

**LYACKSON FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

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Alex E. Palmer, B.Sc., C.P.A., C.A. \*  
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\*A Professional Corporation

**To the Members of  
Lyackson First Nation  
Chemainus, BC**

## **AUDITORS' REPORT**

We have audited the accompanying consolidated financial statements of Lyackson First Nation, which comprise the Consolidated Statement of Financial Position as at March 31, 2015 and the Consolidated Statements of Change in Net Financial Assets, Operations and Accumulated Surplus, and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *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 control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation'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 consolidated financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lyackson First Nation as at March 31, 2015, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Duncan, BC  
July 28, 2015



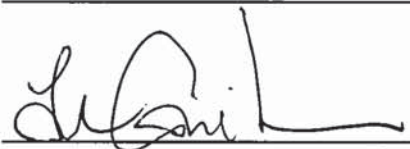
Chartered Professional Accountants




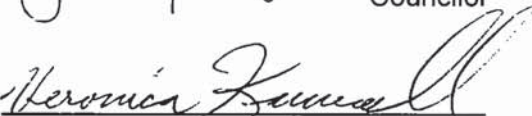
**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2015**

	2015	2014
<b>Financial Assets</b>		
Cash	\$ 295,668	\$ 267,600
Restricted cash (Note 3)	1,272,854	1,303,019
Accounts receivable (Note 4)	126,169	150,260
GST/HST recoverable	498	2,761
	<u>1,695,189</u>	<u>1,723,640</u>
<b>Liabilities</b>		
Accounts payable	150,858	102,656
Wages & benefits payable	29,505	21,492
	<u>180,363</u>	<u>124,148</u>
<b>Net financial assets - Exhibit "B"</b>	<u>1,514,826</u>	<u>1,599,492</u>
<b>Non-Financial Assets</b>		
Capital assets (Note 5)	239,234	252,514
Prepaid expenses	13,409	13,386
	<u>252,643</u>	<u>265,900</u>
<b>Accumulated Surplus - Exhibit "C"</b>	<u>\$ 1,767,469</u>	<u>\$ 1,865,392</u>

Approved on behalf of the Lyackson First Nation

\_\_\_\_\_  
  
 Chief  
 \_\_\_\_\_  
 Councilor

\_\_\_\_\_  
  
 Councilor

\_\_\_\_\_  
  
 Councilor

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2015**

	2015	2014
<b>Deficiency of revenue over expenditures - Exhibit "B"</b>	\$ (97,923)	\$ (37,013)
Acquisition of tangible capital assets	(30,393)	(8,332)
Sale of tangible capital assets	8,500	-
Gain of sale tangible capital assets	(6,497)	-
Amortization of tangible capital assets	41,670	45,955
Use of prepaid asset	<u>(23)</u>	<u>4,520</u>
 (Increase)/Decrease in net financial assets	 (84,666)	 5,130
 Net financial assets at beginning of year	 <u>1,599,492</u>	 <u>1,594,362</u>
 Net assets, end of year - Exhibit "A"	 <u>\$ 1,514,826</u>	 <u>\$ 1,599,492</u>

**LYACKSON FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	Budget (unaudited)	2015	2014
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 376,469	\$ 376,469	\$ 230,639
Hul'qumi'num Treaty Group	147,750	147,750	147,750
H'ulh'etun Health Society	11,000	5,000	27,669
Province of B.C.	89,859	85,423	79,359
Other grants	500	500	77,000
Department of Fisheries and Oceans	42,670	42,670	42,670
Interest income	18,984	30,738	38,483
Coast Salish Employment & Training Society	34,352	34,352	26,852
Other revenue	1,322	-	14,757
New Relationship Trust	29,000	29,000	34,000
License distribution	19,000	15,019	18,758
First Nation Education Steering Committee	6,615	6,615	5,978
Parks Canada	2,822	3,372	2,000
ParticipACTION	-	-	195
Kinder Morgan	-	6,325	85,675
Canadian Environmental Assessment	30,360	30,360	-
National Energy Board	28,310	28,310	-
Port Metro Vancouver	50,000	50,000	-
BC Special	-	486	491
Gain for sale of assets	-	6,497	-
	<u>889,013</u>	<u>898,886</u>	<u>832,276</u>
<b>Expenditures (Note 7)</b>			
Operating Fund	1,162,396	934,709	808,089
Trust Fund	59,000	62,100	61,200
	<u>1,221,396</u>	<u>996,809</u>	<u>869,289</u>
<b>Deficiency of revenue over expenditures - Exhibits "B" &amp; "D"</b>	<b>(332,383)</b>	<b>(97,923)</b>	<b>(37,013)</b>
Surplus at beginning of year	<u>1,865,392</u>	<u>1,865,392</u>	<u>1,902,405</u>
Surplus at end of year - Exhibit "A"	<u>\$ 1,533,009</u>	<u>\$ 1,767,469</u>	<u>\$ 1,865,392</u>

