

**BURNS LAKE BAND
FINANCIAL STATEMENTS**

MARCH 31, 2019

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BURNS LAKE BAND
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BURNS LAKE BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2019

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 6, 2019

INDEPENDENT AUDITOR'S REPORT

TO CHIEF AND COUNCIL - BURNS LAKE BAND

Opinion

We have audited the financial statements of Burns Lake Band, which comprise the statement of financial position as at March 31, 2019 and the statements of financial activities, changes in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

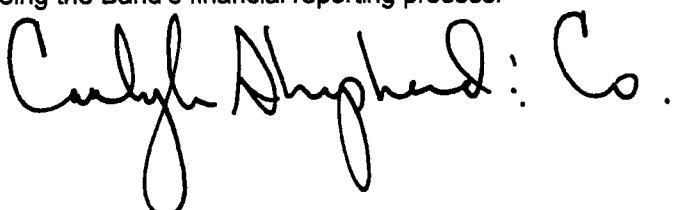
Responsibilities of Management and Council for the Financial Statements

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.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going concern basis to be used.

The Council are responsible for overseeing the Band's financial reporting process.

Prince Rupert, BC
July 6, 2019



BURNS LAKE BAND
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	5,887,368	3,228,151
Accounts receivable (note 3)	879,181	788,220
Inventory (notes 1 and 4)	71,112	57,840
Ottawa Trust funds (note 5)	<u>325,089</u>	<u>276,332</u>
	<u>7,162,750</u>	<u>4,350,543</u>
LIABILITIES		
Accounts payable and accruals (note 6)	247,115	305,260
Replacement reserve (note 7)	47,966	42,327
Bank and other loans (note 8)	<u>8,787,096</u>	<u>9,056,060</u>
	<u>9,082,177</u>	<u>9,403,647</u>
NET FINANCIAL LIABILITIES	<u>-1,919,427</u>	<u>-5,053,104</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 10)	10,265,751	10,481,716
Investments (note 1)	412,724	401,798
Prepaid expenses (note 9)	<u>26,754</u>	<u>29,534</u>
	<u>10,705,229</u>	<u>10,913,048</u>
	<u>8,785,802</u>	<u>5,859,944</u>
BAND POSITION		
Surplus (Deficit) (note 11)	5,404,488	2,574,936
Equity in property and equipment (note 12)	2,676,730	2,682,729
Ottawa Trust funds (note 5)	<u>325,089</u>	<u>276,332</u>
Equity in investments (note 13)	<u>379,495</u>	<u>325,947</u>
	<u>8,785,802</u>	<u>5,859,944</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

 Councillor

BURNS LAKE BAND			
STATEMENT OF FINANCIAL ACTIVITIES			
YEAR ENDED MARCH 31			
	Unaudited		
	Budget	2019	2018
	\$	\$	\$
REVENUE			
CMHC	21,000	22,194	20,052
CSFS	155,000	237,518	151,261
CSTC	1,371,000	1,461,020	754,395
FNHA	45,000	55,578	5,058
INAC	499,000	489,825	884,805
Ottawa Trust funds	45,000	48,756	47,484
PGNAETA	40,000	33,532	43,893
Property taxes and lease	1,113,000	1,099,084	582,493
Province of British Columbia	36,000	336,539	85,577
Rent	138,000	124,970	99,058
Sales	2,000,000	2,199,037	1,906,350
Other	<u>2,132,900</u>	<u>1,951,905</u>	<u>701,777</u>
	<u>7,595,900</u>	<u>8,059,958</u>	<u>5,282,203</u>
EXPENDITURE			
Administration	502,000	393,798	289,060
Amortization	330,000	338,248	323,473
Capital Development	732,000	452,353	439,386
Community Health	143,500	144,123	140,938
Day Care and Children	197,500	283,441	171,381
Economic Development	2,512,000	2,805,640	2,257,893
Education	177,000	163,503	270,790
Other	947,500	358,705	1,149,607
Public Works	75,200	87,246	74,231
Social Services	<u>104,000</u>	<u>107,043</u>	<u>118,163</u>
	<u>5,720,700</u>	<u>5,134,100</u>	<u>5,234,922</u>
REVENUE OVER EXPENDITURE	1,875,200	2,925,858	47,281
OPENING POSITION	<u>5,859,944</u>	<u>5,859,944</u>	<u>5,812,663</u>
CLOSING POSITION	<u>7,735,144</u>	<u>8,785,802</u>	<u>5,859,944</u>

