

**BURNS LAKE INDIAN BAND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

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**CARLYLE SHEPHERD & CO.**

**CHARTERED ACCOUNTANTS**



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**INDEPENDENT AUDITOR'S REPORT  
TO THE BURNS LAKE INDIAN BAND**

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of the Burns Lake Indian Band as at March 31, 2014 and the statements of financial activities, cash flows and changes in net financial liabilities and a summary of significant accounting policies.

**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 controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

In accordance with the CICA handbook, section PS-3150, First Nation organizations are required to compile a comprehensive listing of all property and equipment owned by the organization. This has not been completed. The impact of this on the statement of financial position only affects property and equipment values and equity in property and equipment. The operating surplus is not impacted by this omission.

**Opinion**

In our opinion, except for the effect of adjustments, if any, which might be required regarding the above condition, these financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2014 and the results of its operations, cash flows and net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert BC  
July 31, 2014




**BURNS LAKE INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31**

	2014	2013
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	120,328	251,115
Accounts receivable (note 3)	384,505	498,517
Inventory (note 1)	45,270	38,235
Ottawa Trust funds (note 4)	93,149	49,079
	<u>643,252</u>	<u>836,946</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	284,419	596,037
Replacement reserve (note 5)	20,700	15,300
Bank and other loans (note 6)	1,915,452	1,994,518
	<u>2,220,571</u>	<u>2,605,855</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>-1,577,319</u>	<u>-1,768,909</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	24,097	17,173
Property and equipment (notes 1 and 8)	1,546,641	1,635,554
Investments (note 1)	361,405	361,404
	<u>1,932,143</u>	<u>2,014,131</u>
	<u>354,824</u>	<u>245,222</u>
<b>BAND POSITION</b>		
Surplus (Deficit) (note 9)	-977,655	-1,073,797
Equity in property and equipment (note 10)	1,124,264	1,197,496
Ottawa Trust funds (note 4)	93,149	49,079
Equity in investments	115,066	72,444
	<u>354,824</u>	<u>245,222</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

 Councillor

**BURNS LAKE INDIAN BAND**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	2014	2013
	\$	\$
<b>REVENUE</b>		
AANDC	388,343	567,332
CMHC	23,622	25,197
CSFS	110,382	93,892
FNHA	4,080	3,960
Ottawa Trust funds	44,070	43,770
PGNAETA	25,323	25,324
Property taxes	192,393	290,668
Province of British Columbia	211,457	225,034
Rent	124,812	155,004
Sales	1,317,209	482,158
Other	968,753	1,001,651
	<u>3,410,444</u>	<u>2,913,990</u>
<b>EXPENDITURE</b>		
Administration	321,850	291,690
Amortization	88,913	101,509
Capital Development	209,419	34,718
Community Health	89,741	87,587
Day Care	289,632	238,730
Economic Development	1,888,173	1,507,474
Education	61,022	84,964
Other	157,845	195,514
Public Works	50,503	64,886
Social Services	143,744	146,348
	<u>3,300,842</u>	<u>2,753,420</u>
<b>REVENUE OVER EXPENDITURE</b>	109,602	160,570
<b>OPENING POSITION</b>	<u>245,222</u>	<u>84,652</u>
<b>CLOSING POSITION</b>	<u>354,824</u>	<u>245,222</u>

**BURNS LAKE INDIAN BAND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	109,602	160,570
Amortization	88,913	101,509
Accounts receivable	114,012	-382,896
Accounts payable and accruals	-311,618	151,912
Ottawa Trust funds	-44,070	34,938
Prepaid expenses	-6,925	9,135
Replacement reserve	5,400	5,400
Inventory	-7,035	-2,386
	<u>-51,721</u>	<u>78,182</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>-79,066</u>	<u>38,710</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	<u>-</u>	<u>-251,844</u>
<b>CHANGE IN CASH</b>	-130,787	-134,952
<b>OPENING CASH BALANCE</b>	<u>251,115</u>	<u>386,067</u>
<b>CLOSING CASH BALANCE</b>	<u>120,328</u>	<u>251,115</u>

**BURNS LAKE INDIAN BAND**

**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revenue over expenditure	109,602	160,570
Amortization	88,913	101,509
Prepaid expenses	-6,925	9,135
Property and equipment additions	<u>-</u>	<u>-251,844</u>
Change in net financial assets (liabilities)	191,590	19,370
Opening net financial assets (liabilities)	<u>-1,768,909</u>	<u>-1,788,279</u>
Closing net financial assets (liabilities)	<u>-1,577,319</u>	<u>-1,768,909</u>

## **BURNS LAKE INDIAN BAND**

### **NOTES**

**MARCH 31, 2014**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Fund Accounting**

These financial statements have been prepared using the fund accounting method and guidelines issued by Aboriginal Affairs and Northern Development Canada which include compliance with Canadian public sector accounting standards.