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2015**

	2015	2014
<b>Operating transactions</b>		
Deficiency of revenue over expenditures - Exhibit "B"	\$ (97,923)	\$ (37,013)
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	41,670	45,955
Gain on sale of assets	(6,497)	-
	<u>(62,750)</u>	<u>8,942</u>
Change in non-cash working capital balances		
Accounts receivable	24,091	47,462
GST/HST recoverable	2,263	6,118
Prepaid expenses	(23)	4,520
Accounts payable	48,202	(32,388)
Wages & benefits payable	8,013	4,834
Cash provided by operating transactions	<u>19,796</u>	<u>39,488</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(30,393)	(8,332)
Proceeds on sale of capital assets	8,500	-
	<u>(21,893)</u>	<u>(8,332)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(2,097)	31,156
<b>Cash and cash equivalents, beginning of year</b>	<u>1,570,619</u>	<u>1,539,463</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,568,522</u>	<u>\$ 1,570,619</u>
<b>Represented by:</b>		
Cash	\$ 295,668	\$ 267,600
Restricted cash	<u>1,272,854</u>	<u>1,303,019</u>
	<u>\$ 1,568,522</u>	<u>\$ 1,570,619</u>



**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These summarized financial statements are prepared in accordance with Canadian Public Sector Accounting Standards for Governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, which encompasses the following principles:

**Fund Accounting**

The Lyackson First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the summary financial statements

These financial statements report on the assets, liabilities and results of operations for the following entities which use accounting principles that lend themselves to consolidation:

The Operating Fund reports the general and local Government activities of the First Nation Administration.

The Trust Fund reports on trust funds owned by the First Nation and held by third parties.

**Reporting Entity Principles of Financial Reporting**

These summary financial statements report only on the activities of the Lyackson First Nation.

**Revenue Recognition**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Funding received but not yet expended is included in the applicable statement of revenue and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**Net Assets**

The First Nation's financial statements are presented so as to highlight net assets as the measurement of financial position. The net assets of the First Nation are determined by its liabilities less its financial assets. Net assets are comprised of two components, non-financial assets and accumulated surplus.



**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, cont'd**

**Budget Information**

Generally Accepted Accounting Principles as defined in the Public Sector Accounting Handbook require that budget information be provided. This information in the current year has been provided where available and relevant.

The budget figures were not audited nor reviewed, but compiled from information provided by First Nation Management.

**Tangible Capital Assets**

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are funded by the applicable revenue source in the year of acquisition. These expenditures are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.

Tangible Capital Assets are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful life using the declining balance method at the following rates:

Boats	15%
Computer equipment	55%
Computer software	50%
Furniture and fixtures	20%
Housing, trailers and other	10%
Office equipment	20%
Vehicles	30%
Yurts	4%

In the year of acquisition, amortization is recorded at one-half of the above stated rates and no amortization is taken in the year of disposition.

**2. TRANSFERS**

All transfers between funds have been approved by the Council with an appropriate Band Council Resolution having been affected where required.

**3. RESTRICTED CASH**

	2015	2014
Ottawa Trust Fund – revenue account	\$ 313,140	\$ 281,917
Ottawa Trust Fund – capital account	<u>959,714</u>	<u>1,021,102</u>
	<u>\$ 1,272,854</u>	<u>\$ 1,303,019</u>

**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**3. RESTRICTED CASH, cont'd**

**Ottawa Trust Funds**

The Ottawa Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. They are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**4. ACCOUNTS RECEIVABLE**

**Operating Fund**

	2015	2014
Canadian Environmental Assessment	\$ 30,360	\$ -
Coast Salish Employment & Training	5,685	2,401
Cowichan Tribes	-	5,601
First Nations Education Steering	1,980	1,751
First Nations Summit Society	601	1,241
Department of Fisheries & Oceans	4,268	8,534
H'ulh'etun Health Society	-	5,000
Hul'qumi'num Fisheries Limited Partnership	5,000	59
Hul'qumi'num Treaty Group	3,705	3,695
Kinder Morgan	17,000	102,675
National Energy Board	28,310	-
New Relationship Trust	5,000	6,320
Parks Canada	-	2,386
Port Metro Vancouver	4,000	-
Sablefish	10,000	-
Other accruals	10,260	10,597
	<u>\$ 126,169</u>	<u>\$ 150,260</u>

