

LAKE BABINE NATION

FINANCIAL STATEMENTS

MARCH 31, 2017

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MARCH 31, 2017

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LAKE BABINE NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2017

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:

For 
Chief

Councillor

July 26, 2017
Date
July 26, 2017
Date

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. Other investments including Talok Fisheries LLP, and Talok Fisheries Ltd. were all completed on a review basis, as such we are unable to acquire sufficient audit evidence on these figures.

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, 2017 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 11, 2017

*DNC Chartered Professional
Accountants Inc.*

LAKE BABINE NATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,359,333	\$ 1,689,808
Short term deposits (Note 2)	<u>3,243,466</u>	1,705,438
Restricted cash	-	36,514
Accounts receivable (Note 3)	1,948,305	1,670,386
Loan receivables (Note 4)	87,936	94,527
Due from government agencies (Note 5)	270,903	110,637
Inventory held for sale (Note 6)	22,232	18,684
Long term receivable (Note 7)	162,000	-
Investment in First Nation Entities (Notes 8, 9)	4,726,151	4,704,984
Federal trust funds (Note 10)	<u>1,404,318</u>	1,372,290
	<u>13,224,644</u>	11,403,268
LIABILITIES		
Bank indebtedness (Note 11)	36,402	11,046
Accounts payable and accrued liabilities (Note 12)	1,649,755	1,353,669
Due to government agencies (Note 13)	76,970	99,694
Deferred revenue (Note 14)	1,986,643	122,100
Long-term debt (Note 15)	<u>11,829,705</u>	11,342,486
Replacement reserves (Note 16)	-	292,837
	<u>15,579,475</u>	13,221,832
NET DEBT	(2,354,831)	(1,818,564)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 17)	24,200,926	23,877,725
Prepaid expenses	<u>151,919</u>	42,884
	<u>24,352,845</u>	23,920,609
ACCUMULATED SURPLUS (Note 18)	\$ 21,998,014	\$ 22,102,045

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, 2017

	2017 Budget	2017 Actual	2016 Actual
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (522,195)	\$ (982,342)	\$ 2,264,410
Acquisition of tangible capital assets	-	(1,551,511)	(2,827,919)
Amortization of tangible capital assets	-	1,228,310	1,100,780
Loss on disposal of tangible capital assets	-	-	4,942
Proceeds on disposal of tangible capital assets	-	-	37,036
	-	(323,201)	(1,685,161)
Acquisition of prepaid asset	(109,035)	(142,452)	(40,297)
Use of prepaid asset	-	33,417	8,227
	(109,035)	(109,035)	(32,070)
Loan proceeds repayable	-	(673,200)	(752,400)
Transfer of tangible capital assets to balance sheet	-	1,551,511	2,827,920
	-	878,311	2,075,520
(Decrease) increase in net financial assets	(631,230)	(536,267)	2,622,699
NET DEBT AT BEGINNING OF YEAR	-	(1,818,564)	(4,441,263)
NET DEBT AT END OF YEAR	\$ -	\$ (2,354,831)	\$ (1,818,564)

See accompanying notes to these financial statements.

