## **LAKE BABINE NATION**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

#### **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) Segments**

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

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

#### (r) 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.

### 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 within the Nations housing. 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:

	2016	2015
Externally restricted		
Replacement and Subsidy fund	\$ 36,513	\$ 36,517
Internally restricted		
Premium Investment Savings Account	1,705,438	-
Guaranteed Investment Certificate	-	1,012,751
Total Internally restricted	1,705,438	1,012,751
Unrestricted		
Operating	988,197	306,159
Social Development	119,057	-
Health	564	-
Social Housing	570,156	123,943
Treaty Negotiation	11,835	3,516
Total Unrestricted	1,689,809	433,618
Total cash and cash equivalents	\$ 3,431,760	\$ 1,482,886

**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****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.

	<b>2016</b>	2015
Restricted Cash - CMHC replacement reserve	<b>\$ 36,513</b>	\$ 36,517

As of March 31, 2016, the restricted cash has been underfunded by \$256,322 (2015 - \$238,638)

**4. ACCOUNTS RECEIVABLE**

	<b>2016</b>	2015 Restated
<b>Due from funders</b>		
Indigenous and Northern Affairs Canada	<b>\$ 79,082</b>	\$ 6,200
Department of Fisheries and Oceans	<b>46,553</b>	80,545
Canada Mortgage and Housing Corporation	<b>3,796</b>	3,796
First Nation Funding agencies	<b>1,397,281</b>	750,656
	<b>1,526,712</b>	841,197
<b>Due from members</b>		
Rent receivable	<b>2,322,911</b>	2,172,525
<b>Due from others</b>		
Miscellaneous	<b>10,719</b>	13,702
Travel reimbursements	<b>1,868</b>	1,868
	<b>12,587</b>	15,570
	<b>3,862,210</b>	3,029,292
Allowance for doubtful accounts - rent receivable	<b>(2,191,824)</b>	(1,929,695)
	<b>\$ 1,670,386</b>	\$ 1,099,597

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

**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****5. LOANS RECEIVABLE**

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

	2016	2015
Payroll advances	\$ 14,767	\$ 27,969
Member loans	79,760	68,463
	<b>\$ 94,527</b>	<b>\$ 96,432</b>

**6. DUE FROM GOVERNMENT AGENCIES**

	2016	2015
Operations fund - GST rebate	\$ 28,840	\$ 126,389
Health Services fund - GST rebate	4,212	15,820
Social Housing fund - GST rebate	1,113	2,829
Treaty Negotiation fund - GST rebate	2,782	5,305
Social Development fund - GST rebate	706	1,325
Education fund - GST rebate	6,315	9,569
Operations fund - PST rebate	66,669	39,487
	<b>\$ 110,637</b>	<b>\$ 200,724</b>

Amounts receivable from the government are for GST and PST rebates, these amounts are for GST and PST 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:

	2016	2015
Cigarettes and tobacco	\$ 1,401	\$ 2,350
Confectionary	7,143	3,450
Fuel and oil	10,140	8,370
	<b>\$ 18,684</b>	<b>\$ 14,170</b>

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

### 8. INVESTMENT IN FIRST NATION ENTITIES

	2016 (Unaudited)	2015 (Unaudited)
Burns Lake Native Development Corporation (62.87%)		
BLNDC shares, at cost	\$ 63	\$ 63
BLNDC share of net assets	3,907,657	3,907,657
	<b>3,907,720</b>	3,907,720
Lake Babine Economic Development Society (100%)		
Advances to Lake Babine Economic Development Society	515,618	586,553
Lake Babine Economic Development Society, deficiency in net assets	(205,099)	(249,990)
	<b>310,519</b>	336,563
Talok Fisheries Ltd. (100%)		
Shares at cost (100%)	1	1
TFL share of net assets	84,285	90,888
Advances to/(from) LBN	(222)	(1)
	<b>84,064</b>	90,888
Talok Fisheries LLP		
Partnership Units	1,200	1,200
LBN share of net assets	45,253	149,209
Advances to LBN	7	7
Loan Receivable for sale of fisheries equipment	356,219	356,219
	<b>402,679</b>	506,635
	<b>\$ 4,704,984</b>	<b>\$ 4,841,808</b>

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 (h).

