

**BURNS LAKE INDIAN BAND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**BURNS LAKE INDIAN BAND**  
**INDEX TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

INDEPENDENT AUDITOR'S REPORT  
STATEMENT OF FINANCIAL POSITION  
STATEMENT OF FINANCIAL ACTIVITIES  
STATEMENT OF CASH FLOWS  
STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES  
NOTES

**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, 2016 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, 2016 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 16, 2016

*Carlyle Shepherd & Co.*

BURNS LAKE INDIAN BAND

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	1,516,806	397,148
Accounts receivable (note 3)	126,531	237,158
Inventory (notes 1 and 4)	90,632	45,645
Ottawa Trust funds (note 5)	<u>183,057</u>	<u>137,872</u>
	<u>1,917,026</u>	<u>817,823</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 6)	147,135	238,062
Replacement reserve (note 7)	31,500	26,100
Bank and other loans (note 8)	<u>2,712,317</u>	<u>1,836,446</u>
	<u>2,890,952</u>	<u>2,100,608</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>-973,926</u>	<u>-1,282,785</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses (note 9)	902,697	21,153
Property and equipment (notes 1 and 10)	1,704,332	1,572,190
Investments (note 1)	<u>388,564</u>	<u>361,405</u>
	<u>2,995,593</u>	<u>1,954,748</u>
	<u>2,021,667</u>	<u>671,963</u>
<b>BAND POSITION</b>		
Surplus (Deficit) (note 11)	287,051	-793,415
Equity in property and equipment (note 12)	1,324,090	1,169,818
Ottawa Trust funds (note 5)	<u>183,057</u>	<u>137,872</u>
Equity in investments	<u>227,469</u>	<u>157,688</u>
	<u>2,021,667</u>	<u>671,963</u>

APPROVED ON BEHALF OF COUNCIL

R. George Chief Councillor

T. W. Councillor

**BURNS LAKE INDIAN BAND**

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED MARCH 31**

	<b>Unaudited Budget</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$
<b>REVENUE</b>			
CMHC	20,560	20,560	23,097
CSFS	142,462	138,322	106,616
CSTC	235,500	242,500	-
FNHA	-	3,408	4,080
INAC	437,603	456,322	486,058
Ottawa Trust funds	-	45,185	44,723
PGNAETA	29,781	29,781	29,353
Property taxes	596,428	596,428	396,982
Province of British Columbia	134,910	131,533	189,480
Rent	76,744	74,958	109,222
Sales	1,675,000	1,685,485	1,656,252
Other	<u>1,347,780</u>	<u>1,640,028</u>	<u>1,034,364</u>
	<u>4,696,768</u>	<u>5,064,510</u>	<u>4,080,227</u>
<b>EXPENDITURE</b>			
Administration	409,910	212,419	380,006
Amortization	87,294	87,294	84,380
Capital Development	420,000	239,462	229,884
Community Health	133,090	111,652	114,211
Day Care	206,500	206,477	290,861
Economic Development	2,417,532	2,423,519	2,255,879
Education	84,819	86,840	72,653
Other	142,650	162,942	155,738
Public Works	61,000	53,344	57,196
Social Services	<u>139,442</u>	<u>130,857</u>	<u>122,280</u>
	<u>4,102,237</u>	<u>3,714,806</u>	<u>3,763,088</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>594,531</b>	<b>1,349,704</b>	<b>317,139</b>
<b>OPENING POSITION</b>	<b><u>671,963</u></b>	<b><u>671,963</u></b>	<b><u>354,824</u></b>
<b>CLOSING POSITION</b>	<b><u>1,266,494</u></b>	<b><u>2,021,667</u></b>	<b><u>671,963</u></b>