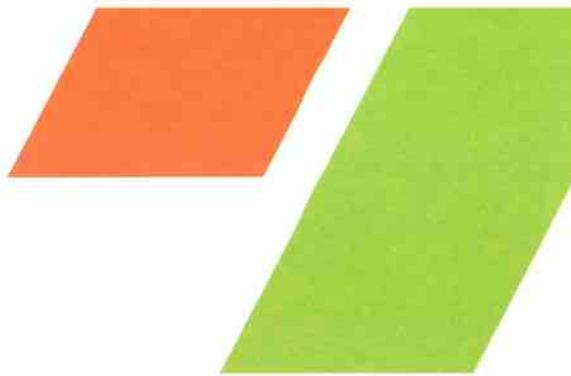
LAKE BABINE NATION

STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Federal government transfers (Note 21)	\$ 11,038,837	\$ 13,574,050	\$ 13,877,252
Provincial government transfers (Note 21)	1,703,701	5,450,281	3,866,416
Administration fee	1,894,502	-	-
Band Generated	3,457,552	1,990,052	5,864,212
Interest income	-	59,125	109,729
Miscellaneous	283,848	673,544	844,183
Other Aboriginal Groups	4,010,464	4,741,600	6,185,383
Transfer from deferred revenue	-	44,492	250,100
Transfer to deferred revenue	-	(1,909,035)	-
	22,388,904	24,624,109	30,997,275
EXPENDITURES			
Operations	2,711,263	3,075,709	3,483,013
LBN Education Program	6,032,144	6,617,111	5,969,306
Economic Development	1,260,749	2,339,614	5,487,935
Natural Resource Management	757,700	1,985,011	1,096,910
Social Housing Fund	2,016,924	1,076,809	1,007,892
Health Services Fund	3,420,731	3,145,590	2,842,577
LBN Social Development	2,783,723	2,165,548	2,070,462
Capital Projects 500	881,405	2,414,099	3,980,332
Operations & Maintenance	1,145,831	1,264,731	1,198,813
Fisheries Fund	951,247	986,463	649,735
Treaty Negotiation Fund	949,382	672,454	818,561
	22,911,099	25,743,139	28,605,536
RECOVERY	-	(84,080)	(67,885)
REPLACEMENT RESERVE	-	(11,016)	(18,855)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(522,195)	(1,214,133)	2,305,002

See accompanying notes to these financial statements.



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, 2017, 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.

LAKE BABINE NATION

STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2017

	2017 Actual	2016 Actual
OTHER ITEMS		
Bad debts- housing	- (103,866)	(262,128)
Gain (loss) in first nation entities	- 27,944	(65,669)
Extinguished replacement reserve	- 303,853	-
Loss on disposal of tangible capital assets	- -	(4,943)
Other revenue	- 3,860	242,148
<u>Forgiveness of debt</u>	<u>- -</u>	<u>50,000</u>
	- 231,791	(40,592)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(522,195)	(982,342)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	- 22,102,045	17,762,115
CAPITALIZATION OF TANGIBLE CAPITAL ASSETS	- 1,551,511	2,827,920
TREATY LOAN	- (673,200)	(752,400)
ACCUMULATED SURPLUS AT END OF YEAR	\$ (522,195)	\$ 21,998,014
	\$ 22,102,045	

See accompanying notes to these financial statements.

LAKE BABINE NATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) Excess of revenue over expenditures	\$ (982,342)	\$ 2,264,410
Items not affecting cash		
Amortization	1,228,310	1,100,780
Replacement Reserve	(292,837)	18,885
Loan proceeds repayable	(673,200)	(752,400)
Capitalization of tangible capital assets	1,551,511	2,827,920
Forgiveness of debt	-	(50,000)
Loss on disposal of tangible capital assets	-	4,943
	831,442	5,414,538
Change in non-cash operating working capital		
Accounts receivable	(277,919)	(570,789)
Due from government agencies	(160,266)	90,087
Inventory	(3,548)	(4,514)
Prepaid expenses	(109,035)	(32,070)
Accounts payable and accrued liabilities	296,086	(385,545)
Due to government agencies	(22,724)	6,600
Deferred revenue	1,864,543	(304,908)
Long term receivable	(162,000)	-
	2,256,579	4,213,399
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,551,511)	(2,827,920)
Proceeds on sale of tangible capital assets	-	37,037
	(1,551,511)	(2,790,883)
FINANCING ACTIVITIES		
Proceeds on long term debt	673,200	847,455
Repayment of long term debt	(185,981)	(208,544)
Advances from (to) short term financing (net)	25,356	(57,960)
Proceeds from repayment of band member receivables	6,591	1,905
	519,166	582,856
INVESTING ACTIVITIES		
Investment in First Nation Controlled Entities	(21,167)	136,824
Distribution from replacement reserve	-	(1,202)
Contributions to Ottawa Trust fund	(32,028)	(192,120)
	(53,195)	(56,498)
INCREASE IN CASH AND CASH EQUIVALENTS	1,171,039	1,948,874
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,431,760	1,482,886
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,602,799	\$ 3,431,760
REPRESENTED BY		
Cash	\$ 1,359,333	\$ 1,689,808
Short term deposits	3,243,466	1,705,438
Restricted cash	-	36,514
	\$ 4,602,799	\$ 3,431,760

See accompanying notes to these financial statements.

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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 Professional 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 Operations Fund
2. Lake Babine Nation Treaty Negotiation Fund
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 Fund 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, 2017

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, accounts receivable, advances from related parties, short term deposits 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 an 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 deposits 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 held for sale

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) 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.

(g) 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.

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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

(h) Federal 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.

(i) 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.

