

7:54 am, Jul 24, 2015

**BURNS LAKE INDIAN BAND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**BURNS LAKE INDIAN BAND**  
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**MARCH 31, 2015**

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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, 2015 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.

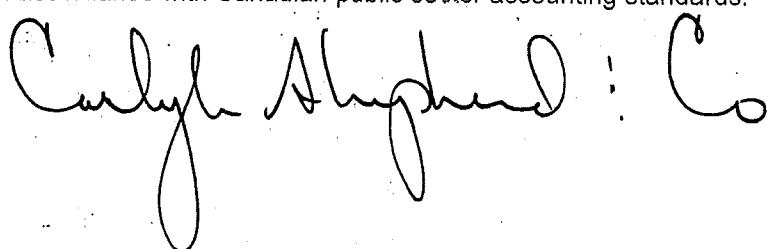
**Basis for Qualified Opinion**

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, 2015 and the results of its operations, cash flows and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert BC  
June 19, 2015



BURNS LAKE INDIAN BAND

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	397,148	120,328
Accounts receivable (note 3)	237,158	384,505
Inventory (note 1)	45,645	45,270
Ottawa Trust funds (note 4)	<u>137,872</u>	<u>93,149</u>
	<u>817,823</u>	<u>643,252</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 5)	238,062	284,419
Replacement reserve (note 6)	26,100	20,700
Bank and other loans (note 7)	<u>1,836,446</u>	<u>1,915,452</u>
	<u>2,100,608</u>	<u>2,220,571</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>-1,282,785</u>	<u>-1,577,319</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	21,153	24,097
Property and equipment (notes 1 and 8)	1,572,190	1,546,641
Investments (note 1)	<u>361,405</u>	<u>361,405</u>
	<u>1,954,748</u>	<u>1,932,143</u>
	<u>671,963</u>	<u>354,824</u>
<b>BAND POSITION</b>		
Surplus (Deficit) (note 9)	-793,415	-977,655
Equity in property and equipment (note 10)	1,169,818	1,124,264
Ottawa Trust funds (note 4)	137,872	93,149
Equity in investments	<u>157,688</u>	<u>115,066</u>
	<u>671,963</u>	<u>354,824</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

 Councillor

BURNS LAKE INDIAN BAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2015	2014
	\$	\$	\$
<b>REVENUE</b>			
AANDC	510,575	486,058	388,343
CMHC	23,097	23,097	23,622
CSFS	101,407	106,616	110,382
FNHA	4,080	4,080	4,080
Ottawa Trust funds	44,723	44,723	44,070
PGNAETA	26,938	29,353	25,323
Property taxes	433,136	396,982	192,393
Province of British Columbia	194,410	189,480	211,457
Rent	98,800	109,222	124,812
Sales	1,700,000	1,656,252	1,317,209
Other	1,131,051	1,034,364	968,753
	<u>4,268,217</u>	<u>4,080,227</u>	<u>3,410,444</u>
<b>EXPENDITURE</b>			
Administration	268,104	380,006	321,850
Amortization	84,380	84,380	88,913
Capital Development	216,825	229,884	209,419
Community Health	112,214	114,211	89,741
Day Care	289,900	290,861	289,632
Economic Development	3,219,960	2,255,879	1,888,173
Education	87,103	72,653	61,022
Other	147,958	155,738	157,845
Public Works	59,742	57,196	50,503
Social Services	127,864	122,280	143,744
	<u>4,614,050</u>	<u>3,763,088</u>	<u>3,300,842</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>-345,833</b>	<b>317,139</b>	<b>109,602</b>
<b>OPENING POSITION</b>	<b><u>354,824</u></b>	<b><u>354,824</u></b>	<b><u>245,222</u></b>
<b>CLOSING POSITION</b>	<b><u>8,991</u></b>	<b><u>671,963</u></b>	<b><u>354,824</u></b>

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS

**CS**

BURNS LAKE INDIAN BAND

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	317,139	109,602
Amortization	84,380	88,913
Accounts receivable	147,347	114,012
Accounts payable and accruals	-46,357	-311,618
Ottawa Trust funds	-44,723	-44,070
Prepaid expenses	2,944	-6,925
Replacement reserve	5,400	5,400
Inventory	<u>-375</u>	<u>-7,035</u>
	<u>465,755</u>	<u>-51,721</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>-79,006</u>	<u>-79,066</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	<u>-109,929</u>	<u>-</u>
<b>CHANGE IN CASH</b>	276,820	-130,787
<b>OPENING CASH BALANCE</b>	<u>120,328</u>	<u>251,115</u>
<b>CLOSING CASH BALANCE</b>	<u>397,148</u>	<u>120,328</u>