**CARLYLE SHEPHERD & CO.**

CHARTERED PROFESSIONAL ACCOUNTANTS



BURNS LAKE INDIAN BAND

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	1,349,704	317,139
Amortization	87,294	84,380
Accounts receivable	110,629	147,347
Accounts payable and accruals	-90,927	-46,357
Ottawa Trust funds	-45,185	-44,723
Prepaid expenses	-881,545	2,944
Replacement reserve	5,400	5,400
Inventory	<u>-44,987</u>	<u>-375</u>
	<u>490,383</u>	<u>465,755</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>875,871</u>	<u>-79,006</u>
<b>INVESTING ACTIVITIES</b>		
Investment	-27,159	-
Property and equipment additions	<u>-219,437</u>	<u>-109,929</u>
	<u>-246,596</u>	<u>-109,929</u>
<b>CHANGE IN CASH</b>	<b>1,119,658</b>	<b>276,820</b>
<b>OPENING CASH BALANCE</b>	<b><u>397,148</u></b>	<b><u>120,328</u></b>
<b>CLOSING CASH BALANCE</b>	<b><u>1,516,806</u></b>	<b><u>397,148</u></b>

**BURNS LAKE INDIAN BAND**  
**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**  
**YEAR ENDED MARCH 31**

	<b>Unaudited Budget</b>	<b>2016</b>	<b>2015</b>
	\$	\$	\$
Revenue over expenditure	594,531	1,349,704	317,139
Amortization	87,294	87,294	84,380
Investment	-27,200	-27,159	-
Prepaid expenses	-882,000	-881,543	2,944
Property and equipment additions	<u>-220,000</u>	<u>-219,437</u>	<u>-109,929</u>
Change in net financial liabilities	-447,375	308,859	294,534
Opening net financial liabilities	<u>-1,282,785</u>	<u>-1,282,785</u>	<u>-1,577,319</u>
Closing net financial liabilities	<u>-1,730,160</u>	<u>-973,926</u>	<u>-1,282,785</u>

# BURNS LAKE INDIAN BAND

## NOTES

MARCH 31, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs 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, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Investments

	Shares	Advance	Total
	\$	\$	\$
Burns Lake Native Development Corporation, minority interest in a non-profit organization	2	-	2
Vanderhoof and Districts Co-operative Association	-	27,159	27,159
Turtle Island Land Management Corporation Ltd., 100% interest	4	361,399	361,403
	<hr/>	<hr/>	<hr/>
	6	388,558	388,564

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

Burns Lake Native Development Corporation is reported at cost.

Vanderhoof and Districts Co-operation Association equity 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.

**BURNS LAKE INDIAN BAND**

**NOTES**

**MARCH 31, 2016**

**2. CASH**

	<b>2016</b>	<b>2015</b>
Restricted		
- Bank of Montreal loan security	\$ 455,000	\$ -
- Social Housing function reserves	37,240	31,825
Unrestricted	<u>1,024,566</u>	<u>365,323</u>
	<u><u>\$1,516,806</u></u>	<u><u>\$ 397,148</u></u>

**3. ACCOUNTS RECEIVABLE**

	<b>2016</b>	<b>2015</b>
Resource and funding agencies	\$ 125,698	\$ 239,624
AANDC	- 400	400
Member advances	12,166	14,655
GST	15,786	23,236
Trade and other	<u>32,444</u>	<u>4,517</u>
	<u>186,094</u>	<u>282,432</u>
Allowance for doubtful accounts	<u>-59,563</u>	<u>-45,274</u>
	<u><u>\$ 126,531</u></u>	<u><u>\$ 237,158</u></u>

**4. INVENTORY**

	<b>2016</b>	<b>2015</b>
	\$	\$
Fuel	21,867	24,582
Tobacco	37,442	5,880
Other	<u>31,323</u>	<u>15,183</u>
	<u><u>90,632</u></u>	<u><u>45,645</u></u>

## BURNS LAKE INDIAN BAND

### NOTES

MARCH 31, 2016

#### 5. OTTAWA TRUST FUNDS

Indigenous and Northern Affairs Canada (INAC) 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 INAC.