BURNS LAKE BAND
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	2,925,858	47,281
Amortization	338,248	323,473
Accounts receivable	-90,961	786,993
Accounts payable and accruals	-58,145	125,130
Ottawa Trust funds	-48,757	-47,484
Prepaid expenses	2,781	11,659
Replacement reserve	5,639	5,413
Inventory	<u>-13,272</u>	<u>2,791</u>
	<u>3,061,391</u>	<u>1,255,256</u>
FINANCING ACTIVITIES		
Bank and other loans	<u>-268,964</u>	<u>-257,413</u>
INVESTING ACTIVITIES		
Investment	-10,926	-7,011
Property and equipment additions	<u>-122,284</u>	<u>-525,307</u>
	<u>-133,210</u>	<u>-532,318</u>
CHANGE IN CASH	2,659,217	465,525
OPENING CASH BALANCE	<u>3,228,151</u>	<u>2,762,626</u>
CLOSING CASH BALANCE	<u>5,887,368</u>	<u>3,228,151</u>

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

	Unaudited Budget	2019	2018
	\$	\$	\$
Revenue over expenditure	1,875,200	2,925,858	47,281
Amortization	33,000	338,248	323,473
Investment	-8,000	-10,926	-7,011
Prepaid expenses	3,000	2,781	11,659
Property and equipment additions	<u>-150,000</u>	<u>-122,284</u>	<u>-525,307</u>
Change in net financial liabilities	1,753,200	3,133,677	-149,905
Opening net financial liabilities	<u>-5,053,104</u>	<u>-5,053,104</u>	<u>-4,903,199</u>
Closing net financial liabilities	<u>-3,299,904</u>	<u>-1,919,427</u>	<u>-5,053,104</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

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	-	51,319	51,319
Turtle Island Land Management Corporation Ltd., 100% interest	4	361,399	361,403
	<u>6</u>	<u>412,718</u>	<u>412,724</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, 2019

2. CASH

	2019	2018
Restricted		
- Bank of Montreal loan security	\$ 460,455	\$ 460,455
- Social Housing function reserves	81,624	75,858
Unrestricted	<u>5,345,289</u>	<u>2,691,838</u>
	<u>\$ 5,887,368</u>	<u>\$ 3,228,151</u>

3. ACCOUNTS RECEIVABLE

	2019	2018
Resource and funding agencies	\$ 595,966	\$ 677,226
INAC	-	33,861
Member advances	21,049	18,636
GST	-2,027	38,171
Trade and other	<u>329,760</u>	<u>85,369</u>
	<u>944,748</u>	<u>853,263</u>
Allowance for doubtful accounts	<u>-65,567</u>	<u>-65,043</u>
	<u>\$ 879,181</u>	<u>\$ 788,220</u>

4. INVENTORY

	2019	2018
Fuel	\$ 27,189	\$ 17,876
Tobacco	12,588	9,994
Other	<u>31,335</u>	<u>29,970</u>
	<u>\$ 71,112</u>	<u>\$ 57,840</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

5. OTTAWA TRUST FUNDS

Indigenous Services Canada (ISC) 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 ISC.