BURNS LAKE INDIAN BAND

STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2015	2014
	\$	\$	\$
Revenue over expenditure	-345,833	317,139	109,602
Amortization	84,380	84,380	88,913
Prepaid expenses	2,944	2,944	-6,925
Property and equipment additions	<u>-109,929</u>	<u>-109,929</u>	<u>-</u>
Change in net financial liabilities	-368,438	294,534	191,590
Opening net financial liabilities	<u>-1,577,319</u>	<u>-1,577,319</u>	<u>-1,768,909</u>
Closing net financial liabilities	<u>-1,945,757</u>	<u>-1,282,785</u>	<u>-1,577,319</u>

# BURNS LAKE INDIAN BAND

## NOTES

MARCH 31, 2015

### 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, 2015

### 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	4	361,399	361,403
	<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.

#### h) Budget Figures

Budget figures have been provided for comparative purposes and have been derived from estimates approved by management.

### 2. CASH

	2015	2014
Restricted		
- Treaty	\$ -	\$ 1,667
- Social Housing function reserves	31,825	20,700
Unrestricted	<u>365,323</u>	<u>97,961</u>
	<u>\$ 397,148</u>	<u>\$ 120,328</u>

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS

**CS**

# BURNS LAKE INDIAN BAND

## NOTES

MARCH 31, 2015

### 3. ACCOUNTS RECEIVABLE

	2015	2014
Resource and funding agencies	\$ 239,624	\$ 326,171
AANDC	400	38,400
Member advances	14,655	24,909
GST	23,236	19,894
Trade and other	4,517	5,611
	<u>282,432</u>	<u>414,985</u>
Allowance	<u>-45,274</u>	<u>-30,480</u>
	<u><u>\$ 237,158</u></u>	<u><u>\$ 384,505</u></u>

### 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	\$ 93,148	\$ 93,149
Interest and other	<u>-</u>	<u>44,723</u>	<u>44,723</u>
Closing balance	<u><u>\$ 1</u></u>	<u><u>\$ 137,871</u></u>	<u><u>\$ 137,872</u></u>

### 5. ACCOUNTS PAYABLE

	2015	2014
Trade accounts and accruals	\$ 200,884	\$ 252,688
Wages and benefits	33,055	27,079
Receiver General	2,847	3,145
Interest payable	1,276	1,507
	<u><u>\$ 238,062</u></u>	<u><u>\$ 284,419</u></u>

## BURNS LAKE INDIAN BAND

### NOTES

MARCH 31, 2015

#### 6. 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.

Opening balance	\$ 20,700
Annual provision	<u>5,400</u>
 Closing balance	 <u>\$ 26,100</u>

#### 7. BANK AND OTHER LOANS

Royal Bank of Canada term loan, \$502/month with interest at prime plus 1.8% per annum; secured by specified equipment. \$ 5,553

Canada Mortgage and Housing Corporation mortgage, \$2,103/month including interest at 2.76% per annum; secured by Band Council guarantee. 396,818

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. 355,000

\$ 1,836,446

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

2016	\$ 79,348
2017	1,153,282
2018	74,633
2019	75,079
2020	<u>75,520</u>
	 <u>\$ 1,457,862</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2015

8. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions/ Disposals	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Paving	40,908	-	40,908	39,486	284	39,770	1,138	1,422
Buildings	1,971,725	109,929	2,081,654	511,492	65,587	577,079	1,504,575	1,460,233
Automotive	255,547	-	255,547	240,431	4,535	244,966	10,581	15,116
Equipment	299,005	-	299,005	229,135	13,974	243,109	55,896	69,870
	<u>2,567,185</u>	<u>109,929</u>	<u>2,677,114</u>	<u>1,020,544</u>	<u>84,380</u>	<u>1,104,924</u>	<u>1,572,190</u>	<u>1,546,641</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2015

**9. SURPLUS (DEFICIT)**

	2015	2014
	\$	\$
Administration	4,667	10,352
Capital Development	-58,202	142,411
Community Health	145,122	147,077
Day Care	-165,069	-87,997
Economic Development	448,171	-37,439
Education	3,192	19,234
Other	34,104	42,237
Public Works	19,658	17,112
Social Services	-112,479	-118,063
Treaty	<u>-1,112,579</u>	<u>-1,112,579</u>
	<u>-793,415</u>	<u>-977,655</u>