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

Lake Babine Nation owns 99.99% of Talok Fisheries LLP.

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

### 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 (Unaudited)	Lake Babine Economic Development Society (Unaudited)	Talok Fisheries Corporation Ltd (Unaudited)	Talok Fisheries LLP (Unaudited)
Cash	\$ 199,567	\$ 64,938	\$ 532	\$ 47,369
Accounts receivable	87,243	4,547	-	76,150
Inventory	-	46,219	-	-
Due to / from funds	255,507	-	-	-
Due to / from government agencies	-	-	-	11,510
Prepaid expenses	10,047	-	-	2,713
Long term investments	5,853,770	-	88,254	-
Tangible capital assets	83,892	241,277	-	371,181
<b>Total assets</b>	<b>\$ 6,490,026</b>	<b>\$ 356,981</b>	<b>\$ 88,786</b>	<b>\$ 508,923</b>
Accounts payable	\$ 67,428	\$ 36,578	\$ 4,500	\$ 17,990
Due to / from funds	255,507	-	-	-
Current portion of long-term debt	-	-	-	50,888
Long-term debt	-	-	-	305,331
Due to government agencies	-	9,894	-	-
Due to related parties	-	515,609	-	-
<b>Total liabilities</b>	<b>322,935</b>	<b>562,081</b>	<b>4,500</b>	<b>374,209</b>
Share capital	-	-	1	-
Equity	6,167,091	(205,100)	84,285	134,714
<b>Total equity</b>	<b>6,167,091</b>	<b>(205,100)</b>	<b>84,286</b>	<b>134,714</b>
<b>Total liabilities and equity</b>	<b>\$ 6,490,026</b>	<b>\$ 356,981</b>	<b>\$ 88,786</b>	<b>\$ 508,923</b>



**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

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

	<b>Burns Lake Native Development Corporation</b>	<b>Lake Babine Economic Development Society (Unaudited)</b>	<b>Talok Fisheries Corporation Ltd (Unaudited)</b>	<b>Talok Fisheries LLP (Unaudited)</b>
Revenue	\$ -	\$ 2,630,381	\$ -	\$ 540,838
Amortization of subsidy	-	-	-	67,248
	-	2,630,381	-	608,086
Direct costs	-	2,375,887	-	387,119
Expenses	-	166,777	5,435	324,933
Partnership income Talok Fisheries	-	-	10	-
Income taxes (recovery) - current	-	-	1,158	-
Debt forgiveness	-	(207)	-	-
Total expenses	-	2,542,457	6,603	712,052
Net income	\$ -	\$ 87,924	\$ (6,603)	\$ (103,966)

Burns Lake Native Development Corporation qualification:

The Company has not had review engagement done for the years ended June 30, 2015 or June 30, 2016 and 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.

Talok Fisheries LLP:

A yearly payment amount of \$25,444 is paid to the Nation for repayment of a non-interest bearing long term loan. However, for the year ended March 31, 2016 the payment was received subsequent to this date.

**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.

	<b>2016</b>	<b>2015</b>
Payroll expense - Lake Babine Economic Development Society	\$ -	\$ 233,278
Administration fee revenue - Talok Fisheries LLP	10,470	7,350
Sale of Assets - Talok Fisheries LLP	-	381,663
Payment of receivable for equipment sale - Talok Fisheries LLP	-	25,444
	\$ 10,470	\$ 647,735

# LAKE BABINE NATION

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

### 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.

	2016	2015
Capital funds held in trust	\$ 690,080	\$ 623,933
Revenue funds held in trust	682,210	556,235
	<b>\$ 1,372,290</b>	<b>\$ 1,180,168</b>

	2016 Revenue	2016 Capital	2016 Total	2015 Total
Surplus, beginning of year	\$ 556,236	\$ 623,933	\$ 1,180,169	\$ 1,148,931
Contributions	-	66,146	66,146	-
Interest earnings	125,975	-	125,975	31,237
Surplus, end of year	<b>\$ 682,211</b>	<b>\$ 690,079</b>	<b>\$ 1,372,290</b>	<b>\$ 1,180,168</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.