	Capital	Revenue	Total
Opening balance	\$ 1	\$ 137,871	\$ 137,872
Interest and other	<u>-</u>	<u>45,185</u>	<u>45,185</u>
Closing balance	<u>\$ 1</u>	<u>\$ 183,056</u>	<u>\$ 183,057</u>

#### 6. ACCOUNTS PAYABLE

	2016	2015
Trade accounts and accruals	\$ 92,036	\$ 200,884
Wages and benefits	40,224	33,055
Receiver General	14,068	2,847
Interest payable	<u>807</u>	<u>1,276</u>
	<u>\$ 147,135</u>	<u>\$ 238,062</u>

#### 7. 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	\$ 26,100
Annual provision	<u>5,400</u>
Closing balance	<u>\$ 31,500</u>

## BURNS LAKE INDIAN BAND

### NOTES

MARCH 31, 2016

#### 8. BANK AND OTHER LOANS

Bank of Montreal demand loan, interest only payments until motel construction completed at prime plus 1%; secured by \$455,000 term deposit and Band Council guarantee.	\$ 957,000
Canada Mortgage and Housing Corporation mortgage, \$1,876/month including interest at 1.39% per annum; secured by Band Council guarantee.	380,242
Carrier Sekani Tribal Council, repayable on the same terms and conditions that the Carrier Sekani Tribal Council has with INAC 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.	<u>296,000</u>
	<u>\$ 2,712,317</u>

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

2017	\$ 1,155,431
2018	76,598
2019	76,844
2020	77,093
2021	<u>77,400</u>
	<u>\$ 1,463,366</u>

#### 9. PREPAID EXPENSES

	2016	2015
	\$	\$
Construction deposit	875,000	-
Insurance	17,037	14,715
Post-secondary	2,175	350
Social assistance	2,798	4,595
Other	<u>5,687</u>	<u>1,493</u>
	<u>902,697</u>	<u>21,153</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2016

14. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Development	Community Health	Daycare	Economic Development	Education	Other	Public Works	Social Assistance	Amortization	Total 2016	Total 2015
<b>REVENUE</b>													
Government of Canada	458,163	140,872	-	-	-	60,000	53,239	20,560	44,050	158,161	-	476,882	509,155
Province of BC	134,910	-	-	-	86,623	44,910	-	-	-	-	-	131,533	189,480
CSFS	142,462	-	-	138,322	-	-	-	-	-	-	-	138,322	102,116
CSTC	235,500	-	7,000	-	-	235,500	-	-	-	-	-	242,500	-
PGNAETA	29,781	-	-	-	-	-	29,781	-	-	-	-	29,781	29,353
Sales	1,675,000	-	-	-	-	1,685,485	-	-	-	-	-	1,685,485	1,656,252
Other	2,020,952	200,241	491,068	17,043	44,468	1,536,050	5,000	66,137	-	-	-	2,360,007	1,593,871
	<b>4,696,768</b>	<b>341,113</b>	<b>498,068</b>	<b>155,365</b>	<b>131,091</b>	<b>3,561,945</b>	<b>88,020</b>	<b>86,697</b>	<b>44,050</b>	<b>158,161</b>	<b>-</b>	<b>5,064,510</b>	<b>4,080,227</b>
<b>EXPENDITURE</b>													
Allowances	261,840	-	-	13,860	-	-	20,100	-	-	79,397	-	113,357	155,438
Administration	187,964	-	22,017	10,091	10,000	122,678	5,324	-	-	3,130	-	173,240	77,266
Amortization	87,294	-	-	-	-	-	-	-	-	-	87,294	87,294	84,380
Bad debts (recovery)	3,000	9,564	-	-	886	7,738	-	-	-	-	-	18,188	7,392
Equipment rentals and repairs	15,500	-	-	-	-	353	-	-	-	-	-	353	46,107
Honoraria	70,830	45,202	-	-	-	35,750	-	-	-	-	-	80,952	69,871
Insurance	42,000	-	-	-	-	34,548	-	4,000	3,046	-	-	41,594	37,446
Materials and supplies	1,933,937	20,020	198,966	8,578	21,944	1,419,583	4,116	19,177	27,409	1,941	-	1,721,734	1,609,229
Office and other	201,322	24,387	14,259	13,232	18,070	66,201	6,180	11,640	-	11,105	-	165,074	132,273
Professional and contract services	343,250	29,028	3,942	-	1,692	248,705	-	38,181	-	-	-	321,548	596,017
Telephone and utilities	269,200	-	11,594	-	823	23,274	-	54,165	22,889	-	-	112,745	123,445
Travel and training	122,780	34,318	278	-	126	203,091	28,290	-	-	-	-	266,103	125,815
Wages and benefits	563,320	38,306	-	65,891	152,936	261,598	22,830	35,779	-	35,284	-	612,624	698,409
	<b>4,102,237</b>	<b>212,419</b>	<b>239,462</b>	<b>111,652</b>	<b>206,477</b>	<b>2,423,519</b>	<b>86,840</b>	<b>162,942</b>	<b>53,344</b>	<b>130,857</b>	<b>87,294</b>	<b>3,714,806</b>	<b>3,763,088</b>
<b>REVENUE OVER EXPENDITURE</b>	<b>594,531</b>	<b>128,694</b>	<b>258,606</b>	<b>43,713</b>	<b>-75,386</b>	<b>1,138,426</b>	<b>1,180</b>	<b>-76,245</b>	<b>-9,294</b>	<b>27,304</b>	<b>-87,294</b>	<b>1,349,704</b>	<b>317,139</b>
<b>TRANSFERS</b>	<b>-</b>	<b>22,482</b>	<b>9,660</b>	<b>5,208</b>	<b>-</b>	<b>-121,864</b>	<b>-</b>	<b>84,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>-</b>	<b>151,176</b>	<b>268,266</b>	<b>48,921</b>	<b>-75,386</b>	<b>1,016,562</b>	<b>1,180</b>	<b>8,269</b>	<b>-9,294</b>	<b>27,304</b>	<b>-87,294</b>	<b>1,349,704</b>	<b>317,139</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>-</b>	<b>151,176</b>	<b>268,266</b>	<b>48,921</b>	<b>-75,386</b>	<b>1,016,562</b>	<b>1,180</b>	<b>8,269</b>	<b>-9,294</b>	<b>27,304</b>	<b>-87,294</b>	<b>-</b>	<b>317,139</b>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2016