**10. EQUITY IN PROPERTY AND EQUIPMENT**

	2015	2014
	\$	\$
Opening balance	1,124,264	1,197,496
Debt repayment	5,613	5,334
Contribution from operations	124,321	10,347
Amortization	<u>-84,380</u>	<u>-88,913</u>
Closing balance	<u>1,169,818</u>	<u>1,124,264</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, 2015

11. SEGMENT DISCLOSURE (continued)

	Administration	Capital Development	Community Health	Daycare	Economic Development	Education	Other	Public Works	Social Assistance	Amortization	Total 2014	Budget	Total 2013	
<b>REVENUE</b>														
Government of Canada	133,689	-	-	-	117,500	41,650	23,097	65,355	127,864	-	509,155	533,672	416,045	
Province of BC	-	-	-	144,570	44,910	-	-	-	-	-	189,480	194,410	211,457	
CSFS	-	-	102,116	-	-	-	-	-	-	-	102,116	101,407	110,382	
PGNAETA	-	-	-	-	-	29,353	-	-	-	-	29,353	26,938	25,323	
Sales	-	-	-	-	1,656,252	-	-	-	-	-	1,656,252	1,700,000	1,317,209	
Other	96,542	75,817	10,140	69,219	1,224,637	-	117,516	-	-	-	1,593,871	1,711,790	1,330,028	
	<u>230,231</u>	<u>75,817</u>	<u>112,256</u>	<u>213,789</u>	<u>3,043,299</u>	<u>71,003</u>	<u>140,613</u>	<u>65,355</u>	<u>127,864</u>	<u>-</u>	<u>4,080,227</u>	<u>4,268,217</u>	<u>3,410,444</u>	
<b>EXPENDITURE</b>														
Allowances	-	-	15,349	-	-	44,293	-	-	95,796	-	155,438	167,566	153,098	
Administration	-	-	11,118	10,000	37,688	4,165	7,759	6,536	-	-	77,266	144,549	56,640	
Amortization	-	-	-	-	-	-	-	-	-	84,380	84,380	84,380	88,913	
Bad debts (recovery)	-10,185	-	-	18,621	-1,044	-	-	-	-	-	7,392	37,450	30,296	
Equipment rentals and repairs	-	2,057	-	10,611	17,585	-	9,085	6,769	-	-	46,107	62,254	93,616	
Honoraria	45,871	-	-	-	24,000	-	-	-	-	-	69,871	92,500	42,345	
Insurance	30,930	-	-	-	-	-	5,000	1,516	-	-	37,446	45,000	40,208	
Materials and supplies	13,936	158,978	33,133	16,551	1,352,172	5,980	6,567	19,523	2,389	-	1,609,229	1,698,110	1,293,105	
Office and other	19,250	17,619	9,166	20,124	40,069	5,522	16,523	-	4,000	-	132,273	534,199	304,987	
Professional and contract services	50,767	51,230	-	-	474,847	-	19,173	-	-	-	596,017	714,031	404,252	
Telephone and utilities	11,004	-	-	818	22,065	-	66,706	22,852	-	-	123,445	123,600	60,738	
Travel and training	65,605	-	-	582	54,335	5,293	-	-	-	-	125,815	204,671	90,151	
Wages and benefits	152,828	-	45,445	213,554	234,162	21,792	10,533	-	20,095	-	698,409	705,740	642,493	
	<u>380,006</u>	<u>229,884</u>	<u>114,211</u>	<u>290,861</u>	<u>2,255,879</u>	<u>87,045</u>	<u>141,346</u>	<u>57,196</u>	<u>122,280</u>	<u>-</u>	<u>84,380</u>	<u>3,763,088</u>	<u>4,614,050</u>	<u>3,300,842</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>-149,775</b>	<b>-154,067</b>	<b>-1,955</b>	<b>-77,072</b>	<b>787,420</b>	<b>-16,042</b>	<b>-733</b>	<b>8,159</b>	<b>5,584</b>	<b>-84,380</b>	<b>317,139</b>	<b>-345,833</b>	<b>109,602</b>	
<b>TRANSFERS</b>	<b>188,813</b>	<b>63,383</b>	<b>-</b>	<b>-</b>	<b>-280,299</b>	<b>-</b>	<b>28,103</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>39,038</b>	<b>-90,684</b>	<b>-1,955</b>	<b>-77,072</b>	<b>507,121</b>	<b>-16,042</b>	<b>27,370</b>	<b>8,159</b>	<b>5,584</b>	<b>-84,380</b>	<b>317,139</b>	<b>-345,833</b>	<b>109,602</b>	