

**LYACKSON FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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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 not-for-profit 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.

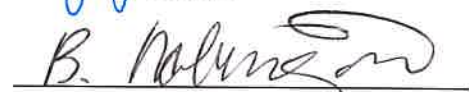
The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee 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 not-for-profit organizations.



  
Councilor

  
Councilor

  
Councilor



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

\*A Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Lyackson First Nation

We have audited the accompanying financial statements of Lyackson First Nation, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets 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 accounting standards for not-for-profit 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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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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Duncan, British Columbia  
July 22, 2018



CHARTERED PROFESSIONAL  
ACCOUNTANTS

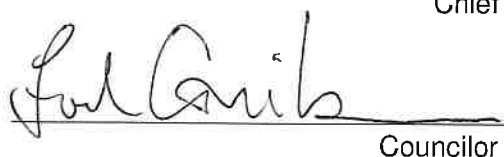
## Exhibit "A"

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018**

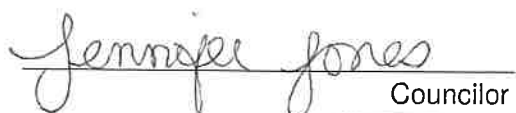
	2018	2017
<b>Financial Assets</b>		
Cash	\$ 315,672	\$ 319,644
Restricted cash (Note 3)	1,220,510	1,208,478
Accounts receivable (Note 4)	260,335	244,678
GST recoverable	5,148	1,468
	<u>1,801,665</u>	<u>1,774,268</u>
<b>Liabilities</b>		
Accounts payable	71,629	46,428
Wages & benefits payable	42,076	27,005
	<u>113,705</u>	<u>73,433</u>
<b>Net financial assets - Exhibit "B"</b>	<u>1,687,960</u>	<u>1,700,835</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 5)	316,888	231,498
Prepaid expenses	17,614	13,790
	<u>334,502</u>	<u>245,288</u>
<b>Accumulated Surplus - Exhibit "C"</b>	<u>\$ 2,022,462</u>	<u>\$ 1,946,123</u>

Approved on behalf of the Lyackson First Nation

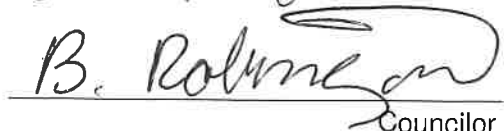
Chief



Councilor



Councilor



Councilor

**Exhibit "B"**

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
<b>Excess of revenue over expenditures - Exhibit "C"</b>	\$ 76,339	\$ 216,724
Acquisition of assets	(120,147)	(13,115)
Sale of assets	18,000	100
Gain on sale of assets	(13,348)	-
Amortization of assets	30,104	23,870
Use of prepaid asset	<u>(3,823)</u>	<u>(6,906)</u>
 (Increase)/Decrease in net financial assets	 (12,875)	 220,673
 Net financial assets at beginning of year	 <u>1,700,835</u>	 <u>1,480,162</u>
 Net assets, end of year - Exhibit "A"	 <u>\$ 1,687,960</u>	 <u>\$ 1,700,835</u>

**LYACKSON FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	Budget (unaudited)	2018	2017
<b>Revenue</b>			
BC Oil & Gas Commission	\$ -	\$ -	\$ 5,000
BC Special	492	492	492
BCEA	-	-	5,000
Canadian Environmental Assessment	16,214	14,983	27,500
Children and Family Development	30,000	30,000	-
Coast Salish Employment & Training Society	51,538	52,945	41,090
Department of Fisheries and Oceans	42,670	42,670	42,670
First Nation Education Steering Committee	7,356	7,356	22,565
Forests, Lands, Natural Resource Operations & Rural Development	50,000	50,000	-
H'ulh'etun Health Society	10,000	9,166	14,000
Hul'qumi'num Treaty Group	206,950	206,950	191,800
Indian and Northern Affairs Canada	248,956	264,079	396,825
Interest income	13,350	26,906	23,272
Kinder Morgan	12,000	12,000	-
Donations	2,000	2,000	-
License distribution	49,940	51,833	40,614
New Relationship Trust	9,000	9,500	14,000
Other grants	500	500	500
Port Metro Vancouver	-	-	4,500
Province of B.C.	150,542	126,783	135,487
Steelhead LNG	(35,000)	(35,000)	35,000
Transmountain Pipeline	16,000	16,000	15,000
Gain on sale of assets	-	13,348	-
	<u>882,508</u>	<u>902,511</u>	<u>1,015,315</u>
<b>Expenditures</b>			
Operating Fund (Schedule 1)	1,256,369	786,172	734,691
Trust Fund member distributions	40,000	40,000	63,900
	<u>1,296,369</u>	<u>826,172</u>	<u>798,591</u>
<b>Excess of revenue over expenditures - Exhibits "B" &amp; "D"</b>	(413,861)	76,339	216,724
Surplus at beginning of year	<u>1,946,123</u>	<u>1,946,123</u>	<u>1,729,399</u>
Surplus at end of year - Exhibit "A" (Note 6)	<u>\$ 1,532,262</u>	<u>\$ 2,022,462</u>	<u>\$ 1,946,123</u>

