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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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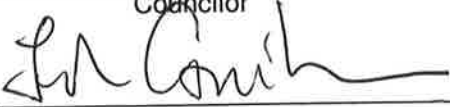

The financial statements of Lyackson First Nation have been prepared in accordance with Canadian accounting standards for public sector organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Lyackson First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Chief and Council prior to its approval of the financial statements. The Committee also considers, for review by the Chief and Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by PALMER LESLIE, Chartered Professional Accountants, in accordance with Canadian accounting standards for public sector organizations.

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Councilor  
  
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Councilor  
  
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Councilor

Chemainus, BC  
July 21, 2017



Alex E. Palmer, C.P.A., C.A.\*  
Tammy Leslie, C.P.A., C.G.A., C.A.\*

\*A Professional Corporation

## INDEPENDENT AUDITORS' REPORT

To the Members of Lyackson First Nation

We have audited the accompanying financial statements of Lyackson First Nation, which comprise the , 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 accounting standards for public sector organizations, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity's preparation and fair presentation of the 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 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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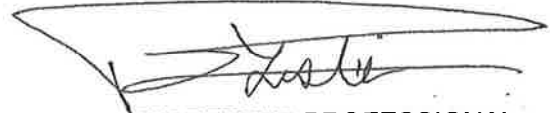
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Independent Auditors' Report to the Members of Lyackson First Nation *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lyackson First Nation as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector organizations.

Duncan, British Columbia  
July 21, 2017




CHARTERED PROFESSIONAL  
ACCOUNTANTS

**Exhibit "A"**

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2017**

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 319,644	\$ 133,563
Restricted cash (Note 3)	1,208,478	1,242,013
Accounts receivable (Note 4)	244,678	177,896
GST recoverable	1,468	2,604
	<u>1,774,268</u>	<u>1,556,076</u>
<b>Liabilities</b>		
Accounts payable	46,428	49,505
Wages & benefits payable	27,005	26,409
	<u>73,433</u>	<u>75,914</u>
<b>Net financial assets - Exhibit "B"</b>	<u>1,700,835</u>	<u>1,480,162</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 5)	231,498	242,353
Prepaid expenses	13,790	6,884
	<u>245,288</u>	<u>249,237</u>
<b>Accumulated Surplus - Exhibit "C"</b>	<u>\$ 1,946,123</u>	<u>\$ 1,729,399</u>

**Approved on behalf of the Lyackson First Nation**

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor

\_\_\_\_\_  
Councilor

**Exhibit "B"**

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
<b>Deficiency of revenue over expenditures - Exhibit "C"</b>	\$ 216,724	\$ (38,070)
Acquisition of assets	(13,115)	(45,715)
Sale of assets	100	21,068
Gain of sale of assets	-	(7,015)
Amortization of assets	23,870	28,543
Use of prepaid asset	<u>(6,906)</u>	<u>6,525</u>
(Increase)/Decrease in net financial assets	220,673	(34,664)
Net financial assets at beginning of year	<u>1,480,162</u>	<u>1,514,826</u>
Net assets, end of year - Exhibit "A"	<u>\$ 1,700,835</u>	<u>\$ 1,480,162</u>

## Exhibit "C"

**LYACKSON FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budget (unaudited)	2017	2016
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 396,825	\$ 336,939
Hul'qumi'num Treaty Group	-	191,800	147,500
H'ulh'etun Health Society	-	14,000	9,478
Province of B.C.	-	135,487	83,411
Other grants	-	500	528
Department of Fisheries and Oceans	-	42,670	42,670
Interest income	-	23,272	25,980
Coast Salish Employment & Training Society	-	41,090	33,216
New Relationship Trust	-	14,000	9,000
License distribution	-	40,614	41,099
First Nation Education Steering Committee	-	22,565	51,196
Steelhead LNG	-	35,000	-
BCEA	-	5,000	-
BC Oil & Gas Commission	-	5,000	-
Kinder Morgan	-	-	10,076
Canadian Environmental Assessment	-	27,500	45,505
National Energy Board	-	-	8,610
Transmountain Pipeline	-	15,000	12,000
Port Metro Vancouver	-	4,500	19,500
BC Special	-	492	488
Gain on sale of assets	-	-	7,015
	<u>-</u>	<u>1,015,315</u>	<u>884,211</u>
<b>Expenditures</b>			
Operating Fund (Schedule 1)	-	734,691	862,281
Trust Fund member distributions	-	63,900	60,000
	<u>-</u>	<u>798,591</u>	<u>922,281</u>
<b>Deficiency of revenue over expenditures - Exhibits "B" &amp; "D"</b>	-	216,724	(38,070)
Surplus at beginning of year	<u>1,729,399</u>	<u>1,729,399</u>	<u>1,767,469</u>
Surplus at end of year - Exhibit "A" (Note 6)	<u>\$ 1,729,399</u>	<u>\$ 1,946,123</u>	<u>\$ 1,729,399</u>

**Exhibit "D"**

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
<b>Operating transactions</b>		
Deficiency of revenue over expenditures - Exhibit "B"	\$ 216,724	\$ (38,070)
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	23,870	28,543
Gain on sale of assets	<u>-</u>	<u>(7,015)</u>
	240,594	(16,542)
Change in non-cash working capital balances		
Accounts receivable	(66,782)	(51,727)
GST recoverable	1,136	(2,106)
Prepaid expenses	(6,906)	6,525
Accounts payable	(3,077)	(101,353)
Wages & benefits payable	<u>596</u>	<u>(3,096)</u>
Cash provided by operating transactions	<u>165,561</u>	<u>(168,299)</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(13,115)	(45,715)
Proceeds from sale of capital assets	<u>100</u>	<u>21,068</u>
	<u>(13,015)</u>	<u>(24,647)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	152,546	(192,946)
<b>Cash and cash equivalents, beginning of year</b>	<u>1,375,576</u>	<u>1,568,522</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,528,122</u>	<u>\$ 1,375,576</u>
<b>Represented by:</b>		
Cash	\$ 319,644	\$ 133,563
Restricted cash	<u>1,208,478</u>	<u>1,242,013</u>
	<u>\$ 1,528,122</u>	<u>\$ 1,375,576</u>

**LYACKSON FIRST NATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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1. SUMMARY OF 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:

Budget Information

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

One-half of the year's amortization is recorded in the year of purchase and none in the year of disposal.