**10. PROPERTY AND EQUIPMENT**

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions/ Disposals	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Land	-	83,500	83,500	-	-	-	83,500	-
Paving	40,908	-	40,908	39,770	227	39,997	911	1,138
Buildings	2,081,654	126,200	2,207,854	577,079	69,793	646,872	1,560,982	1,504,575
Automotive	255,547	9,737	265,284	244,966	6,095	251,061	14,223	10,581
Equipment	299,005	-	299,005	243,110	11,179	254,289	44,716	55,896
	<u>2,677,114</u>	<u>219,437</u>	<u>2,896,551</u>	<u>1,104,925</u>	<u>87,294</u>	<u>1,192,219</u>	<u>1,704,332</u>	<u>1,572,190</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2016

**11. SURPLUS (DEFICIT)**

	2016	2015
	\$	\$
Administration	-	4,667
Capital Development	83,864	-58,202
Community Health	194,043	145,122
Day Care	-240,455	-165,069
Economic Development	1,422,111	448,171
Education	4,372	3,192
Other	25,797	34,104
Public Works	-4,927	19,658
Social Services	-85,175	-112,479
Treaty	<u>-1,112,579</u>	<u>-1,112,579</u>
	<u>287,051</u>	<u>-793,415</u>

**12. EQUITY IN PROPERTY AND EQUIPMENT**

	2016	2015
	\$	\$
Opening balance	1,169,818	1,124,264
Debt repayment	5,554	5,613
Contribution from operations	236,012	124,321
Amortization	<u>-87,294</u>	<u>-84,380</u>
Closing balance	<u>1,324,090</u>	<u>1,169,818</u>

**13. COMMITMENT**

The Band has entered into a contract with Britco LP to build a 42 unit motel. The Bank of Montreal has agreed to provide financing of \$7,312,942.

**14. 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: