

**BURNS LAKE BAND
FINANCIAL STATEMENTS
MARCH 31, 2018**

BURNS LAKE BAND
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MARCH 31, 2018

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BURNS LAKE BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2018

The accompanying financial statements of the Burns Lake 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



Councillor

Burns Lake, BC
July 13, 2018

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

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Report on the Financial Statements

We have audited the accompanying statement of financial position of the Burns Lake Band as at March 31, 2018 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, 2018 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 13, 2018

BURNS LAKE BAND
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	3,228,151	2,762,626
Accounts receivable (note 3)	788,220	1,575,213
Inventory (notes 1 and 4)	57,840	60,631
Ottawa Trust funds (note 5)	<u>276,332</u>	<u>228,848</u>
	<u>4,350,543</u>	<u>4,627,318</u>
LIABILITIES		
Accounts payable and accruals (note 6)	305,260	180,130
Replacement reserve (note 7)	42,327	36,914
Bank and other loans (note 8)	<u>9,056,060</u>	<u>9,313,473</u>
	<u>9,403,647</u>	<u>9,530,517</u>
NET FINANCIAL LIABILITIES	<u>-5,053,104</u>	<u>-4,903,199</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 10)	10,481,716	10,279,882
Investments (note 1)	401,798	394,787
Prepaid expenses (note 9)	<u>29,534</u>	<u>41,193</u>
	<u>10,913,048</u>	<u>10,715,862</u>
	<u>5,859,944</u>	<u>5,812,663</u>
BAND POSITION		
Surplus (Deficit) (note 11)	2,574,936	3,025,018
Equity in property and equipment (note 12)	2,682,729	2,282,483
Ottawa Trust funds (note 5)	<u>276,332</u>	<u>228,848</u>
Equity in investments (note 13)	<u>325,947</u>	<u>276,314</u>
	<u>5,859,944</u>	<u>5,812,663</u>

APPROVED ON BEHALF OF COUNCIL

Don George Chief Councillor
Bob J Councillor

BURNS LAKE BAND
STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2018	2017
	\$	\$	\$
REVENUE			
CMHC	20,052	20,052	20,052
CSFS	132,013	151,261	138,446
CSTC	990,708	754,395	2,685,740
FNHA	6,000	5,058	6,294
INAC	748,243	884,805	1,446,373
Ottawa Trust funds	46,000	47,484	45,791
PGNAETA	43,893	43,893	28,829
Property taxes	593,092	582,493	592,000
Province of British Columbia	100,000	85,577	99,996
Rent	105,050	99,058	101,450
Sales	1,700,000	1,906,350	1,633,645
Other	<u>847,955</u>	<u>701,777</u>	<u>899,278</u>
	<u>5,333,006</u>	<u>5,282,203</u>	<u>7,697,894</u>
EXPENDITURE			
Administration	614,300	289,060	279,478
Amortization	300,000	323,473	89,509
Capital Development	366,000	439,386	349,525
Community Health	152,557	140,938	153,827
Day Care	228,200	171,381	236,842
Economic Development	2,810,948	2,257,893	2,227,640
Education	98,085	270,790	156,071
Other	1,376,947	1,149,607	223,370
Public Works	170,729	74,231	69,045
Social Services	<u>109,479</u>	<u>118,163</u>	<u>121,591</u>
	<u>6,227,245</u>	<u>5,234,922</u>	<u>3,906,898</u>
REVENUE OVER EXPENDITURE	-894,239	47,281	3,790,996
OPENING POSITION	<u>5,812,663</u>	<u>5,812,663</u>	<u>2,021,667</u>
CLOSING POSITION	<u>4,918,424</u>	<u>5,859,944</u>	<u>5,812,663</u>

BURNS LAKE BAND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	47,281	3,790,996
Amortization	323,473	89,509
Accounts receivable	786,993	-1,448,682
Accounts payable and accruals	125,130	32,995
Ottawa Trust funds	-47,484	-45,791
Prepaid expenses	11,659	861,504
Replacement reserve	5,413	5,414
Inventory	<u>2,791</u>	<u>30,001</u>
	<u>1,255,256</u>	<u>3,315,946</u>
FINANCING ACTIVITIES		
Bank and other loans	<u>-257,413</u>	<u>6,601,156</u>
INVESTING ACTIVITIES		
Investment	-7,011	-6,224
Property and equipment additions	<u>-525,307</u>	<u>-8,665,058</u>
	<u>-532,318</u>	<u>-8,671,282</u>
CHANGE IN CASH	465,525	1,245,820
OPENING CASH BALANCE	<u>2,762,626</u>	<u>1,516,806</u>
CLOSING CASH BALANCE	<u>3,228,151</u>	<u>2,762,626</u>