The Band maintains the following funds which are combined into the financial statements:

- Operating fund reports the general activities of the Band.
- Capital fund reports the property and equipment of the Band, together with related financing.
- Ottawa Trust fund reports the trust funds owned by the Band and held by the federal government.

##### **b) Inventory**

Inventory is reported on a first in, first out basis, at the lower of cost and market value.

##### **c) Property and Equipment**

Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Paving	20%
Buildings	4%
Automotive and other equipment	20% & 30%

Social Housing units, as required by CMHC, are amortized at the rate of debt reduction.

Equipment with a cost less than \$5 000 is not capitalized.

##### **d) Accrual Accounting**

Revenue and expenditures are reported on an accrual basis.

The Band reports revenue and expenditures as follows:

- Government Funding accrued as programs meet contractual funding arrangements.
- Rentals recorded on the first day of each rental month.
- Property taxes recorded on a calendar year basis.
- Retail recorded at the time of sale.
- Expenditures recorded when the liability is incurred.

# BURNS LAKE INDIAN BAND

## NOTES

MARCH 31, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Investments

	Shares	Advance	Total
	\$	\$	\$
Burns Lake Native Development Corporation, minority interest in a non-profit organization	2	-	2
Turtle Island Land Management Corporation Ltd., 100% interest	<u>4</u>	<u>361,399</u>	<u>361,403</u>
	<u>6</u>	<u>361,399</u>	<u>361,405</u>

Turtle Island Land Management Corporation Ltd. is reported on the modified equity method.

Burns Lake Native Development Corporation is reported at cost.

Turtle Island Land Management Corporation is inactive. Financial statements have not been prepared.

#### f) Use Of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting guidelines requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

#### g) Financial Instruments

It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks. Financial assets and financial liabilities are measured at market value at date of acquisition.

### 2. CASH

	2013	2012
Restricted		
- Treaty	\$ 1,667	\$ 1,775
- Social Housing function reserves	20,700	15,300
Unrestricted	<u>97,961</u>	<u>234,040</u>
	<u>\$ 120,328</u>	<u>\$ 251,115</u>

## BURNS LAKE INDIAN BAND

### NOTES

MARCH 31, 2014

#### 3. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of a \$30,480 allowance for doubtful accounts (2013 \$24,858).

#### 4. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada holds funds in trust for the Band. These funds are designated as revenue or capital funds as is required by the Indian Act. The Band is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Band and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of Aboriginal Affairs and Northern Development Canada.

	Capital	Revenue	Total
Opening balance	\$ 1	\$ 49,078	\$ 49,079
Interest and other	<u>-</u>	<u>44,070</u>	<u>44,070</u>
Closing balance	<u>\$ 1</u>	<u>\$ 93,148</u>	<u>\$ 93,149</u>

#### 5. REPLACEMENT RESERVE

A replacement reserve is maintained to provide for future asset replacement and is funded by an annual charge against income.

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually with \$5,400.

Beginning Balance	\$ 15,300
Annual Provision	5,400
Expenditures	<u>-</u>
Closing Balance	<u>\$ 20,700</u>

## BURNS LAKE INDIAN BAND

### NOTES

MARCH 31, 2014

#### 6. BANK AND OTHER LOANS

Royal Bank of Canada term loan, \$502/month with interest at prime plus 1.8% per annum; secured by Band Council guarantee and charge on specified asset. \$ 11,167

Canada Mortgage and Housing Corporation mortgage, \$2,103/month including interest at 2.76% per annum; secured by Band Council guarantee. 411,210

Carrier Sekani Tribal Council, repayable on the same terms and conditions that the Carrier Sekani Tribal Council has with Aboriginal Affairs and Northern Development Canada for treaty negotiations. The loan is due if treaty negotiations are halted. A repayment extension to November 3, 2016 has been entered into with the Federal Government. 1,079,075

Royal Bank of Canada, \$59,000/annum, interest paid monthly at prime plus 1.75% per annum; secured by a general security agreement over all Band assets. 414,000

\$1,915,452

Scheduled principal repayment during the next five years is as follows:

2015	\$ 79,005
2016	1,158,423
2017	74,208
2018	74,633
2019	75,070
	<u>\$ 1,461,339</u>

#### 7. CONTINGENT LIABILITY

A Band member commenced a wrongful dismissal action against the band. Subsequent to the year-end, the Band initiated a counter action.