	Capital	Revenue	Total
Opening balance	\$ 1	\$ 276,331	\$ 276,332
Interest and other	<u>-</u>	<u>48,757</u>	<u>48,757</u>
Closing balance	<u>\$ 1</u>	<u>\$ 325,088</u>	<u>\$ 325,089</u>

6. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
Trade accounts and accruals	\$ 179,711	\$ 204,613
Wages and benefits	56,926	51,316
Receiver General	7,945	46,866
Interest payable	<u>2,533</u>	<u>2,465</u>
	<u>\$ 247,115</u>	<u>\$ 305,260</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	\$ 42,327
Annual provision	5,400
Interest	<u>239</u>
Closing balance	<u>\$ 47,966</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

8. BANK AND OTHER LOANS

Bank of Montreal demand loan, \$44,053/month including interest at prime plus 1%; secured by \$455,000 term deposit and Band Council guarantee.

\$ 7,231,928

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

327,435

Carrier Sekani Tribal Council, repayable on the same terms and conditions that the Carrier Sekani Tribal Council has with INAC for treaty negotiations. The Federal Government has indicated in its 2019 budget that the treaty negotiation loans will be forgiven.

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.

119,000

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

29,658

\$ 8,787,096

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

2020	\$ 1,335,443
2021	273,301
2022	211,616
2023	220,600
2024	<u>231,080</u>
	 <u>\$ 2,272,040</u>

9. PREPAID EXPENSES

	2019	2018
Insurance	\$ 19,664	\$ 18,682
Post-secondary	2,693	3,300
Social assistance	2,479	2,259
Other	<u>1,918</u>	<u>5,293</u>
	 <u>\$ 26,754</u>	<u>\$ 29,534</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

10. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Land	83,500	-	83,500	-	-	-	83,500	83,500
Paving	1,117,648	-	1,117,648	61,858	21,221	83,079	1,034,569	1,055,790
Buildings	9,687,462	-	9,687,462	932,662	210,289	1,142,951	8,544,511	8,754,800
Automotive	303,242	94,800	398,042	270,753	38,186	308,939	89,103	32,489
Equipment	895,064	27,484	922,548	339,927	68,552	408,479	514,068	555,137
	<u>12,086,916</u>	<u>122,284</u>	<u>12,209,200</u>	<u>1,605,200</u>	<u>338,248</u>	<u>1,943,448</u>	<u>10,265,751</u>	<u>10,481,716</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

11. SURPLUS (DEFICIT)

	2019	2018
	\$	\$
Administration	37,241	54,001
Capital Development	1,161,108	136,506
Community Health	306,311	211,337
Daycare and Children	156,270	-
Economic Development	2,795,421	2,442,065
Education	69,382	65,603
Other	2,090,101	878,364
Public Works	-16,748	-2,211
Social Services	-82,019	-98,150
Treaty	<u>-1,112,579</u>	<u>-1,112,579</u>
	<u>5,404,488</u>	<u>2,574,936</u>

12. EQUITY IN PROPERTY AND EQUIPMENT

	2019	2018
	\$	\$
Opening balance	2,682,729	2,282,483
Debt repayment	209,965	198,412
Contribution from operations	122,284	525,307
Amortization	<u>-338,248</u>	<u>-323,473</u>
Closing balance	<u>2,676,730</u>	<u>2,682,729</u>

BURNS LAKE BAND

NOTES

MARCH 31, 2019

13. EQUITY IN INVESTMENTS

Equity in investments is comprised as follows:

Accounted for using the modified equity reporting method:

	2019	2018
Turtle Island Land Management Ltd.		
Opening balance	\$ 285,552	\$ 242,930
Loan repayment	<u>42,622</u>	<u>42,622</u>
Closing balance	328,174	285,552

Accounted for using the cost method:

Burns Lake Native Development Corporation	2	2
Four Rivers Co-operative	<u>51,319</u>	<u>40,393</u>
Total	<u>\$ 379,495</u>	<u>\$ 325,947</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. COMMITMENT AND RELATED PARTY TRANSACTIONS

The Band invested \$1,500,000 in a cannabis start-up company in June 2019.

