

BURNS LAKE INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2017

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BURNS LAKE INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2017

The accompanying financial statements of the Burns Lake Indian Band and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Band Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Band Council also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to Chief and Council.



Chief

Councilor

Burns Lake, BC
July 3, 2017

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, 2017 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.

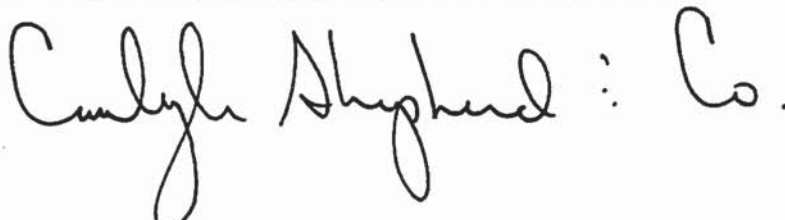
Basis for Qualified Opinion

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, 2017 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
July 3, 2017



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

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	2,762,626	1,516,806
Accounts receivable (note 3)	1,575,213	126,531
Inventory (notes 1 and 4)	60,631	90,632
Ottawa Trust funds (note 5)	<u>228,848</u>	<u>183,057</u>
	<u>4,627,318</u>	<u>1,917,026</u>
LIABILITIES		
Accounts payable and accruals (note 6)	180,130	147,135
Replacement reserve (note 7)	36,914	31,500
Bank and other loans (note 8)	<u>9,313,473</u>	<u>2,712,317</u>
	<u>9,530,517</u>	<u>2,890,952</u>
NET FINANCIAL LIABILITIES	<u>-4,903,199</u>	<u>-973,926</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 9)	41,193	902,697
Property and equipment (notes 1 and 10)	10,279,882	1,704,332
Investments (note 1)	<u>394,787</u>	<u>388,564</u>
	<u>10,715,862</u>	<u>2,995,593</u>
	<u>5,812,663</u>	<u>2,021,667</u>
BAND POSITION		
Surplus (note 11)	3,025,018	287,051
Equity in property and equipment (note 12)	2,282,483	1,324,090
Ottawa Trust funds (note 5)	228,848	183,057
Equity in investments	<u>276,314</u>	<u>227,469</u>
	<u>5,812,663</u>	<u>2,021,667</u>

APPROVED ON BEHALF OF COUNCIL



Chief Councillor



Councillor

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

	Unaudited Budget	2017	2016
	\$	\$	\$
REVENUE			
CMHC	20,500	20,052	20,560
CSFS	140,000	138,446	138,322
CSTC	2,475,000	2,685,740	242,500
FNHA	6,000	6,294	3,408
INAC	1,467,488	1,446,373	456,322
Ottawa Trust funds	45,000	45,791	45,185
PGNAETA	29,000	28,829	29,781
Property taxes	592,000	592,000	596,428
Province of BC	95,000	224,496	131,533
Rent	92,000	101,450	74,958
Sales	1,650,000	1,633,645	1,685,485
Other	1,190,500	774,778	1,640,028
	<u>7,802,488</u>	<u>7,697,894</u>	<u>5,064,510</u>
EXPENDITURE			
Administration	363,500	279,478	212,419
Amortization	-	89,509	87,294
Capital Development	1,328,488	415,514	239,462
Community Health	130,500	153,827	111,652
Day Care	227,000	236,842	206,477
Economic Development	2,384,922	2,161,651	2,423,519
Education	84,500	156,071	86,840
Other	252,650	223,370	162,942
Public Works	72,500	69,045	53,344
Social Services	128,500	121,591	130,857
	<u>4,972,560</u>	<u>3,906,898</u>	<u>3,714,806</u>
REVENUE OVER EXPENDITURE	2,829,928	3,790,996	1,349,704
OPENING POSITION	<u>2,021,667</u>	<u>2,021,667</u>	<u>671,963</u>
CLOSING POSITION	<u>4,851,595</u>	<u>5,812,663</u>	<u>2,021,667</u>

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

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,790,996	1,349,704
Amortization	89,509	87,294
Accounts receivable	-1,448,682	110,629
Accounts payable and accruals	32,995	-90,927
Ottawa Trust funds	-45,791	-45,185
Prepaid expenses	861,504	-881,545
Replacement reserve	5,414	5,400
Inventory	<u>30,001</u>	<u>-44,987</u>
	<u>3,315,946</u>	<u>490,383</u>
FINANCING ACTIVITIES		
Bank and other loans	<u>6,601,156</u>	<u>875,871</u>
INVESTING ACTIVITIES		
Investments	-6,224	-27,159
Property and equipment additions	<u>-8,665,058</u>	<u>-219,437</u>
	<u>-8,671,282</u>	<u>-246,596</u>
CHANGE IN CASH	1,245,820	1,119,658
OPENING CASH BALANCE	<u>1,516,806</u>	<u>397,148</u>
CLOSING CASH BALANCE	<u>2,762,626</u>	<u>1,516,806</u>