# BURNS LAKE INDIAN BAND

## NOTES

MARCH 31, 2014

### 8. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions/ Disposals	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Paving	40,908	-	40,908	39,131	355	39,486	1,422	1,777
Buildings	1,971,725	-	1,971,725	446,880	64,612	511,492	1,460,233	1,524,845
Automotive	255,547	-	255,547	233,953	6,478	240,431	15,116	21,594
Equipment	299,005	-	299,005	211,667	17,468	229,135	69,870	87,338
	<u>2,567,185</u>	<u>-</u>	<u>2,567,185</u>	<u>931,631</u>	<u>88,913</u>	<u>1,020,544</u>	<u>1,546,641</u>	<u>1,635,554</u>

# **BURNS LAKE INDIAN BAND**

## **NOTES**

**MARCH 31, 2014**

### **9. SURPLUS (DEFICIT)**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Administration	10,352	44,092
Capital Development	142,411	-89,148
Community Health	147,077	122,356
Day Care	-87,997	-
Economic Development	-37,439	-16,817
Education	19,234	1,958
Other	42,237	52,373
Public Works	17,112	-907
Social Services	-118,063	-75,125
Treaty	<u>-1,112,579</u>	<u>-1,112,579</u>
	<u>-977,655</u>	<u>-1,073,797</u>

### **10. EQUITY IN PROPERTY AND EQUIPMENT**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Opening balance	1,197,496	1,046,904
Debt repayment	5,334	257
Contribution from operations	10,347	251,844
Amortization	<u>-88,913</u>	<u>-101,509</u>
Closing balance	<u>1,124,264</u>	<u>1,197,496</u>

### **11. SEGMENT DISCLOSURE**

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2014

11. SEGMENT DISCLOSURE (continued)

	Administration	Capital Development	Community Health	Economic Daycare	Economic Development	Education	Other	Public Works	Social Assistance	Total 2014	Total 2013
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government of Canada	158,206	-	4,080	-	7,500	47,975	23,622	73,856	100,806	416,045	556,489
Province of BC	-	-	-	154,002	57,455	-	-	-	-	211,457	225,034
CSFS	-	-	110,382	-	-	-	-	-	-	110,382	93,892
PGNAETA	-	-	-	-	-	25,323	-	-	-	25,323	25,324
Sales	-	-	-	-	1,317,209	-	-	-	-	1,317,209	482,158
Other	102,811	423,361	-	47,633	616,789	5,000	134,434	-	-	1,330,028	1,491,093
	261,017	423,361	114,462	201,635	1,998,953	78,298	158,056	73,856	100,806	3,410,444	2,913,990
EXPENDITURE											
Allowances	-	-	15,858	-	-	23,123	-	-	114,117	153,098	147,723
Administration	-	-	9,061	10,000	25,395	4,798	-	7,386	-	56,640	91,796
Amortization	-	-	-	-	-	-	-	-	-	88,913	101,509
Bad debts (recovery)	28,918	-	-	-	1,378	-	-	-	-	30,286	-8,984
Contract services	38,548	-	-	-	95,420	-	-	-	-	133,968	1,015
Equipment rentals and repairs	3,399	15,487	-	11,416	18,816	-	19,081	25,417	-	93,616	118,584
Homoraria	42,345	-	-	-	-	-	-	-	-	42,345	43,432
Insurance	394	-	-	-	34,814	-	5,000	-	-	40,208	35,582
Materials and supplies	5,322	46,774	11,437	29,631	1,179,459	15,000	5,281	-	201	1,293,105	904,492
Office and other	16,605	20,602	5,524	20,141	191,168	11,234	35,713	-	4,000	304,987	119,694
Professional services	-	126,556	-	8,989	109,479	-	25,260	-	-	270,284	455,277
Telephone and utilities	9,307	-	-	753	18,627	-	14,351	17,700	-	60,738	97,069
Travel and training	27,090	-	-	-	13,001	374	49,886	-	-	90,151	37,732
Wages and benefits	149,922	-	47,861	208,702	200,616	6,493	3,473	-	25,426	642,493	609,497
	321,850	209,419	89,741	289,632	1,888,173	61,022	157,845	50,503	143,744	88,913	3,300,842
REVENUE OVER EXPENDITURE	-60,833	213,942	24,721	-87,997	110,780	17,276	211	23,353	-42,938	-88,913	160,570
TRANSFERS											
ANNUAL SURPLUS (DEFICIT)	-60,833	213,942	24,721	-87,997	110,780	17,276	211	23,353	-42,938	-88,913	160,570