	2016	2015
Cheques in excess of cash	\$ 11,046	\$ 69,006

### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trades accounts payable	\$ 750,698	\$ 1,159,368
Payroll and benefits	506,250	454,504
Accrued payables	96,711	125,329
	<b>\$ 1,353,659</b>	<b>\$ 1,739,201</b>

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**13. DUE TO GOVERNMENT AGENCIES**

	<b>2016</b>	2015
Forestry - GST collected on sales	<b>\$ (303,581)</b>	\$ (236,539)
Forestry - GST paid on purchases	<b>203,887</b>	143,444
	<b>\$ (99,694)</b>	\$ (93,095)

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, 2015 Restated	Funding received, 2016	Revenue recognized, 2016	<b>March 31, 2016</b>
<b>Indigenous and Northern Affairs Canada (INAC)</b>				
CPMS 7769 Surplus Account	\$ 108,542	\$ -	\$ (106,766)	<b>\$ 1,776</b>
<b>Other</b>				
NORHA Funding (CPMS 7367)	115,132	-	(20,000)	<b>95,132</b>
OCG Oil and Gas - LNG	80,000	-	(80,000)	<b>-</b>
Insurance Claim (Phase 4 Social Housing 1 Unit)	123,334	-	(123,334)	<b>-</b>
First Peoples Cultural Council	-	11,073	-	<b>11,073</b>
Lake Babine Solidarity	-	13,419	-	<b>13,419</b>
First Nation Health Authority - Lease	-	700	-	<b>700</b>
	<b>318,466</b>	<b>25,192</b>	<b>(223,334)</b>	<b>120,324</b>
	<b>\$ 427,008</b>	<b>\$ 25,192</b>	<b>\$ (330,100)</b>	<b>\$ 122,100</b>

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**15. LONG-TERM DEBT**

	<b>2016</b>	<b>2015</b>
Lake Babine Nation has signed promissory notes and First Nation Negotiation Support Agreements totaling \$10,932,428 as at March 31, 2016. 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.	<b>\$ 10,932,428</b>	<b>\$ 10,180,028</b>
Mortgage bearing interest at 3.29% per annum, repayable in monthly payments of \$11,499 including interest. The loan is secured by specific property with a net book value of \$102,138. The loan matured on May 1, 2016. Subsequent to year end the loan has been renewed with a new maturity of December 1, 2016.	<b>102,138</b>	234,400
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.	<b>80,400</b>	108,670
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 \$39,663. The loan matures on April 22, 2019.	<b>51,052</b>	65,599
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 \$39,663. The loan matures on April 22, 2019.	<b>51,052</b>	65,599
Conditional sales contract bearing interest at 5.49% per annum, repayable in monthly payments of \$1,657 including interest. The loan is secured by specific equipment with a net book value of \$78,884. The loan matures on December 22, 2020.	<b>82,989</b>	-
Loan.	-	50,000
Loan.	-	46,193
Loan.	-	3,097
	<b>\$ 11,342,486</b>	<b>\$ 10,753,586</b>

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

**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****15. LONG-TERM DEBT, continued**

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

2017	\$	235,818	
2018		88,594	
2019		79,097	
2020		29,274	
2021 and thereafter		10,909,703	
	\$	11,342,486	
		2016	2015
Interest expense for the year on long-term debt	\$	22,468	\$ 37,226

**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 \$18,885 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.

		2016	2015
Balance, beginning of year	\$	275,154	\$ 1,127,985
Contributions, required during the year		18,885	31,847
Withdrawals		(1,202)	(16,000)
Extinguished Replacement Reserve Requirement		-	(868,678)
	\$	292,837	\$ 275,154

As of March 31, 2016, the restricted cash has been underfunded by \$256,322 (2015 - \$238,638)

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

17. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2016 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	11,380,796	376,434	-	11,757,230	12,626,899	477,108	-	13,104,007	8,653,223
Automotive equipment	840,191	184,070	(54,168)	970,093	546,133	83,328	(12,188)	617,273	352,820
Computer equipment	586,090	76,981	-	663,071	435,898	51,483	-	487,381	175,690
Equipment	2,051,748	25,903	-	2,077,651	1,665,123	78,943	-	1,744,066	333,585
Fisheries equipment	189,400	5,660	-	195,060	124,918	10,025	-	134,943	60,117
Water and sewer	11,293,149	1,036,608	-	12,329,757	4,730,908	332,417	-	5,063,325	7,266,432
Roads and bridges	3,860,857	1,122,264	-	4,983,121	2,623,326	67,476	-	2,690,802	2,292,319
	<b>\$4,945,770</b>	<b>\$2,827,920</b>	<b>\$ (54,168)</b>	<b>\$7,719,522</b>	<b>\$2,753,205</b>	<b>\$ 1,100,780</b>	<b>\$ (12,188)</b>	<b>\$3,841,797</b>	<b>\$23,877,725</b>