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net Book Value 2015
<b>Operating Fund</b>			
Boats	\$ 33,705	\$ 17,431	\$ 16,274
Computer equipment	59,418	44,843	14,575
Computer software	43,375	40,039	3,336
Furniture and fixtures	33,764	21,320	12,444
Housing, trailers and other	97,193	82,039	15,154
Office Equipment	61,924	49,500	12,424
Vehicles	27,543	15,376	12,167
Yurts	182,688	29,828	152,860
	<u>\$ 539,610</u>	<u>\$ 300,376</u>	<u>\$ 239,234</u>

**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**5. TANGIBLE CAPITAL ASSETS cont'd**

	Cost	Accumulated Amortization	Net Book Value 2014
<b>Operating Fund</b>			
Boats	\$ 33,705	\$ 14,559	\$ 19,146
Computer equipment	45,689	38,535	7,154
Computer software	39,071	39,071	-
Furniture and fixtures	33,764	18,209	15,555
Housing, trailers and other	94,294	70,827	23,467
Office Equipment	61,924	46,394	15,530
Vehicles	30,121	17,687	12,434
Yurts	182,688	23,460	159,228
	<u>\$ 521,256</u>	<u>\$ 268,742</u>	<u>\$ 252,514</u>

All tangible capital assets were amortized in the year. Amortization of \$41,670 was recorded in the current year (2014 - \$45,995).

**6. ACCUMULATED SURPLUS**

	2015	2014
Restricted		
Trust Fund	\$ 1,272,854	\$ 1,303,019
Unrestricted		
Operating Fund	<u>494,615</u>	<u>562,373</u>
	<u>\$ 1,797,469</u>	<u>\$ 1,865,392</u>



**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**7. EXPENDITURES BY OBJECT**

	2015	2014
<b>Expenditures</b>		
Advertising	\$ 554	\$ 21
Amortization	41,670	45,955
Banking charges and interest	2,323	2,391
Boat expense	8,046	8,255
Consultant	152,458	62,050
Donations	200	4,173
Events	9,357	604
Traditional food expense	13,621	10,530
Honoraria	44,100	38,600
Insurance	12,416	11,603
Licenses, dues and fees	483	1,823
Materials and supplies	11,001	10,479
Meeting costs	11,778	15,444
Membership distribution	62,100	61,200
Office	16,356	19,203
Professional fees	67,858	33,317
Rent	13,528	11,328
Education recognition	15,250	11,300
Training	8,212	600
Travel	27,665	27,808
Tuition and books – post-secondary	127,619	138,344
Utilities and telephone	6,811	9,017
Vehicle	4,233	8,658
Wages and benefits	<u>339,170</u>	<u>336,586</u>
	<u>\$ 996,809</u>	<u>\$ 869,289</u>

**8. OPERATING LEASE**

The First Nation has entered into a long term office rental lease of \$1,144 per month which expired March 31, 2015. The lease agreement has continued on a month to month basis.

**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**9. RESTRICTED EQUITY IN FINANCIAL ASSETS**

Certain program surpluses are restricted as to their use. They may be committed to the continuation of the particular program, subject to recovery by the applicable funding agency, or generally accessible for limited purposes only and not available for use in general operations.

**10. GOING CONCERN CONSIDERATIONS**

The First Nation is economically dependent on the Aboriginal Affairs and Northern Development (AANDC). The funding to the First Nation is expected to last in the foreseeable future, however, if funding is lost, the First Nation could not continue its full operations.

**11. COMPARATIVE FIGURES**

The comparative balances have been reclassified where necessary to the current financial statement format.

**12. FINANCIAL INSTRUMENTS**

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the First Nation Management's opinion that the First Nation is not exposed to significant interest rate, credit, or currency risk arising from these financial instruments

**Held for trading**

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition of adoption of CICA (PSAB) 3450 Financial Instruments - Recognition and Measurement, even if that instrument would otherwise satisfy the definition of held for trading. The District has classified the following assets and liabilities as held for trading: cash.

The First Nation's held for trading instruments are initially recognized at their fair value. Any gain/loss arising as a result of the difference between the carrying amount and their fair value is recognized in net income. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are not recorded on the settlement date. Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in income.

**Loans and receivables**

The First Nation has classified the following financial assets as loans and receivables: accounts receivable and GST/HST recoverable. The assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell items are recorded on the settlement date. Total interest income, calculated using the effective interest rate method, is recognized in total income.

**LYACKSON FIRST NATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2015**

**12. FINANCIAL INSTRUMENTS, cont'd**

**Other financial liabilities**

The First Nation has classified the following financial liabilities as other financial liabilities: accounts payable and wages and benefits payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date. Total interest expense (if any) is calculated using the effective interest rate method and would be recognized in net income.