RECONCILIATION OF
INDIGENOUS AND NORTHERN AFFAIRS CANADA (INAC)
FUNDING CONFIRMATION REPORT REVENUE WITH
STATEMENT OF OPERATIONS/INCOME STATEMENT REVENUE
2016/2017 FISCAL YEAR

Recipient Name	Recipient #
Lake Babine Nation	00607
INAC Revenue per Consolidated Statement of Operations / Income Statement	\$12,195,115
Explanations:	Adjustments:
	Add / (Subtract)
	\$
less: Prior Year Deferred Revenue	
add: Current Year Deferred Revenue	
Net Adjustments	\$0
INAC Funding Confirmation Report - Net Funding Arrangement Budget (see Note 1)	\$12,195,115

Note 1: Includes INAC Current Payable At Year End (PAYE)

Excludes BCTC Treaty Loans

Excludes Recoveries for the prior year

Includes Reimbursements for the prior year

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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, 2017****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****(p) 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

	2017	2016
Externally restricted		
Replacement and Subsidy fund	\$ -	\$ 36,514
Internally restricted		
Premium Investment Savings Account	3,243,466	1,705,438
Unrestricted		
Operating	735,978	988,197
Social Development	-	119,057
Health	12,334	564
Social Housing	588,790	570,156
Treaty Negotiation	22,231	11,834
Total Unrestricted	1,359,333	1,689,808
Total cash and cash equivalents	\$ 4,602,799	\$ 3,431,760

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

3. ACCOUNTS RECEIVABLE

	2017	2016
Due from funders		
Indigenous and Northern Affairs Canada	\$ 87,150	\$ 79,082
Department of Fisheries and Oceans	336,364	46,553
Canada Mortgage and Housing Corporation	-	3,796
First Nation Funding agencies	1,353,817	1,397,281
	1,777,331	1,526,712
Due from members		
Rent receivable	2,457,505	2,322,911
Allowance for doubtful accounts - rent receivable	(2,295,690)	(2,191,824)
	161,815	131,087
Due from others		
Miscellaneous	7,456	10,719
Travel reimbursements	1,703	1,868
	9,159	12,587
	\$ 1,948,305	\$ 1,670,386

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

4. LOANS RECEIVABLE

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

	2017	2016
Payroll advances	\$ 14,391	\$ 14,767
Member loans	73,545	79,760
	\$ 87,936	\$ 94,527

LAKE BABINE NATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****5. DUE FROM GOVERNMENT AGENCIES**

	2017	2016
Operations fund - GST rebate	\$ 112,803	\$ 28,840
Health Services fund - GST rebate	43,889	4,212
Social Housing fund - GST rebate	3,033	1,113
Treaty Negotiation fund - GST rebate	6,439	2,782
Social Development fund - GST rebate	1,870	706
Education fund - GST rebate	22,722	6,315
Operations fund - PST rebate	80,147	66,669
	<hr/> \$ 270,903	<hr/> \$ 110,637

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 in error.

6. INVENTORY HELD FOR RESALE

Inventories held for resale are classified as follows:

	2017	2016
Cigarettes and tobacco	\$ 4,264	\$ 1,401
Confectionary	6,121	7,143
Fuel and oil	11,847	10,140
	<hr/> \$ 22,232	<hr/> \$ 18,684

7. LONG TERM RECEIVABLE

The amount is receivable from the Province of British Columbia within 30 days of the Pipeline Benefit Agreements effective date. As at March 31, 2017, the effective date is still unknown.

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

8. INVESTMENT IN FIRST NATION ENTITIES

	2017 (Unaudited)	2016 (Unaudited)
Burns Lake Native Development Corporation (62.87%)		
BLNDC shares, at cost	\$ 63	\$ 63
BLNDC share of net assets	3,907,799	3,907,657
Lake Babine Economic Development Society (100%)		
Advances to Lake Babine Economic Development Society	532,260	515,618
Lake Babine Economic Development Society, deficiency in net assets	(132,482)	(205,099)
Woyenne Enterprises Ltd., at cost (100%)	2	2
Talok Fisheries Ltd. (100%)		
Shares at cost (100%)	1	1
TFL share of net assets	79,599	84,285
Advances to/(from) LBN	3,216	(222)
	82,816	84,064
Talok Fisheries LLP		
Partnership Units	1,200	1,200
LBN share of net assets	5,265	45,253
Advances to LBN	(1,547)	7
Loan Receivable for sale of fisheries equipment	330,775	356,219
	335,693	402,679
	\$ 4,726,151	\$ 4,704,984

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 Specialty 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 the Chief and Council of Lake Babine Nation hold significant decision making power within the Society. Therefore, the Society has been accounted for on a modified equity basis as described in Note 1 (g).