	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	10,750,691	1,954,939	(1,324,834)	11,380,796	12,815,913	512,714	(701,728)	12,626,899	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>\$5,313,441</b>	<b>\$2,403,251</b>	<b>\$2,770,922)</b>	<b>\$5,945,770</b>	<b>\$3,373,127</b>	<b>\$ 1,206,685</b>	<b>\$ (1,826,607)</b>	<b>\$2,753,205</b>	<b>\$22,192,565</b>



**LAKE BABINE NATION****NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2016****18. ACCUMULATED SURPLUS**

	2016	2015
Restricted		
Equity in Investments in First Nation Entities	\$ 3,834,558	\$ 3,900,227
Equity in Ottawa Trust Funds	1,747,094	1,554,972
	<hr/>	
	5,581,652	5,455,199
	<hr/>	
Unrestricted		
Operating equity	7,022,042	12,306,913
	<hr/>	
	\$ 12,603,694	\$ 17,762,112
	<hr/>	

**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.

There are currently two mutually exclusive lawsuits against Lake Babine Nation, however each of the lawsuits are still in the preliminary stages and no amounts are known at this time. As a result no accruals have been recorded as at March 31, 2016.

**20. ECONOMIC DEPENDENCE**

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

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**21. GOVERNMENT TRANSFERS**

	<b>2016</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
Indigenous and Northern Affairs Canada (INAC)	\$ 9,189,339	\$ 3,523,504	\$ 12,712,843
Canada Mortgage and Housing Corporation	41,753	-	41,753
Department of Fisheries and Oceans	733,860	-	733,860
Transcanada - LNG	385,000	-	385,000
<b>Total</b>	<b>10,349,952</b>	<b>3,523,504</b>	<b>13,873,456</b>
<b>Provincial government transfers</b>	<b>3,436,212</b>	<b>-</b>	<b>3,436,212</b>
	<b>\$ 13,786,164</b>	<b>\$ 3,523,504</b>	<b>\$ 17,309,668</b>

	<b>2015</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
Indigenous and Northern Affairs Canada (INAC)	\$ 9,529,790	\$ 959,850	\$ 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
Transcanada - LNG	823,835	-	823,835
<b>Total</b>	<b>11,097,087</b>	<b>959,850</b>	<b>12,056,937</b>
<b>Provincial government transfers</b>	<b>4,545,072</b>	<b>-</b>	<b>4,545,072</b>
	<b>\$ 15,642,159</b>	<b>\$ 959,850</b>	<b>\$ 16,602,009</b>

**22. PRIOR PERIOD ADJUSTMENT**

The comparative figures have been restated for an error in deferred revenue and accounts receivable. As a result deferred revenue, accounts receivable and accumulated surplus have been changed as follows:

	<b>2015</b>	<b>Adjustment</b>	<b>2015 Restated</b>
Deferred Revenue	\$ 381,822	\$ 45,186	\$ 427,007
Accounts Receivable	1,111,507	(11,910)	1,099,597
	<b>\$ 1,493,329</b>	<b>\$ 33,276</b>	<b>\$ 1,526,604</b>

## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

#### 23. SEGMENTED INFORMATION

Lake Babine Nation is a First Nation organization that provides a wide range of services to its members including social, education, housing, capital, economic development and community services. For management reporting purposes, the Band's operations and activities are organized and reported by segments. Segments were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations.

The Band's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

##### *Operations*

The Operations program provides administration support to the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

##### *Education*

The Education program provides primary and secondary instructional services and financial support to eligible post-secondary First Nations students.

##### *Economic Development*

The Economic Development program provides planning and capacity development initiatives under various agreements.

##### *Social Housing*

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nations, and reports on the respective revenue and expenditures.