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.

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**LYACKSON FIRST NATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reporting Entity Principles of Financial Reporting

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

Revenue recognition

Lyackson First Nation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Public Sector Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

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.

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2. TRANSFERS

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

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3. RESTRICTED CASH

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.

	<u>2017</u>	<u>2016</u>
Ottawa Trust Fund – revenue account	\$ 352,958	\$ 329,293
Ottawa Trust Fund – capital account	855,520	912,720
	<u>\$ 1,208,478</u>	<u>\$ 1,242,013</u>

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**LYACKSON FIRST NATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**4. ACCOUNTS RECEIVABLE**

	2017	2016
<b>Operating Fund</b>		
Canadian Environmental Assessment	\$ 65,531	\$ 61,661
Coast Salish Employment & Training	10,357	4,549
First Nations Education Steering	4,589	24,467
Government of Canada	9,000	12,000
First Nations Summit Society	702	-
Department of Fisheries & Oceans	52,291	3,621
Hul'qumi'num Fisheries Limited Partnership	1,300	-
Hul'qumi'num Treaty Group	4,982	36,117
Steelhead LNG	35,000	-
Sumas First Nation	1,354	-
New Relationship Trust	5,400	1,000
Province of BC	47,000	27,000
Port Metro Vancouver	5,000	-
Union of BC Indian Chiefs	1,965	-
Other accruals	207	7,481
	<u>\$ 244,678</u>	<u>\$ 177,896</u>

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Housing, Trailers and other	\$ 95,033	\$ 84,054	\$ 10,979	\$ 12,036
Office Equipment	64,406	54,221	10,185	9,940
Motor vehicles	29,010	17,876	11,134	15,905
Computer equipment	59,432	54,805	4,627	7,074
Computer software	43,375	42,541	834	1,668
Furniture and fixtures	34,659	26,050	8,609	10,761
Boats	12,319	7,666	4,653	5,474
Yurts	182,688	41,813	140,874	146,200
Other capital asset #3	41,236	1,633	39,603	33,295
	<u>\$ 562,158</u>	<u>\$ 330,659</u>	<u>\$ 231,498</u>	<u>\$ 242,353</u>

Interest included in cost of additions in the current year totaled \$nil (2015 - \$nil). All tangible capital assets were amortized in the year. The First Nations recorded amortization of \$23,870 in the current year (2016 - \$28,543).

**LYACKSON FIRST NATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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6. ACCUMULATED SURPLUS

	2017	2016
Restricted Trust Fund	\$ 1,208,478	\$ 1,242,013
Unrestricted Operating Fund	737,645	487,386
	<u>\$ 1,946,123</u>	<u>\$ 1,729,399</u>

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7. OPERATING LEASE

The First Nation had 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.

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8. 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.

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9. GOING CONCERN CONSIDERATIONS

The First Nation is economically dependent on the Indian and Northern Affairs Canada (INAC, formerly AAANDC). 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.

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10. COMPARATIVE FIGURES

Certain prior year balances have been reclassified to conform to the current presentation's format.

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11. FINANCIAL INSTRUMENTS

The First Nations's financial instruments consist of cash, accounts receivable, term deposits, accounts payable and accrued, and security deposits. It is the council's opinion that the First Nations is not exposed to significant credit risk, market risk or currency risk arising from these financial instruments as of March 31, 2017.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

The exposure of the First Nations to interest rate risk arises from its interest bearing term deposit. The First Nations manages its exposure to interest rate risk through contracts stating the guaranteed rate. Fluctuations in market rates of interest on the term deposits do not have a significant impact on the First Nations's results of operations.

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**LYACKSON FIRST NATION****Expenses  
(Schedule 1)****Year Ended March 31, 2017**

	2017	2016
<b>Expenses</b>		
Amortization	\$ 23,870	\$ 28,543
Bank charges and interest	2,323	2,608
Boat expense	8,834	9,494
Consulting fees	108,854	134,249
Donations	1,763	2,493
Education recognition	8,805	14,700
Events	1,207	4,478
Honoraria	28,460	30,150
Insurance	10,692	13,009
Licenses, dues and fees	458	2,012
Materials and supplies	19,797	34,896
Meeting costs	12,048	18,558
Office	19,219	16,751
Professional fees	54,126	57,690
Rent (Note 7)	14,020	14,228
Traditional food expense	2,535	13,984
Training	21,885	10,693
Travel	18,482	25,083
Tuition and books	36,288	54,939
Utilities and telephone	7,351	7,675
Vehicle	12,105	3,552
Wages and benefits	321,068	362,496
	<u>\$ 734,190</u>	<u>\$ 862,281</u>

The accompanying notes form an integral part of these financial statements

**Palmer Leslie**  
Chartered Professional Accountants