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, 2017

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

- ◆ Burns Lake Native Development Corporation (BLDNC)
- ◆ Lake Babine Economic Development Society (LBEDS)
- ◆ Talok Fisheries Corporation Ltd (Talok Ltd.)
- ◆ Talok Fisheries LLP (Talok LLP)

	BLNDC at 100% (Unaudited)	LBEDS (Audited)	Talok Ltd. (Unaudited)	Talok LLP (Unaudited)
Cash	\$ 199,567	\$ 168,281	\$ 350	\$ 47,383
Accounts receivable	87,243	24,009	-	117,919
Inventory	-	44,653	-	-
Due to / from funds	255,507	-	-	-
Due to / from government agencies	-	-	-	18,898
Prepaid expenses	10,047	-	-	4,201
Long term investments	5,853,770	-	83,750	-
Tangible capital assets	83,892	223,553	-	1,315,392
 Total assets	 \$ 6,490,026	 \$ 460,496	 \$ 84,100	 \$ 1,503,793
 Accounts payable	 \$ 67,428	 \$ 37,654	 \$ 4,500	 \$ 86,180
Due to / from funds	255,507	-	-	-
Current portion of long-term debt	-	-	-	25,444
Long-term debt	-	-	-	305,331
Due to government agencies	-	23,265	-	-
Due to related parties	-	532,060	-	-
Deferred Government Assistance	-	-	-	996,615
 Total liabilities	 322,935	 592,979	 4,500	 1,413,570
 Share capital	 -	 -	 1	 -
Equity	6,167,091	(132,483)	79,599	90,223
 Total equity	 6,167,091	 (132,483)	 79,600	 90,223
 Total liabilities and equity	 \$ 6,490,026	 \$ 460,496	 \$ 84,100	 \$ 1,503,793

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, continued

	BLNDC at 100% (Unaudited)	LBEDS (Audited)	Talok Ltd. (Unaudited)	Talok LLP (Unaudited)
Revenue	\$ -	\$ 2,504,520	\$ -	\$ 671,600
	-	2,504,520	-	671,600
Direct costs	-	2,260,192	-	275,201
Expenses	-	159,034	4,682	436,391
Total expenses	-	2,419,226	4,682	711,592
Net income	\$ -	\$ 85,294	\$ (4,682)	\$ (39,992)
	-	85,294	(4,682)	(39,992)

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.

Related Party Transactions

Transactions with related parties, if any, are in the normal course of business, and are recorded at the exchange value that is mutually agreed upon by the related parties.

	2017	2016
LBEDS - Supplies	\$ 9,460	\$ 13,798
LBEDS - Fuel	36,512	53,268
LBEDS - Travel	15,792	23,039
Talok LLP - Consultant fees	7,500	-
Talok LLP - Administrations revenue	5,617	10,470
Talok LLP - Miscellaneous revenue	8,628	-
	\$ 83,509	\$ 100,580

LAKE BABINE NATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****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.

	2017	2016
Capital funds held in trust	\$ 690,080	\$ 690,080
Revenue funds held in trust	714,238	682,210
	<hr/>	<hr/>
	\$ 1,404,318	\$ 1,372,290
	<hr/>	<hr/>
	2017	2016
	Revenue	Capital
Surplus, beginning of year	\$ 682,210	\$ 690,080
Contributions	-	-
Interest earnings	32,028	-
	<hr/>	<hr/>
Surplus, end of year	\$ 714,238	\$ 690,080
	<hr/>	<hr/>
	\$ 1,404,318	\$ 1,372,290
	<hr/>	<hr/>

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.

	2017	2016
Cheques in excess of cash	\$ 36,402	\$ 11,046
	<hr/>	<hr/>

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trades accounts payable	\$ 891,409	\$ 743,700
Payroll and benefits	650,084	506,260
Accrued payables	108,262	103,709
	<hr/>	<hr/>
	\$ 1,649,755	\$ 1,353,669
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LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

13. DUE TO GOVERNMENT AGENCIES

	2017	2016
Forestry - GST collected on sales	\$ (191,921)	\$ (303,581)
Forestry - GST paid on purchases	114,951	203,887
	\$ (76,970)	\$ (99,694)