##### *Health*

The Health program provides a variety of health and wellness programs and support to First Nation members.

##### *Social Development*

The Social Development program Administers the provision of social assistance to qualifying First Nation members, as well as providing social development programs to the First Nation.

##### *Capital*

The Capital program administers the development of new capital projects and infrastructure programs on the reserve.

##### *Operations and Maintenance*

The Operations and Maintenance program provides regular maintenance services throughout the First Nation.

##### *Fisheries*

The Fisheries program administers fishing operations, habitat restoration, and research on First Nation land.

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**23. SEGMENTED INFORMATION, continued**

*Treaty Negotiation*

The Treaty Negotiation program provides negotiation services to aid the First Nation in its research towards Treaty.

*Equity in First Nation Investments*

The Equity in First Nation Investments program includes all activity from investments in other entities by the First Nation.

*Natural Resources*

The Natural Resources program administers and oversees natural resource based projects as follows:

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

23. SEGMENTED INFORMATION, continued

	Operations			LBN Education Program			Economic Development		
	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ 714,892	\$ 714,890	\$ 906,348	\$ 5,026,384	\$ 4,768,014	\$ 4,686,837	\$ 217,198	\$ 225,176	\$ 380,833
Provincial Government	90,252	302,938	169,896	321,080	768,713	788,487	764,657	1,492,062	2,329,279
Other Aboriginal Groups	-	400	-	-	247,294	308,636	55,000	55,000	17,250
Band Generated	-	169,702	261,917	-	8,721	14,335	1,101,000	4,862,030	2,392,910
Interest income	1,800	109,710	47,966	-	-	-	-	-	-
Administration fee	1,633,024	43,272	-	-	-	-	-	-	-
Transfer from deferred revenue	-	-	700,323	-	-	-	-	-	-
Other revenue	-	271,478	245,779	-	37,183	19,987	-	261,743	758,757
<b>Total revenue</b>	<b>2,439,968</b>	<b>1,612,390</b>	<b>2,332,229</b>	<b>5,347,464</b>	<b>5,829,925</b>	<b>5,818,282</b>	<b>2,137,855</b>	<b>6,896,011</b>	<b>5,879,029</b>
<b>Expenses</b>									
Administration fees	3,371	-	30	403,177	-	-	201,050	-	2,250
Capital Purchases	3,000	147,705	67,927	39,483	101,699	30,035	3,300	595	125,610
Contracted services	-	12,469	1,877,982	-	17,465	2,370	457,500	3,294,125	1,553,886
Professional fees	246,510	444,674	671,462	15,000	11,500	3,229	172,157	431,474	423,849
Repairs and maintenance	6,000	28,146	15,375	55,700	47,795	50,391	-	14,137	36,121
Travel	359,196	518,953	628,875	139,380	335,845	145,836	40,044	87,810	125,966
Wages and benefits	882,650	1,028,578	1,066,245	1,809,067	2,339,905	1,800,010	283,254	745,799	986,873
Other expenses	942,823	1,366,121	1,373,686	2,874,433	2,811,552	2,952,267	563,850	1,253,741	931,080
<b>Total expenses</b>	<b>2,443,550</b>	<b>3,546,646</b>	<b>5,701,582</b>	<b>5,336,240</b>	<b>5,665,761</b>	<b>4,984,138</b>	<b>1,721,155</b>	<b>5,827,681</b>	<b>4,185,635</b>
	(3,582)	(1,934,256)	(3,369,353)	11,224	164,164	834,144	416,700	1,068,330	1,693,394
<b>Other income (expenses)</b>	<b>-</b>	<b>133,520</b>	<b>161,828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,120</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ (3,582)\$</b>	<b>(1,800,736)\$</b>	<b>(3,207,525)\$</b>	<b>11,224 \$</b>	<b>164,164 \$</b>	<b>834,144 \$</b>	<b>416,700 \$</b>	<b>1,154,450 \$</b>	<b>1,693,394</b>