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

	Unaudited Budget	2018	2017
	\$	\$	\$
Revenue over expenditure	-894,239	47,281	3,790,996
Amortization	300,000	323,473	89,509
Investment	-8,000	-7,011	-6,224
Prepaid expenses	12,000	11,659	861,504
Property and equipment additions	<u>-300,000</u>	<u>-525,307</u>	<u>-8,665,058</u>
Change in net financial liabilities	-890,239	-149,905	-3,929,273
Opening net financial liabilities	<u>-4,903,199</u>	<u>-4,903,199</u>	<u>-973,926</u>
Closing net financial liabilities	<u>-5,793,438</u>	<u>-5,053,104</u>	<u>-4,903,199</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2018

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 BAND

NOTES

MARCH 31, 2018

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	-	40,393	40,393
Turtle Island Land Management Corporation Ltd., 100% interest	4	361,399	361,403
	<u>6</u>	<u>401,792</u>	<u>401,798</u>

Burns Lake Native Development Corporation is reported at cost.

Four Rivers Co-operative equity is reported at cost.

Turtle Island Land Management Corporation Ltd. is reported on the modified equity method. The company is inactive and 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 BAND

NOTES

MARCH 31, 2018

2. CASH

	2018	2017
Restricted		
- Bank of Montreal loan security	\$ 460,455	\$ 457,943
- Social Housing function reserves	75,858	52,533
Unrestricted	<u>2,691,838</u>	<u>2,252,150</u>
	<u><u>\$ 3,228,151</u></u>	<u><u>\$ 2,762,626</u></u>

3. ACCOUNTS RECEIVABLE

	2018	2017
Resource and funding agencies	\$ 677,226	\$ 1,485,512
INAC	33,861	55,488
Member advances	18,636	11,660
GST	38,171	38,247
Trade and other	<u>85,369</u>	<u>45,667</u>
	<u>853,263</u>	<u>1,636,574</u>
Allowance for doubtful accounts	<u>-65,043</u>	<u>-61,361</u>
	<u><u>\$ 788,220</u></u>	<u><u>\$ 1,575,213</u></u>

4. INVENTORY

	2018	2017
	\$	\$
Fuel	17,876	18,024
Tobacco	9,994	10,858
Other	<u>29,970</u>	<u>31,749</u>
	<u><u>57,840</u></u>	<u><u>60,631</u></u>

BURNS LAKE BAND

NOTES

MARCH 31, 2018

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	\$ 228,847	\$ 228,848
Interest and other	-	47,484	47,484
Closing balance	\$ 1	\$ 276,331	\$ 276,332

6. ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
Trade accounts and accruals	\$ 204,613	\$ 131,666
Wages and benefits	51,316	19,833
Receiver General	46,866	26,936
Interest payable	2,465	1,695
	<u>\$ 305,260</u>	<u>\$ 180,130</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	\$ 36,914
Annual provision	5,400
Interest	13
Closing balance	<u>\$ 42,327</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2018

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.

\$ 7,401,042

Canada Mortgage and Housing Corporation mortgage, \$1,876/month including interest at 1.39% per annum; secured by Band Council guarantee.

345,277

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.

178,000

Tribal Resources Investment Corporation, term loan, \$1,655 per month including interest at 11% per annum; secured by Band Council guarantee, 40% forgiveable after 60% of principal paid.

52,666

\$ 9,056,060

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

2019	\$ 269,538
2020	279,176
2021	289,769
2022	1,304,419
2023	<u>230,886</u>
	 <u>\$ 2,373,788</u>

9. PREPAID EXPENSES

	2018	2017
	\$	\$
Insurance	18,682	30,504
Post-secondary	3,300	800
Social assistance	2,259	2,241
Other	<u>5,293</u>	<u>7,648</u>
	<u>29,534</u>	<u>41,193</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2018

10. PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
Opening Balance	Additions/ Disposals	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$
Land	83,500	83,500	-	21,680	61,858	83,500	83,500
Paving	674,123	443,525	1,117,648	40,178	215,713	1,055,790	633,945
Buildings	9,687,462	-	9,687,462	716,949	932,662	8,754,800	8,970,513
Automotive	265,284	37,958	303,242	256,830	13,923	270,753	32,489
Equipment	851,240	43,824	895,064	267,770	72,157	339,927	8,454
						555,137	583,470
	11,561,609	525,307	12,086,916	1,281,727	323,473	1,605,200	10,481,716
							10,279,882

BURNS LAKE BAND

NOTES

MARCH 31, 2018

11. SURPLUS

	2018	2017
	\$	\$
Administration	54,001	-
Capital Development	136,506	768,111
Community Health	211,337	195,433
Economic Development	2,442,065	2,250,495
Education	65,603	-70,507
Other	878,364	1,097,115
Public Works	-2,211	-
Social Services	-98,150	-103,050
Treaty	<u>-1,112,579</u>	<u>-1,112,579</u>
	<u>2,574,936</u>	<u>3,025,018</u>

