

**LYACKSON FIRST NATION**  
**Financial Statements**  
**Year Ended March 31, 2019**

**LYACKSON FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**INDEX**

Management's Responsibility for Financial Reporting

Independent Auditors' Report

Exhibit "A" – Consolidated Statement of Financial Position at March 31, 2019

Exhibit "B" – Consolidated Statement of Change in Net Financial Assets  
for the year ended March 31, 2019

Exhibit "C" – Consolidated Statement of Operations and Accumulated Surplus  
for the year ended March 31, 2019

Exhibit "D" - Consolidated Statement of Cash Flows  
for the year ended March 31, 2019

Notes to the Consolidated Financial Statements

Schedule 1 - Expenses

Independent Practitioner's Review Engagement Report

Annex "B" – Schedule of Salaries, Honoraria, Travel and Other Remuneration

Independent Practitioner's Review Engagement Report

Annex "C" – Schedule of Remuneration and Expenses Paid to Unelected Senior Officials

Independent Practitioner's Review Engagement Report

Annex "D" – Schedule of Consultant Expenses

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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 public sector accounting standards. 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.

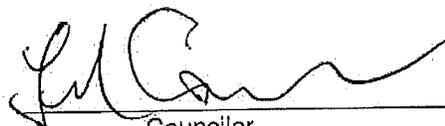
The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee 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 public sector accounting standards.

  
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Councilor

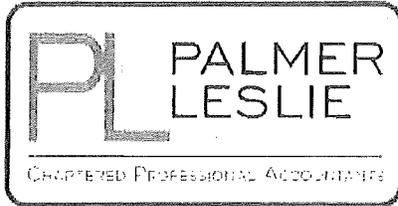
  
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Councilor

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Councilor

Chemainus, BC  
July 16, 2019



Alex E. Palmer, CPA, CMA  
Tammy Leslie, CPA, CMA, CMA  
Tavish Annis, CPA, CMA

A Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Lyackson First Nation

*Report on the Financial Statements*

*Opinion*

We have audited the financial statements of Lyackson First Nation (the First Nation), which comprise the Consolidated Statements of Financial Position, Net Financial Assets, Operations, Cash Flows, 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 First Nation as at March 31, 2019, and the results of its operations and its 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the First Nation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of Lyackson First Nation (continued)

process.

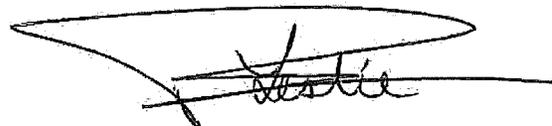
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Duncan, British Columbia  
July 16, 2019



CHARTERED PROFESSIONAL  
ACCOUNTANTS

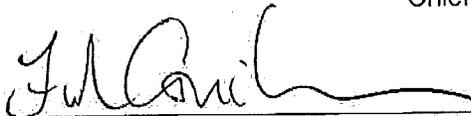
Exhibit "A"

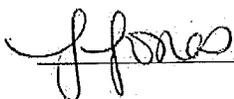
LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2019

	2019	2018
<b>Financial Assets</b>		
Cash	\$ 194,792	\$ 315,672
Restricted cash (Note 3)	1,218,052	1,220,510
Accounts receivable (Note 4)	417,152	260,335
GST recoverable	2,240	5,148
	<u>1,832,236</u>	<u>1,801,665</u>
<b>Liabilities</b>		
Accounts payable	19,239	71,629
Wages & benefits payable	50,204	42,076
	<u>69,443</u>	<u>113,705</u>
<b>Net financial assets - Exhibit "B"</b>	<u>1,762,793</u>	<u>1,687,960</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 5)	391,271	316,888
Prepaid expenses	21,046	17,614
	<u>412,317</u>	<u>334,502</u>
<b>Accumulated Surplus - Exhibit "C"</b>	<u>\$ 2,175,110</u>	<u>\$ 2,022,462</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, 2019