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

23. SEGMENTED INFORMATION, continued

	Natural Resource Management			Social Housing Fund			Health Services Fund		
	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Federal Government	512,000	385,000	823,835	40,182	45,549	63,967	-	-	-
Provincial Government	-	2,917,000	300,000	-	-	-	-	5,000	5,000
Other Aboriginal Groups	-	-	-	-	-	-	3,064,363	3,310,893	3,097,580
Band Generated	-	-	-	1,102,452	875,321	742,263	-	-	-
Interest income	-	-	-	-	18	84	-	-	-
Transfer from deferred revenue	-	-	-	-	143,335	20,000	-	-	-
Other revenue	204,000	60,000	113,255	-	7,329	132	-	71,816	31,421
<b>Total revenue</b>	<b>716,000</b>	<b>3,362,000</b>	<b>1,237,090</b>	<b>1,142,634</b>	<b>1,071,552</b>	<b>876,446</b>	<b>3,064,363</b>	<b>3,387,709</b>	<b>3,134,001</b>
<b>Expenses</b>									
Administration fees	83,604	-	-	-	-	-	237,602	-	-
Amortization	-	-	-	-	155,422	261,829	-	48,933	45,319
Capital Purchases	15,000	3,874	-	-	190,900	-	54,200	20,318	53,139
Contracted services	-	16,292	-	-	-	55,233	84,000	145,323	30,729
Professional fees	240,000	621,597	707,231	3,000	8,500	12,198	30,000	44,313	85,379
Repairs and maintenance	-	-	-	522,576	179,897	255,421	79,477	56,155	36,745
Travel	186,000	179,061	252,666	13,920	32,628	30,067	657,939	812,635	663,470
Wages and benefits	168,608	161,471	86,181	241,208	234,920	235,877	1,651,730	1,312,234	1,289,702
Other expenses	(36,200)	119,662	95,517	275,472	224,510	276,533	469,380	402,664	464,377
<b>Total expenses</b>	<b>657,012</b>	<b>1,101,957</b>	<b>1,141,595</b>	<b>1,056,176</b>	<b>1,026,777</b>	<b>1,127,158</b>	<b>3,264,328</b>	<b>2,842,575</b>	<b>2,668,860</b>
<b>Other income (expenses)</b>	<b>58,988</b>	<b>2,260,043</b>	<b>95,495</b>	<b>86,458</b>	<b>44,775</b>	<b>(250,712)</b>	<b>(199,965)</b>	<b>545,134</b>	<b>465,141</b>
<b>Annual surplus (deficit)</b>	<b>\$ 58,988</b>	<b>\$ 2,260,043</b>	<b>\$ 95,495</b>	<b>\$ 86,458</b>	<b>\$ (149,787)</b>	<b>\$ 247,772</b>	<b>\$ (199,965)</b>	<b>\$ 545,134</b>	<b>\$ 452,219</b>

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

23. SEGMENTED INFORMATION, continued

	LBN Social Development			Capital Projects 500			Operations & Maintenance		
	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated
<b>Revenues</b>									
Aboriginal Affairs & Northern Development Canada	\$ 369,474	\$ 2,751,625	\$ 2,710,755	\$ 3,440,422	\$ 3,523,504	\$ 1,019,850	\$ 562,619	\$ 729,634	\$ 735,017
Band Generated	-	-	-	-	-	-	298,020	24,316	10,112
Transfer from deferred revenue	-	-	-	-	106,765	(45,186)	-	-	-
Other revenue	-	-	-	-	-	(59,800)	-	400	-
<b>Total revenue</b>	<b>369,474</b>	<b>2,751,625</b>	<b>2,710,755</b>	<b>3,440,422</b>	<b>3,630,269</b>	<b>914,864</b>	<b>860,639</b>	<b>754,350</b>	<b>745,129</b>
<b>Expenses</b>									
Administration fees	274,240	-	-	86,806	-	(30)	-	-	-
Amortization	-	-	-	-	881,773	885,644	-	-	-
Capital Purchases	90,000	4,565	-	-	2,331,659	-	-	4,144	168,319
Contracted services	-	-	-	663,907	640,345	749,070	-	2,200	677
Professional fees	-	-	42,032	72,000	80,499	218,310	-	-	2,165
Repairs and maintenance	-	1,700	-	-	-	15,692	73,800	108,345	100,591
Travel	31,000	25,321	39,887	9,600	19,304	9,695	3,000	12,470	11,911
Wages and benefits	400,247	312,980	273,605	32,630	14,434	5,055	249,432	425,089	440,024
Other expenses	1,956,134	1,759,876	1,424,720	3,120	12,318	(32,418)	545,320	646,565	681,180
<b>Total expenses</b>	<b>2,751,621</b>	<b>2,104,442</b>	<b>1,780,244</b>	<b>868,063</b>	<b>3,980,332</b>	<b>1,851,018</b>	<b>871,552</b>	<b>1,198,813</b>	<b>1,404,867</b>
	(2,382,147)	647,183	930,511	2,572,359	(350,063)	(936,154)	(10,913)	(444,463)	(659,738)
<b>Other income (expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual surplus (deficit)</b>	<b>\$ (2,382,147)\$</b>	<b>647,183 \$</b>	<b>930,511 \$</b>	<b>2,572,359 \$</b>	<b>(350,063)\$</b>	<b>(936,154)\$</b>	<b>(10,913)\$</b>	<b>(444,463)\$</b>	<b>(659,738)</b>