12. EQUITY IN PROPERTY AND EQUIPMENT

	2018	2017
	\$	\$
Opening balance	2,282,483	1,324,090
Debt repayment	198,412	4,544
Contribution from operations	525,307	1,043,358
Amortization	<u>-323,473</u>	<u>-89,509</u>
Closing balance	<u>2,682,729</u>	<u>2,282,483</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2018

13. EQUITY IN INVESTMENTS

Equity in investments is comprised as follows:

Accounted for using the modified equity reporting method:

	2018	2017
Turtle Island Land Management Ltd.		
Opening Balance	\$ 242,930	\$ 200,308
Decrease in bank loan	<u>42,622</u>	<u>42,622</u>
	285,552	242,930

Accounted for using the cost method:

Burns Lake Native Development Corporation	2	2
Four Rivers Co-operative	<u>40,393</u>	<u>33,382</u>
	<u>\$ 325,947</u>	<u>\$ 276,314</u>

The Band has an interest in a number of companies and limited partnerships. They do not have any value as they are either inactive or have operational deficits in excess of the Band's investment.

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 year ended March 31, 2018 are as follows:

BURNS LAKE BAND

NOTES

MARCH 31, 2018

14. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Development	Community Health	Daycare	Economic Development	Education	Other	Public Works	Social Assistance	Amortization	Total 2018	Total 2017	
REVENUE														
Government of Canada	774,295	202,679	115,536	-	85,577	10,000	361,507	20,052	72,020	123,063	-	904,857	1,466,425	
Province of BC	100,000	-	-	151,261	-	-	-	-	-	-	-	85,577	99,996	
CSFS	132,013	-	-	-	-	140,921	-	613,474	-	-	-	-	151,261	138,446
CSTC	990,708	-	-	-	-	-	43,893	-	-	-	-	-	754,395	2,685,740
PGNAETA	43,893	-	-	-	-	-	1,906,350	-	-	-	-	-	43,893	28,829
Sales	1,700,000	-	-	-	-	-	633,151	19,584	75,466	-	-	-	1,906,350	1,633,645
Other	1,592,097	78,269	514,730	5,581	49,089	-	-	-	-	-	-	-	1,435,670	1,644,813
	<u>5,333,006</u>	<u>280,948</u>	<u>630,266</u>	<u>156,842</u>	<u>134,666</u>	<u>2,750,422</u>	<u>424,984</u>	<u>708,992</u>	<u>72,020</u>	<u>123,063</u>	<u>-</u>	<u>5,282,203</u>	<u>7,697,894</u>	
EXPENDITURE														
Administration	224,273	-	-	13,024	-	53,086	6,099	161,347	-	-	-	-	233,556	74,819
Allowances	121,584	-	-	10,635	-	-	22,836	-	-	-	-	-	106,787	128,727
Amortization	300,000	-	-	-	-	-	-	-	-	-	-	-	323,473	89,509
Bad debts	5,000	14,837	-	-	-	-	-	-	-	-	-	-	14,837	1,770
Equipment rentals and repairs	25,764	-	-	-	-	-	12,600	-	-	-	-	-	-	14,053
Honoraria	49,330	30,421	-	-	-	15,087	1,661,380	1,804	3,635	2,060	-	-	43,021	48,706
Insurance	31,500	13,543	15,089	18,989	-	1,667	58,474	9,185	432,027	47,795	2,197	-	36,451	36,448
Materials and supplies	2,998,226	313,648	313,648	-	-	-	21,693	177,107	302,018	-	9,943	-	2,207,711	1,843,559
Office and other	323,883	18,862	108,628	-	-	1,098	26,349	85,890	24,376	-	-	-	422,077	211,086
Professional and contract services	806,925	45,721	-	-	-	-	67,911	32,708	54,041	-	-	-	655,167	357,483
Telephone and utilities	133,609	14,048	-	-	-	-	-	-	-	-	-	-	151,761	137,538
Travel and training	183,162	54,843	2,021	-	98,290	153,529	325,644	21,251	100,351	-	32,707	-	211,524	97,327
Wages and benefits	1,023,979	96,785	-	-	-	-	-	-	-	-	-	-	828,557	865,473
	<u>6,227,245</u>	<u>289,060</u>	<u>439,386</u>	<u>140,938</u>	<u>171,381</u>	<u>2,257,893</u>	<u>270,790</u>	<u>1,149,607</u>	<u>74,231</u>	<u>118,163</u>	<u>-</u>	<u>323,473</u>	<u>5,234,922</u>	<u>3,906,898</u>
REVENUE OVER EXPENDITURE	-894,239	-8,112	190,880	15,904	-36,715	492,529	154,194	-440,615	-2,211	4,900	-	-323,473	47,281	3,790,996
TRANSFERS		-	116,608	-198,145	-	36,715	-176,555	-18,084	239,461	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)		-	108,496	-7,265	15,904	-	315,974	136,110	-201,154	-2,211	4,900	-323,473	47,281	3,790,996