BURNS LAKE INDIAN BAND

STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2017	2016
	\$	\$	\$
Revenue over expenditure	2,814,928	3,790,996	1,349,704
Amortization	-	89,509	87,294
Investment	-6,000	-6,224	-27,159
Prepaid expenses	850,000	861,504	-881,543
Property and equipment additions	<u>-8,500,000</u>	<u>-8,665,058</u>	<u>-219,437</u>
Change in net financial liabilities	-4,841,072	-3,929,273	308,859
Opening net financial liabilities	<u>-973,926</u>	<u>-973,926</u>	<u>-1,282,785</u>
Closing net financial liabilities	<u>-5,814,998</u>	<u>-4,903,199</u>	<u>-973,926</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2017

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, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investments

	Shares	Advance	Total
	\$	\$	\$
Burns Lake Native Development Corporation, minority Interest in a non-profit organization	2	-	2
Four Rivers Co-operative	-	33,382	33,382
Turtle Island Land Management Corporation Ltd., 100% interest	4	361,399	361,403
	<u>6</u>	<u>394,781</u>	<u>394,787</u>

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

Burns Lake Native Development Corporation is reported at cost.

Four Rivers Co-operative 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, 2017****2. CASH**

	2017	2016
Restricted		
- Bank of Montreal loan security	\$ 457,943	\$ 455,000
- Social Housing function reserves	42,654	37,240
Unrestricted	<u>2,262,029</u>	<u>1,024,566</u>
	<u>\$ 2,762,626</u>	<u>\$ 1,516,806</u>

3. ACCOUNTS RECEIVABLE

	2017	2016
Resource and funding agencies	\$ 1,485,512	\$ 125,698
INAC	55,488	-
Member advances	11,660	12,166
GST	38,247	15,786
Trade and other	<u>45,667</u>	<u>32,444</u>
	1,636,574	186,094
Allowance for doubtful accounts	<u>-61,361</u>	<u>-59,563</u>
	<u>\$ 1,575,213</u>	<u>\$ 126,531</u>

4. INVENTORY

	2017	2016
	\$	\$
Fuel	18,024	21,867
Tobacco	10,858	37,442
Other	<u>31,749</u>	<u>31,323</u>
	<u>60,631</u>	<u>90,632</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2017

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	\$ 183,056	\$ 183,057
Interest and other	-	45,791	45,791
Closing balance	\$ 1	\$ 228,847	\$ 228,848

6. ACCOUNTS PAYABLE

	2017	2016
Trade accounts and accruals	\$ 131,666	\$ 92,036
Wages and benefits	19,833	40,224
Receiver General	26,936	14,068
Interest payable	1,695	807
	<u>\$ 180,130</u>	<u>\$ 147,135</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	\$ 31,500
Annual provision	5,400
Interest	<u>14</u>
Closing balance	<u>\$ 36,914</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2017

8. BANK AND OTHER LOANS

Bank of Montreal demand loan, \$39,747 per month including interest at prime plus 1%; secured by \$455,000 term deposit and Band Council guarantee.	\$ 7,562,942
Canada Mortgage and Housing Corporation mortgage, \$1,876/month including interest at 1.39% per annum; secured by Band Council guarantee.	362,875
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, 2021 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.	237,000
Tribal Resources Investment Corporation, term loan, \$1,655 per month including interest at 11% per annum; secured by Band Council guarantee, 40% foregiveable after 60% of principal paid.	71,581
	<u>\$ 9,313,473</u>

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

2018	\$ 273,033
2019	298,355
2020	336,846
2021	1,379,731
2022	251,317
	<u>\$ 2,539,282</u>

9. PREPAID EXPENSES

	2017	2016
	\$	\$
Construction deposit	-	875,000
Insurance	30,504	17,037
Post-secondary	800	2,175
Social assistance	2,241	2,798
Other	7,648	5,687
	<u>41,193</u>	<u>902,697</u>

BURNS LAKE INDIAN BAND

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MARCH 31, 2017

10. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance \$	Additions/ Disposals \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	2017 \$	2016 \$
Land	83,500	-	83,500	-	-	-	83,500	83,500
Paving	40,908	633,215	674,123	39,996	182	40,178	633,944	911
Buildings	2,207,834	7,479,608	9,687,462	646,872	70,077	716,949	8,970,513	1,560,982
Automotive	265,284	-	265,284	251,061	5,769	256,830	8,454	14,223
Equipment	299,005	552,235	851,240	254,289	13,481	267,770	583,470	44,716
	<u>2,896,551</u>	<u>8,665,058</u>	<u>11,561,609</u>	<u>1,192,218</u>	<u>89,509</u>	<u>1,281,727</u>	<u>10,279,882</u>	<u>1,704,332</u>