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

23. SEGMENTED INFORMATION, continued

	Fisheries Fund			Treaty Negotiation Fund			Equity in First Nation Investments		
	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated	2016 Budget	2016 Actual	2015 Actual Restated
<b>Revenues</b>									
Federal Government	\$ 670,500	\$ 733,860	\$ 688,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Government	-	-	-	940,500	950,500	940,500	-	-	-
Other Aboriginal Groups	-	-	-	-	2,000	2,000	-	-	-
Band Generated	-	4,561	-	-	-	-	-	-	-
Other revenue	-	98,900	82,902	-	7,662	10,000	-	-	-
<b>Total revenue</b>	<b>670,500</b>	<b>837,321</b>	<b>771,897</b>	<b>940,500</b>	<b>960,162</b>	<b>952,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>									
Administration fees	11,120	-	-	94,050	-	-	-	-	-
Amortization	-	13,237	12,122	-	1,415	1,769	-	-	-
Capital Purchases	61,181	22,461	8,873	-	-	-	-	-	-
Contracted services	-	-	41,005	-	-	-	-	-	-
Professional fees	131,262	157,323	122,766	239,587	232,899	241,670	-	-	-
Repairs and maintenance	20,395	32,435	6,863	-	-	-	-	-	-
Travel	68,300	44,011	50,004	115,497	80,126	170,706	-	-	-
Wages and benefits	308,842	342,809	367,476	402,612	398,656	443,300	-	-	-
Other expenses	39,400	43,460	128,108	177,901	124,498	268,394	-	-	10,558
<b>Total expenses</b>	<b>640,500</b>	<b>655,736</b>	<b>737,217</b>	<b>1,029,647</b>	<b>837,594</b>	<b>1,125,839</b>	<b>-</b>	<b>-</b>	<b>10,558</b>
<b>Other income (expenses)</b>	<b>30,000</b>	<b>181,585</b>	<b>34,680</b>	<b>(89,147)</b>	<b>122,568</b>	<b>(173,339)</b>	<b>-</b>	<b>-</b>	<b>(10,558)</b>
	<b>-</b>	<b>-</b>	<b>63,002</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>(65,669)</b>	<b>81,148</b>
<b>Annual surplus (deficit)</b>	<b>\$ 30,000</b>	<b>\$ 181,585</b>	<b>\$ 97,682</b>	<b>\$(89,147)</b>	<b>\$ 122,568</b>	<b>\$(173,360)</b>	<b>-</b>	<b>\$(65,669)</b>	<b>70,590</b>



LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

23. SEGMENTED INFORMATION, continued

	Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual Restated
<b>Revenues</b>			
Aboriginal Affairs & Northern Development Canada	\$ 10,330,989	\$ 12,712,843	\$ 10,489,640
Federal Government	1,222,682	1,164,409	1,576,797
Provincial Government	2,116,489	6,436,213	4,533,162
Other Aboriginal Groups	3,119,363	3,615,587	3,425,466
Band Generated	2,501,472	5,944,651	3,421,537
Interest income	1,800	109,728	48,050
Administration fee	1,633,024	43,272	-
Transfer from deferred revenue	-	250,100	675,137
Other revenue	204,000	816,511	1,202,433
<b>Total revenue</b>	<b>21,129,819</b>	<b>31,093,314</b>	<b>25,372,222</b>
<b>Expenses</b>			
Administration fees	1,395,020	-	2,250
Amortization	-	1,100,780	1,206,683
Capital Purchases	266,164	2,827,920	453,903
Contracted services	1,205,407	4,128,219	4,310,952
Professional fees	1,149,516	2,032,779	2,530,291
Repairs and maintenance	757,948	468,610	517,199
Travel	1,623,876	2,148,164	2,129,083
Wages and benefits	6,430,280	7,316,875	6,994,348
Other expenses	7,811,633	8,764,967	8,574,002
<b>Total expenses</b>	<b>20,639,844</b>	<b>28,788,314</b>	<b>26,718,711</b>
<b>Other income (expenses)</b>	<b>489,975</b>	<b>2,305,000</b>	<b>(1,346,489)</b>
	<b>-</b>	<b>(40,591)</b>	<b>791,519</b>
<b>Annual surplus (deficit)</b>	<b>\$ 489,975</b>	<b>\$ 2,264,409</b>	<b>\$ (554,970)</b>

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**24. EXPENDITURES BY OBJECT**

	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Administration fees	\$ 1,395,020	\$ -	\$ 2,250
Advertising	36,300	31,748	25,545
Amortization	-	1,100,780	1,206,682
Awards day	24,946	21,874	14,752
Bad debts(recovery)	-	(1,768)	139,920
Band Contributions	-	52,269	66,168
Bingo expense	-	11,383	8,511
Capital Purchases	266,164	2,827,920	453,902
Catering	86,600	133,964	110,784
Christmas	62,000	65,059	64,191
Cigarette purchases	-	68,368	57,719
Contracted services	1,205,407	4,128,219	4,310,952
Economic development	110,286	134,095	114,176
Emergency	51,500	7,005	5,987
Equipment leases and rentals	75,376	51,120	119,652
Fees	193,415	87,929	135,311
Fees-fuel gas card	26,400	37,402	18,670
Fire Protection	3,200	-	-
Fuel and oil	61,014	285,535	346,025
Honorarium	430,200	481,881	534,154
Incentives	45,500	99,052	171,055
Insurance	244,273	258,720	260,292
Interest and bank charges	84,448	58,385	77,679
Janitorial	1,500	1,392	11,168
Meeting expenses	375,374	194,760	239,695
Municipal services	314,220	317,712	311,640
Office expenses	300	100	1,330
Professional development	156,800	84,397	104,202
Professional fees	1,149,516	2,032,781	2,530,290
Property taxes	-	2,574	2,335
Purchases	-	35,655	34,875
Relocation costs	10,000	1,925	13,674
Rent	120,884	118,734	50,469
Repairs and maintenance	757,948	468,617	517,206
Replacement reserve	59,460	-	-
Social assistance and support	1,758,029	1,889,326	1,193,904
Stumpage	(40,000)	171,971	-
Supplies	388,578	835,802	692,724
Traditional food	53,513	53,480	52,821
Training	214,342	236,994	239,763
Travel	1,623,876	2,148,163	2,129,084
Tuitions and allowances	2,406,902	2,209,511	2,580,724
Utilities and telephone	624,908	624,877	587,491
Wages and benefits	6,430,280	7,316,874	6,994,349
Water testing	28,865	14,990	17,190
		<b>\$ 28,701,575</b>	<b>\$ 26,549,311</b>

## LAKE BABINE NATION

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

#### 25. 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.

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

	2016	2015
Decrease (increase) in accounts receivable	\$ (529,198)	\$ 1,170,006
Decrease (increase) in inventory	(4,514)	2,366
Decrease (increase) in prepaid expenses	(32,070)	27,457
(Decrease) increase in accounts payable	(393,550)	343,198
(Decrease) in deferred revenue	(304,908)	(471,803)
Decrease (increase) in due to/from government agencies	96,687	(24,860)
	<u>\$ (1,167,553)</u>	<u>\$ 1,046,364</u>

#### 27. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council, and were approved by Chief and Council on April 14, 2016.

#### 28. COMPARATIVE AMOUNTS

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

**LAKE BABINE NATION**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**29. SUPPLEMENTARY INFORMATION**

The attached schedules are presented for purposes of additional analysis and are not a required part of the financial statements.