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, 2016	Funding received, 2017	Revenue recognized, 2017	March 31, 2017
Indigenous and Northern Affairs Canada (INAC)				
CPMS 7769 Surplus Account	\$ 1,776	\$ -	\$ -	\$ 1,776
ICMS #9-00126212 - NTLB - Bdg'16				
Immediate Needs Multi-Unit	-	1,696,800	(32,765)	1,664,035
	1,776	1,696,800	(32,765)	1,665,811
Provincial Government				
Joint Forestry Forum	-	75,000	-	75,000
Social Cultural Tech	-	100,000	-	100,000
	-	175,000	-	175,000
Other				
NORHA Funding (CPMS 7367)	95,132	-	(20,000)	75,132
Tree Planting	-	70,000	-	70,000
First Peoples Cultural Council	11,073	-	(11,073)	-
Lake Babine Solidarity	13,419	-	(13,419)	-
First Nation Health Authority - Lease	700	700	(700)	700
	120,324	70,700	(45,192)	145,832
	\$ 122,100	\$ 1,942,500	\$ (77,957)	\$ 1,986,643

LAKE BABINE NATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****15. LONG-TERM DEBT**

Lake Babine Nation has signed promissory notes and First Nation Negotiation Support Agreements totaling \$11,605,628 as at March 31, 2017, 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.

	2017	2016
	\$ 11,605,628	\$ 10,932,428
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.	35,564	51,052
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 with a net book value of \$140,559. The loan matures on October 22, 2018.	50,414	80,400
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.	35,564	51,052
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.	67,267	82,989
Term Loan bearing interest at 2.49% per annum, repayable in monthly payments of \$677 including interest. The loan is secured by specific equipment with a net book value of \$26,378. The loan matures on October 31, 2021.	35,268	42,427
<u>Mortgage, repaid during the year</u>	-	102,138
	\$ 11,829,705	\$ 11,342,486

LAKE BABINE NATION**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2017****15. LONG-TERM DEBT, continued**

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

2018	\$ 88,594
2019	78,941
2020	29,274
2021	22,483
2022 and thereafter	11,610,413
	<hr/>
	\$ 11,829,705
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	2017	2016
Interest expense for the year on long-term debt	\$ 15,937	\$ 22,468

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. The final mortgage matured during the 2017 year therefore the annual deposit has been prorated accordingly. 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. Because all mortgages are now matured there is no longer a requirement to hold a replacement reserve and as such the full amount has been extinguished.

	2017	2016
Balance, beginning of year	\$ 292,837	\$ 1,143,832
Contributions, required during the year	11,016	18,885
Withdrawals	-	(1,202)
Extinguished Replacement Reserve Requirement	(303,853)	(868,678)
	<hr/>	<hr/>
	\$ -	\$ 292,837

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

17. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2017 Net book value
Land	\$ 4,743,539	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	41,757,230	966,610	-	33,563,411	9,160,429
Automotive equipment	970,093	200,606	-	753,210	417,489
Computer equipment	663,071	95,393	-	553,157	205,306
Equipment	2,077,651	45,964	-	1,815,452	308,164
Fisheries equipment	195,060	50,392	-	147,739	97,713
Water and sewer	12,329,757	-	-	5,426,906	6,902,851
Roads and bridges	4,983,121	192,546	-	2,810,232	2,365,435
	\$ 67,719,522	\$ 1,551,511	\$ -	\$ 45,070,107	\$ 24,200,926
	Cost	Additions	Disposals	Accumulated amortization	2016 Net book value
Land	\$ 4,743,539	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	41,380,796	376,434	-	33,104,007	8,653,223
Automotive equipment	840,191	184,070	54,168	617,273	352,820
Computer equipment	586,090	76,981	-	487,381	175,690
Equipment	2,051,748	25,904	-	1,744,066	333,586
Fisheries equipment	189,400	5,660	-	134,943	60,117
Water and sewer	11,293,149	1,036,607	-	5,063,325	7,266,431
Roads and bridges	3,860,857	1,122,265	-	2,690,802	2,292,319
	\$ 64,945,770	\$ 2,827,921	\$ 54,168	\$ 43,841,797	\$ 23,877,725

18. ACCUMULATED SURPLUS

	2017	2016
Restricted		
Equity in Investments in First Nation Entities	\$ 3,781,355	\$ 3,753,410
Equity in Ottawa Trust Funds	\$ 1,779,122	\$ 1,747,094
	5,560,477	5,500,504
Unrestricted		
Operating equity	16,437,537	16,601,541
	\$ 21,998,014	\$ 22,102,045

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017.

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, 2017

21. GOVERNMENT TRANSFERS

	2017		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada (INAC)	\$ 10,418,315	\$ 1,776,800	\$ 12,195,115
Canada Mortgage and Housing Corporation	109,216	-	109,216
Department of Fisheries and Oceans	683,380	-	683,380
Pacific Salmon Commission	274,339	-	274,339
Transcanada - LNG	312,000	-	312,000
Total	11,797,250	1,776,800	13,574,050
Provincial government transfers	5,450,281	-	5,450,281
	\$ 17,247,531	\$ 1,776,800	\$ 19,024,331
	2016		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada (INAC)	\$ 9,189,339	\$ 3,523,504	\$ 12,712,843
Canada Mortgage and Housing Corporation	45,549	-	45,549
Department of Fisheries and Oceans	670,500	-	670,500
Pacific Salmon Commission	63,360	-	63,360
Transcanada - LNG	385,000	-	385,000
Total	10,353,748	3,523,504	13,877,252
Provincial government transfers	3,866,416	-	3,866,416
	\$ 14,220,164	\$ 3,523,504	\$ 17,743,668

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. 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.

Natural Resource Management

The Natural Resources program administers and oversees natural resource based projects.

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 Services

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.

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LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. 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.

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. SEGMENTED INFORMATION, continued

	Operations		LBN Education Program			Economic Development			
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Aboriginal Affairs & Northern Development Canada	\$ 690,364	\$ 776,582	\$ 714,890	\$ 5,155,128	\$ 4,861,369	\$ 4,768,014	\$ 215,883	\$ 215,883	\$ 225,176
Provincial Government	91,239	169,654	95,915	363,080	668,104	505,596	-	2,681,567	1,192,405
Other Aboriginal Groups	-	29,000	209,423	208,000	740,809	510,410	299,395	414,714	354,657
Band Generated	-	6,190	89,263	-	2,499	8,721	1,606,000	1,297,562	4,862,030
Interest income	-	59,099	109,710	-	-	-	-	-	-
Administration fee	1,610,146	(60)	-	-	-	-	-	60	-
Other revenue	-	74,098	299,150	299,395	311,836	336,841	(299,395)	(153,052)	(37,914)
Total revenue	2,391,749	1,114,563	1,518,351	6,025,603	6,584,617	6,129,582	1,821,883	4,456,734	6,596,354
Expenses									
Administration fees	1,761	-	-	420,427	-	-	196,919	(1,486)	-
Capital purchases	30,000	101,289	147,705	30,200	86,878	101,699	2,500	17,388	595
Contracted services	-	16,163	12,469	-	6,799	17,465	457,500	560,072	3,294,125
Professional fees	197,000	329,684	437,721	-	1,452	11,500	145,000	442,710	431,474
Repairs and maintenance	22,000	11,135	28,146	24,800	72,333	47,795	-	38,778	14,137
Travel	395,400	556,371	519,442	161,581	246,121	335,845	29,194	31,067	87,810
Wages and benefits	1,043,731	906,801	1,028,582	2,153,680	2,664,971	2,339,905	259,179	530,888	745,799
Other expenses	1,021,371	1,214,267	1,366,622	3,241,456	3,538,557	3,115,097	170,457	741,342	920,196
Total expenses	2,711,263	3,135,710	3,540,687	6,032,144	6,617,111	5,969,306	1,260,749	2,360,759	5,494,136
Other income (expenses)	(319,514)	(2,021,147)	(2,022,336)	(6,541)	(32,494)	160,276	561,134	2,095,975	1,102,218
Annual surplus (deficit)	\$ (319,514)	\$ (2,021,147)	\$ (1,888,816)	\$ (6,541)	\$ (32,494)	\$ 160,276	\$ 561,134	\$ 2,095,975	\$ 1,188,338

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. SEGMENTED INFORMATION, continued