BURNS LAKE INDIAN BAND

NOTES

MARCH 31, 2017

11. SURPLUS

	2017	2016
	\$	\$
Capital Development	768,111	83,864
Community Health	195,433	194,043
Day Care	-	-240,455
Economic Development	2,250,495	1,422,111
Education	-70,507	4,372
Other	1,097,115	25,797
Public Works	-	-4,927
Social Services	-103,050	-85,175
Treaty	-1,112,579	-1,112,579
	<u>3,025,018</u>	<u>287,051</u>

12. EQUITY IN PROPERTY AND EQUIPMENT

	2017	2016
	\$	\$
Opening balance	1,324,090	1,169,818
Debt repayment	4,544	5,554
Contribution from operations	1,043,358	236,012
Amortization	-89,509	-87,294
Closing balance	<u>2,282,483</u>	<u>1,324,090</u>

13. 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, 2017

13. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Development	Community Health	Daycare	Economic Development	Education	Other	Public Works	Social Assistance	Amortization	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE													
Government of Canada	1,487,988	136,214	855,488	-	-	260,000	47,370	20,052	43,585	103,716	-	1,486,425	476,882
Province of BC	95,000	-	-	-	99,996	124,500	-	-	-	-	-	224,496	131,533
CSFS	140,000	-	-	138,446	-	-	-	-	-	-	-	138,446	138,322
CSTC	2,475,000	-	-	-	-	962,133	-	1,723,607	-	-	-	2,685,740	242,500
PGNAETA	29,000	-	-	-	-	-	28,829	-	-	-	-	28,829	29,781
Sales	1,650,000	-	-	-	-	1,633,645	-	-	-	-	-	1,633,645	1,685,485
Other	1,910,500	86,279	473,469	16,771	41,651	815,025	-	87,118	-	-	-	1,520,213	2,360,007
	<u>7,787,488</u>	<u>222,493</u>	<u>1,328,957</u>	<u>155,217</u>	<u>141,647</u>	<u>3,795,303</u>	<u>76,199</u>	<u>1,830,777</u>	<u>43,585</u>	<u>103,716</u>	<u>-</u>	<u>7,697,894</u>	<u>5,064,510</u>
EXPENDITURE													
Allowances	131,000	-	-	14,873	-	-	45,270	-	-	68,584	-	128,727	113,357
Administration	77,000	-	-	14,938	10,000	45,144	4,737	-	-	-	-	74,819	173,240
Amortization	-	-	-	-	-	-	-	-	-	-	89,509	89,509	87,294
Bad debts	11,000	1,770	-	-	-	-	-	-	-	-	-	1,770	18,188
Equipment rentals and repairs	93,000	14,053	-	-	-	-	-	-	-	-	-	14,053	353
Honoraria	47,800	45,906	-	-	-	-	-	-	-	-	-	48,706	80,952
Insurance	39,500	-	-	-	-	2,800	-	-	-	-	-	36,448	41,594
Materials and supplies	2,782,488	-	168,955	9,609	19,370	31,836	156	1,497	3,115	-	-	1,843,859	1,721,734
Office and other	301,522	13,498	6,887	13,831	17,777	1,541,035	9,516	61,669	41,549	1,316	-	211,086	165,074
Professional and contract services	410,750	27,758	239,672	-	1,474	118,896	70,380	10,550	-	20,131	-	357,483	321,548
Telephone and utilities	118,500	15,124	-	-	894	24,149	-	73,090	24,381	-	-	137,638	112,745
Travel and training	99,000	30,644	-	-	640	32,392	6,914	26,737	-	-	-	97,327	266,103
Wages and benefits	861,000	130,725	-	100,576	186,487	354,238	19,098	42,789	-	31,560	-	865,473	612,624
	<u>4,972,560</u>	<u>279,478</u>	<u>415,514</u>	<u>153,827</u>	<u>236,842</u>	<u>2,161,651</u>	<u>156,071</u>	<u>223,370</u>	<u>69,045</u>	<u>121,591</u>	<u>89,509</u>	<u>3,906,898</u>	<u>3,714,806</u>
REVENUE OVER EXPENDITURE	2,814,928	-56,985	913,443	1,390	-95,195	1,633,652	-79,872	1,607,407	-25,460	-17,875	-89,509	3,790,996	1,349,704
TRANSFERS	-	108,999	481,467	-	335,650	-506,503	4,993	-454,993	30,387	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	-	52,014	1,394,910	1,390	240,455	1,127,149	-74,879	1,152,414	4,927	-17,875	-89,509	3,790,996	1,349,704