	2019	2018
<b>Excess of revenue over expenditures - Exhibit "C"</b>	\$ 152,648	\$ 76,339
Acquisition of assets	(129,848)	(120,147)
Sale of assets	-	18,000
Gain on sale of assets	-	(13,348)
Amortization of assets	55,465	30,104
Use of prepaid asset	<u>(3,432)</u>	<u>(3,823)</u>
(Increase)/Decrease in net financial assets	74,833	(12,875)
Net financial assets at beginning of year	<u>1,687,960</u>	<u>1,700,835</u>
Net assets, end of year - Exhibit "A"	<u>\$ 1,762,793</u>	<u>\$ 1,687,960</u>

Exhibit "C"

**LYACKSON FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	Budget (unaudited)	2019	2018
<b>Revenue</b>			
BC Special	\$ -	\$ 482	\$ 492
Canadian Environmental Assessment	-	-	14,983
Children and Family Development	-	-	30,000
Coast Salish Employment & Training Society	48,304	48,334	52,945
Department of Fisheries and Oceans	68,200	68,200	42,670
First Nation Education Steering Committee	4,766	3,320	7,356
Forests, Lands, Natural Resource Operations & Rural Development	-	-	50,000
H'uih'tetun Health Society	10,000	6,249	9,166
Hul'qumi'num Treaty Group	224,968	224,968	206,950
Indigenous and Northern Affairs Canada	385,346	384,020	264,079
Interest income	13,350	28,426	26,906
Kinder Morgan	-	-	12,000
Donations	-	-	2,000
License distribution	31,407	49,570	51,833
National Energy Board	33,690	33,690	-
New Relationship Trust	4,000	4,500	9,500
Other grants	44,000	22,500	500
Port Metro Vancouver	13,500	13,500	-
Province of B.C.	205,487	205,487	126,783
Steelhead LNG	-	-	(35,000)
Westpac LNG	59,040	59,040	-
Transmountain Pipeline	32,000	32,000	16,000
United Way	10,300	11,803	-
Gain on sale of assets	-	-	13,348
	<u>1,188,358</u>	<u>1,196,089</u>	<u>902,511</u>
<b>Expenditures</b>			
Operating Fund (Schedule 1)	1,424,395	1,003,041	786,172
Trust Fund member distributions	40,400	40,400	40,000
	<u>1,464,795</u>	<u>1,043,441</u>	<u>826,172</u>
<b>Excess of revenue over expenditures - Exhibits "B" &amp; "D"</b>	(276,437)	152,648	76,339
Surplus at beginning of year	<u>2,022,462</u>	<u>2,022,462</u>	<u>1,946,123</u>
<b>Surplus at end of year - Exhibit "A" (Note 6)</b>	<u>\$ 1,746,025</u>	<u>\$ 2,175,110</u>	<u>\$ 2,022,462</u>

**LYACKSON FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019**

**Exhibit "D"**

	2019	2018
<b>Operating transactions</b>		
Excess of revenue over expenditures - Exhibit "B"	\$ 152,648	\$ 76,339
Non-cash items included in annual surplus/(deficit)		
Amortization of tangible capital assets	55,465	30,104
Gain on sale of assets	-	(13,348)
	<u>208,113</u>	<u>93,095</u>
Change in non-cash working capital balances		
Accounts receivable	(156,817)	(15,656)
GST recoverable	2,908	(3,680)
Prepaid expenses	(3,432)	(3,824)
Accounts payable	(52,390)	25,201
Wages & benefits payable	8,128	15,071
Cash provided by operating transactions	<u>6,510</u>	<u>110,207</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(129,848)	(120,147)
Proceeds from sale of capital assets	-	18,000
	<u>(129,848)</u>	<u>(102,147)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(123,338)	8,060
<b>Cash and cash equivalents, beginning of year</b>	<u>1,536,182</u>	<u>1,528,122</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,412,844</u>	<u>\$ 1,536,182</u>
<b>Represented by:</b>		
Cash	\$ 194,792	\$ 315,672
Restricted cash	<u>1,218,052</u>	<u>1,220,510</u>
	<u>\$ 1,412,844</u>	<u>\$ 1,536,182</u>

**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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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:

Computer Equipment	55%	declining balance method
Computer Software	50%	declining balance method
Furniture & Fixtures	20%	declining balance method
Housing, Trailer & Other	10%	declining balance method
Office Equipment	20%	declining balance method
Roads	30 years	straight-line method
Vehicles	30%	declining balance method
Yurts	4%	declining balance method
Water/Sewer System	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, 2019**

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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.

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

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.

	2019	2018
Ottawa Trust Fund – revenue account	\$ 328,142	\$ 340,341
Ottawa Trust Fund – capital account	889,910	880,169
	\$ 1,218,052	\$ 1,220,510

**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2019**

4. ACCOUNTS RECEIVABLE

	2019	2018
<b>Operating Fund</b>		
Assembly of First Nations of BC	\$ 835	\$ -
Canadian Environmental Assessment	-	57,925
Coast Salish Employment & Training	4,833	5,592
First Nations Education Steering	15,176	1,312
Government of Canada	74,690	11,302
First Nations Summit Society	-	820
Department of Fisheries & Oceans	33,534	4,267
Hardy Island Granite	3,930	-
Hul'qumi'num Treaty Group	59,752	71,321
Lake Cowichan First Nation	11,345	3,166
Indigenous & Northern Affairs Canada	(4,498)	6,000
Naut'sa mawt Event Management	2,272	-
Port of Vancouver	5,000	-
New Relationship Trust	2,500	2,800
Province of BC	170,040	16,000
Port Metro Vancouver	36,000	41,000
Stz'uminus First Nation	-	10,000
Translink	-	8,609
Union of BC Indian Chiefs	1,209	782
Insurance Proceeds	-	18,000
Other accruals	534	1,439
	<b>\$ 417,152</b>	<b>\$ 260,335</b>

The First Nation recorded Allowance for Doubtful Accounts of \$nil in the current year (2018 - \$nil).

**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2019**

**5. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2019 Net book value
Housing, Trailers and other	\$ 125,394	\$ 92,172	\$ 33,222
Office Equipment	91,949	65,250	26,699
Motor vehicles	77,689	40,557	37,132
Computer equipment	79,876	65,769	14,107
Computer software	43,375	43,166	209
Furniture and fixtures	36,291	29,313	6,978
Boats	95,213	14,282	80,931
Yurts	182,687	52,855	129,832
Roads	41,235	3,810	37,425
Water Systems	26,121	1,385	24,736
	<u>\$ 799,830</u>	<u>\$ 408,559</u>	<u>\$ 391,271</u>

	Cost	Accumulated amortization	2018 Net book value
Housing, Trailers and other	\$ 125,394	\$ 87,528	\$ 37,866
Office Equipment	90,009	58,818	31,191
Motor vehicles	67,051	26,922	40,129
Computer equipment	63,576	58,489	5,087
Computer software	43,375	42,958	417
Furniture and fixtures	34,659	27,772	6,887
Yurts	182,687	47,448	135,239
Roads	41,235	2,721	38,514
Water Systems	21,998	440	21,558
	<u>\$ 669,984</u>	<u>\$ 353,096</u>	<u>\$ 316,888</u>

**6. ACCUMULATED SURPLUS**

	2019	2018
Restricted Trust Fund	\$ 1,218,052	\$ 1,220,510
Unrestricted Operating Fund	957,058	801,952
	<u>\$ 2,175,110</u>	<u>\$ 2,022,462</u>

**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.

**LYACKSON FIRST NATION**  
**Notes to the Consolidated Financial Statements**  
**Year Ended March 31, 2019**

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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 Indigenous 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, 2019.

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, 2019

	2019	2018
<b>Expenses</b>		
Amortization	\$ 55,465	\$ 30,104
Bank charges and interest	2,718	2,363
Boat expense	7,474	13,776
Consulting fees	141,424	114,322
Donations	3,758	1,172
Education recognition	10,100	10,225
Elections	2,444	4,964
Equipment - Lease and Repairs	959	1,126
Events	3,170	2,653
Honoraria	44,294	29,350
Insurance	16,089	12,413
Licenses, dues and fees	2,122	1,489
Materials and supplies	26,012	30,476
Meeting costs	19,548	21,284
Office	18,010	1,074
Professional fees	41,211	1,660
Rent (Note 7)	14,394	14,452
Traditional food expense	30,634	3,013
Training	20,791	4,634
Travel	55,396	26,921
Tuition and books	49,727	60,597
Utilities and telephone	8,376	8,244
Vehicle	13,996	11,540
Wages and benefits	414,929	321,068
	<u>\$ 1,003,041</u>	<u>\$ 728,920</u>