The Band levied a lease fee of \$528,646 to Ts'li Kaz Koh Holdings Limited Partnership for the operation of Keyoh Lodge.

15. 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, 2019 are as follows:

BURNS LAKE BAND

NOTES

MARCH 31, 2019

15. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Development	Community Health	Daycare and Children	Economic Development	Education	Other	Public Works	Social Assistance	Amortization	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE													
Government of Canada	565,000	152,338	-	-	35,520	10,000	131,604	22,194	72,709	123,174	-	547,539	904,857
Province of BC	36,000	-	-	-	336,539	-	-	-	-	-	-	336,539	85,577
CSFS	155,000	-	-	237,519	-	-	-	-	-	-	-	237,519	151,261
CSTC	1,371,000	-	6,000	-	-	28,191	-	1,426,829	-	-	-	1,461,020	754,395
PGNAETA	40,000	-	-	-	-	-	33,532	-	-	-	-	33,532	43,893
Sales	2,000,000	-	-	-	-	2,199,037	-	-	-	-	-	2,199,037	1,906,350
Other	3,428,900	143,832	1,049,823	5,058	74,632	1,860,092	-	111,335	-	-	-	3,244,772	1,435,870
	<u>7,595,900</u>	<u>296,170</u>	<u>1,055,823</u>	<u>242,577</u>	<u>446,691</u>	<u>4,097,320</u>	<u>165,136</u>	<u>1,560,358</u>	<u>72,709</u>	<u>123,174</u>	<u>-</u>	<u>8,059,858</u>	<u>5,282,203</u>
EXPENDITURE													
Administration	140,000	-	909	12,683	12,000	94,131	13,160	4,407	-	-	-	137,290	233,556
Allowances	75,000	-	-	14,556	-	-	40,049	-	-	49,568	-	104,173	106,787
Amortization	330,000	-	-	-	-	-	-	-	-	-	338,248	338,248	323,473
Bad debts (recovery)	21,000	-32,341	-	-	21,394	-	-	-	-	-	-	-10,947	14,837
Equipment rentals and repairs	202,000	6,779	48,425	-	3,002	9,227	-	76,502	18,916	-	-	162,851	-
Honoraria	48,000	37,650	-	-	-	17,137	-	-	-	-	-	54,787	43,021
Insurance	37,200	-	-	-	-	39,047	-	3,904	2,577	-	-	45,528	36,451
Materials and supplies	2,341,000	12,132	32,881	-	29,823	2,011,850	-	39,537	42,182	22,656	-	2,191,061	2,207,711
Office and other	864,500	60,967	351,422	17,922	18,234	55,771	8,889	10,053	-	4,898	-	528,156	422,077
Professional and contract services	391,000	52,640	10,203	-	-	65,342	58,356	45,547	-	-	-	232,088	655,167
Telephone and utilities	148,000	18,825	-	-	2,643	27,840	-	80,431	23,571	-	-	153,310	151,761
Travel and training	184,000	90,405	8,513	-	-	120,732	28,838	27,338	-	-	-	275,826	211,524
Wages and benefits	939,000	146,741	-	98,962	196,345	364,563	14,211	70,986	-	29,921	-	921,729	828,557
	<u>5,720,700</u>	<u>393,798</u>	<u>452,353</u>	<u>144,123</u>	<u>283,441</u>	<u>2,805,640</u>	<u>163,503</u>	<u>358,705</u>	<u>87,246</u>	<u>107,043</u>	<u>338,248</u>	<u>5,134,100</u>	<u>5,234,922</u>
REVENUE OVER EXPENDITURE	1,875,200	-97,628	603,470	98,454	163,250	1,291,680	1,633	1,201,653	-14,537	16,131	-338,248	2,925,858	47,281
TRANSFERS	-	140,552	708,053	-3,480	470	-890,248	2,146	42,507	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	1,875,200	42,924	1,311,523	94,974	163,720	401,432	3,779	1,244,160	-14,537	16,131	-338,248	2,925,858	47,281