## Exhibit "D"

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
<b>Operating transactions</b>		
Excess of revenue over expenditures - Exhibit "B"	\$ 76,339	\$ 216,724
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	30,104	23,870
Gain on sale of assets	(13,348)	-
	<u>93,095</u>	<u>240,594</u>
Change in non-cash working capital balances		
Accounts receivable	(15,656)	(66,782)
GST recoverable	(3,680)	1,136
Prepaid expenses	(3,824)	(6,906)
Accounts payable	25,201	(3,077)
Wages & benefits payable	15,071	596
Cash provided by operating transactions	<u>110,207</u>	<u>165,561</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(120,147)	(13,115)
Proceeds from sale of capital assets	18,000	100
	<u>(102,147)</u>	<u>(13,015)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	8,060	152,546
<b>Cash and cash equivalents, beginning of year</b>	<u>1,528,122</u>	<u>1,375,576</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,536,182</u>	<u>\$ 1,528,122</u>
<b>Represented by:</b>		
<b>Cash</b>	\$ 315,672	\$ 319,644
<b>Restricted cash</b>	<u>1,220,510</u>	<u>1,208,478</u>
	<u>\$ 1,536,182</u>	<u>\$ 1,528,122</u>



**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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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
Roads	30 years	straight-line method
Vehicles	30%	declining balance method
Water Systems	4%	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.

Reporting Entity Principles of Financial Reporting

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

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**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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

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>2018</u>	<u>2017</u>
Ottawa Trust Fund – revenue account	\$ 340,341	\$ 352,958
Ottawa Trust Fund – capital account	880,169	855,520
	<u>\$ 1,220,510</u>	<u>\$ 1,208,478</u>

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**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**4. ACCOUNTS RECEIVABLE**

	<b>2018</b>	<b>2017</b>
<b>Operating Fund</b>		
Canadian Environmental Assessment	\$ 57,925	\$ 65,531
Coast Salish Employment & Training	5,592	10,357
First Nations Education Steering	1,312	4,589
Government of Canada	11,302	9,000
First Nations Summit Society	820	702
Department of Fisheries & Oceans	4,267	52,291
Hul'qumi'num Fisheries Limited Partnership	-	1,300
Hul'qumi'num Treaty Group	71,321	4,982
H'ulth-etun Health Society	3,166	-
Indian & Northern Affairs Canada	6,000	-
Steelhead LNG	-	35,000
Sumas First Nation	-	1,354
New Relationship Trust	2,800	5,400
Province of BC	16,000	47,000
Port Metro Vancouver	41,000	5,000
Stz'uminus First Nation	10,000	-
Translink	8,609	-
Union of BC Indian Chiefs	782	1,965
Insurance Proceeds	18,000	-
Other accruals	1,439	207
	<b>\$ 260,335</b>	<b>\$ 244,678</b>

The First Nation recorded Allowance for Doubtful Accounts of \$nil in the current year (2017 - \$nil).

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	<b>2018 Net book value</b>	2017 Net book value
Housing, Trailers and other	\$ 133,975	\$ 87,528	\$ 46,447	\$ 19,560
Office Equipment	90,009	58,818	31,191	10,185
Motor vehicles	67,051	26,922	40,129	11,134
Computer equipment	63,576	58,489	5,087	4,627
Computer software	43,375	42,958	417	834
Furniture and fixtures	34,659	27,772	6,887	8,609
Boats	-	-	-	4,653
Yurts	182,688	47,448	135,239	140,874
Roads	32,654	2,721	29,933	31,022
Water Systems	21,998	440	21,558	-
	<b>\$ 669,985</b>	<b>\$ 353,096</b>	<b>\$ 316,888</b>	<b>\$ 231,498</b>

Interest included in cost of additions in the current year totaled \$nil (2017 - \$nil). All tangible capital assets were amortized in the year. The First Nations recorded amortization of \$30,104 in the current year (2017 - \$23,870).

**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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6. ACCUMULATED SURPLUS

	2018	2017
Restricted Trust Fund	\$ 1,220,510	\$ 1,208,478
Unrestricted Operating Fund	801,952	737,645
	<u>\$ 2,022,462</u>	<u>\$ 1,946,123</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 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.

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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' 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, 2018.

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, 2018**

	2018	2017
<b>Expenses</b>		
Amortization	\$ 30,104	\$ 23,870
Bank charges and interest	2,363	2,323
Boat expense	13,776	8,834
Consulting fees	114,322	108,854
Donations	1,172	1,763
Education recognition	10,225	8,805
Elections	4,965	-
Events	2,653	1,207
Honoraria	29,350	28,460
Insurance	12,413	10,692
Licenses, dues and fees	1,489	458
Materials and supplies	30,476	19,797
Meeting costs	21,284	12,048
Office	2,200	19,720
Professional fees	1,660	54,126
Rent (Note 7)	14,452	14,020
Traditional food expense	3,013	2,535
Training	4,634	21,885
Travel	26,921	18,482
Tuition and books	60,597	36,288
Utilities and telephone	8,244	7,351
Vehicle	11,540	12,105
Wages and benefits	378,319	321,068
	<u>\$ 786,172</u>	<u>\$ 734,691</u>