	Natural Resource Management			Social Housing Fund			Health Services Fund		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Aboriginal Affairs & Northern Development Canada	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Government	182,300	312,000	385,000	30,360	109,216	45,549	-	-	-
Provincial Government	300,000	1,069,456	1,117,000	-	-	-	-	5,000	5,000
Other Aboriginal Groups	-	-	1,800,000	-	-	-	3,503,069	3,557,077	3,310,893
Band Generated	-	-	-	1,464,072	659,388	875,321	-	-	-
Interest income	-	-	-	-	13	18	-	-	-
Administration fee	-	-	-	284,356	-	-	-	-	-
Transfer from deferred revenue	-	13,419	-	-	20,000	143,335	-	11,073	-
Other revenue	75,000	15,254	60,000	208,848	6,224	7,329	-	54,366	71,816
Total revenue	557,300	1,560,129	3,362,000	1,987,636	794,841	1,071,552	3,503,069	3,627,516	3,387,709
Expenses									
Administration fees	58,592	5,010	-	503,216	20,000	-	271,810	-	-
Amortization	-	-	-	-	123,385	155,422	-	47,937	48,933
Capital purchases	22,500	3,586	3,874	40,000	-	190,900	171,250	50,773	20,318
Contracted services	-	12,931	16,292	-	-	-	101,000	108,506	145,323
Professional fees	16,592	1,027,487	628,551	8,500	8,500	8,500	23,000	29,810	44,313
Repairs and maintenance	-	-	-	804,660	448,860	179,897	68,500	184,560	56,155
Travel	78,962	265,406	179,061	39,340	30,295	32,628	701,814	898,444	812,635
Wages and benefits	421,450	538,023	161,471	339,884	259,521	234,920	1,535,689	1,352,367	1,312,234
Other expenses	159,604	132,568	107,661	281,324	197,264	224,510	547,668	473,193	402,664
Total expenses	757,700	1,985,011	1,096,910	2,016,924	1,087,825	1,026,777	3,420,731	3,145,590	2,842,575
Other income (expenses)	(200,400)	(424,882)	2,265,090	(29,288)	(292,984)	44,775	82,338	481,926	545,134
Annual surplus (deficit)	\$ (200,400)	\$ (424,882)	\$ 2,265,090	\$ (29,288)	\$ (89,138)	\$ (149,787)	\$ 82,338	\$ 481,926	\$ 545,134

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. SEGMENTED INFORMATION, continued

	LBN Social Development			Capital Projects 500			Operations & Maintenance		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Aboriginal Affairs & Northern Development Canada	\$ 2,654,705	\$ 2,783,723	\$ 2,751,625	\$ 881,405	\$ 2,658,205	\$ 3,523,504	\$ 749,353	\$ 749,353	\$ 729,634
Band Generated Interest income	-	-	-	-	-	-	387,480	24,414	24,316
Transfer from deferred revenue	-	-	-	-	12	-	-	-	-
Other revenue	-	-	-	-	-	106,765	-	-	-
					(1,664,035)	-	-	2,558	400
Total revenue	2,654,705	2,783,723	2,751,625	881,405	994,182	3,630,269	1,136,833	776,325	754,350
Expenses									
Administration fees	279,357	-	-	88,140	-	-	-	-	-
Amortization	-	-	-	-	1,026,245	881,773	-	-	-
Capital purchases	25,950	7,230	4,565	-	1,135,840	2,331,659	-	4,065	4,144
Contracted services	-	-	-	663,907	143,082	640,345	-	-	2,200
Professional fees	-	-	-	78,968	90,469	80,499	-	-	-
Repairs and maintenance	5,600	8,250	1,700	-	1,620	-	87,780	124,090	108,345
Travel	42,948	24,436	25,321	13,200	12,746	19,304	4,298	33,981	12,470
Wages and benefits	414,001	383,167	312,980	32,630	557	14,434	464,304	462,877	425,089
Other expenses	2,015,867	1,745,399	1,729,876	4,560	3,540	12,318	589,449	639,718	646,565
Total expenses	2,783,723	2,168,482	2,074,442	881,405	2,414,099	3,980,332	1,145,831	1,264,731	1,198,813
	(129,018)	615,241	677,183	-	(1,419,917)	(350,063)	(8,998)	(488,406)	(444,463)
Other income (expenses)	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	\$ (129,018)\$	615,241 \$	677,183 \$	-	\$ (1,419,917)\$	(350,063)\$	(8,998)\$	(488,406)\$	(444,463)

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. SEGMENTED INFORMATION, continued

	Fisheries Fund			Treaty Negotiation Fund			Equity in First Nation Investments		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Federal Government	\$ 479,339	\$ 957,719	\$ 733,860	\$ -	\$ 949,382	\$ 856,500	\$ -	\$ -	\$ -
Provincial Government	-	-	-	-	-	-	-	-	-
Band Generated	-	-	4,561	-	-	-	-	-	-
Other revenue	-	117,260	98,900	-	-	7,662	-	-	-
Total revenue	479,339	1,074,979	837,321	949,382	856,500	958,162	-	-	-
Expenses									
Administration fees	8,120	259	-	94,050	-	-	-	-	-
Amortization	-	29,610	13,237	-	1,132	1,415	-	-	-
Capital purchases	78,061	144,463	22,461	-	-	-	-	-	-
Professional fees	88,511	99,472	157,323	245,281	212,337	232,899	-	-	-
Repairs and maintenance	38,696	33,594	32,435	-	-	-	-	-	-
Travel	54,840	28,851	41,346	85,499	78,243	79,636	-	-	-
Wages and benefits	601,551	514,090	342,809	400,356	288,317	398,651	-	-	-
Other expenses	81,468	136,124	40,125	124,196	92,425	105,960	-	-	-
Total expenses	951,247	986,463	649,736	949,382	672,454	818,561	-	-	-
Other income (expenses)	(471,908)	88,516	187,585	-	184,046	139,601	-	-	-
Annual surplus (deficit)	\$ (471,908)	\$ 88,516	\$ 187,585	\$ -	\$ 184,046	\$ 139,601	\$ -	\$ 27,944	\$ (65,669)

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

22. SEGMENTED INFORMATION, continued

	Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual
Revenues			
Aboriginal Affairs & Northern Development Canada	\$ 10,346,838	\$ 12,195,115	\$ 12,712,843
Federal Government	691,999	1,378,935	1,164,409
Provincial Government	1,703,701	5,450,281	3,866,416
Other Aboriginal Groups	4,010,464	4,741,600	6,185,383
Band Generated	3,457,552	1,990,053	5,864,212
Interest income	-	59,124	109,728
Administration fee	1,894,502	-	-
Transfer from deferred revenue	-	44,492	250,100
Other revenue	283,848	(1,235,491)	844,184
Total revenue	22,388,904	24,624,109	30,997,275
Expenses			
Administration fees	1,922,392	23,783	-
Amortization	-	1,228,309	1,100,780
Capital purchases	400,461	1,551,512	2,827,920
Contracted services	1,222,407	847,553	4,128,219
Professional fees	802,852	2,241,921	2,032,780
Repairs and maintenance	1,052,036	923,220	468,610
Travel	1,607,076	2,205,961	2,145,498
Wages and benefits	7,666,455	7,901,579	7,316,874
Other expenses	8,237,420	8,914,397	8,671,594
Total expenses	22,911,099	25,838,235	28,692,276
Other income (expenses)	(522,195)	(1,214,133)	2,305,002
	-	231,791	(40,592)
Annual surplus (deficit)	\$ (522,195)	\$ (982,342)	2,264,410

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

23. EXPENDITURES BY OBJECT

	2017 Budget	2017 Actual	2016 Actual
Camp costs	\$ 13,500	\$ 5,162	\$ -
Administration fees	1,922,392	23,783	-
Advertising	32,200	12,367	31,748
Amortization	-	1,228,310	1,100,780
Awards day	25,000	23,398	21,874
Bad debts(recovery)	-	12,671	(1,768)
Band Contributions	-	-	52,269
Bingo expense	-	8,075	11,383
Capital purchases	400,461	1,551,511	2,827,920
Catering	93,550	115,594	133,964
Christmas	62,100	62,352	65,059
Cigarette purchases	-	68,507	68,368
Contracted services	1,222,407	847,552	4,128,219
Economic development	119,200	145,013	134,095
Emergency	-	1,768	7,005
Equipment leases and rentals	105,360	100,206	33,081
Fees	201,790	151,532	87,929
Fees-fuel gas card	14,700	26,844	37,402
Fuel and oil	81,500	281,100	285,535
Honorarium	522,659	563,441	481,881
Incentives	32,500	97,869	99,052
Insurance	277,959	268,551	258,720
Interest and bank charges	128,102	41,261	58,385
Janitorial	-	615	1,392
Meeting expenses	192,048	200,017	194,760
Municipal services	337,098	343,725	317,712
Office expenses	540	277	100
Professional development	169,974	63,710	83,558
Professional fees	802,852	2,241,921	2,032,781
Property taxes	-	4,171	2,574
Purchases	-	42,345	35,655
Relocation costs	10,000	1,400	1,925
Rent	163,472	58,784	50,334
Repairs and maintenance	1,052,036	923,217	468,618
Social assistance and support	1,712,039	1,607,025	1,889,326
Stumpage	-	76,612	171,971
Supplies	551,093	992,196	834,867
Traditional food	46,809	46,809	53,480
Training	229,392	172,453	237,832
Travel	1,607,076	2,205,960	2,145,498
Tuitions and allowances	2,523,537	2,505,946	2,209,511
Utilities and telephone	578,298	702,691	618,877
Wages and benefits	7,666,455	7,901,578	7,316,874
Water testing	13,000	14,820	14,990
	\$ 25,743,139	\$ 28,605,536	

LAKE BABINE NATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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. 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.

26. COMPARATIVE AMOUNTS

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

27. SUPPLEMENTARY INFORMATION

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