

RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA (INAC) FUNDING CONFIRMATION REPORT REVENUE WITH STATEMENT OF OPERATIONS/INCOME STATEMENT REVENUE 2019/2020 FISCAL YEAR

Recipient Name	Recipient #
Lake Babine Nation	607
ISC Revenue per Consolidated Statement of Operations / Income Statement	\$15,624,822
Explanations:	Adjustments:
	Add / (Subtract)
	\$
less: Prior Year Deferred Revenue	
add: Current Year Deferred Revenue	
Net Adjustments	\$0
ISC Funding Confirmation Report - Net Funding Arrangement Budget (see Note 1)	\$15,624,822

Note 1: Includes ISC Current Payable At Year End (PAYE)
 Excludes BCTC Treaty Loans
 Excludes Recoveries for the prior year
 Includes Reimbursements for the prior year

An Excel electronic copy is available for down loading at www.afoabc.org

LAKE BABINE NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020



LAKE BABINE NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING.....	1
INDEPENDENT AUDITOR'S REPORT.....	2 - 4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position.....	5
Consolidated Statement of Change in Net Debt.....	6
Consolidated Statement of Revenue, Expenditures and Accumulated Surplus	7
Consolidated Statement of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9 - 36
MANDATORY REPORTING REQUIREMENTS	
Special Auditors' Report for Elected Officials.....	37
Schedule of Remuneration and Expenses - Elected Officials.....	38

LAKE BABINE NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2020

The accompanying consolidated financial statements of Lake Babine Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, DMC Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Lake Babine Nation and meet when required.

On behalf of Lake Babine Nation:

APPROVED BY:

Gordon Alec, Chief

July 28 2020

Melvin Joseph, Woyenne Council

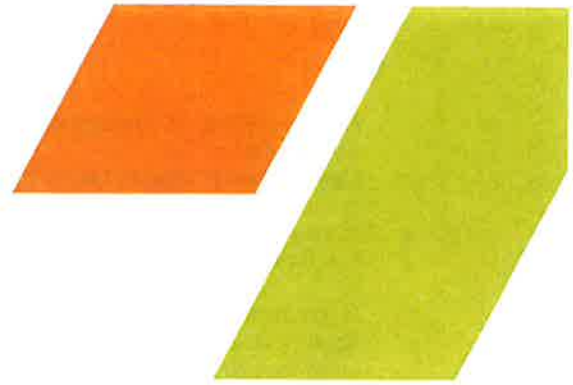
July 29 2020

Marilyn Joseph, Finance Director

July 28 2020



Chartered
Professional
Accountants Inc.



Independent Auditor's Report

To the Members of
Lake Babine Nation

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Lake Babine Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated consolidated statements of revenue, expenditures and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We were unable to obtain sufficient audit evidence for the First Nation's investments, specifically the investment in Burns Lake Native Development Corporation (BLNDC), Woyenne Enterprises Ltd., Talok Fisheries LP, Talok Fisheries Ltd., Lake Babine Forestry LP, Lake Babine Forestry Ltd., Lake Babine Nation Construction Ltd., Lake Babine Nation Ventures Ltd., Lake Babine Nation Ventures LP, Nedut'een Development Corp., Fort Babine Lake Property Ltd., 1203001 B.C. Ltd., and Lake Babine Economic Development Society. As a result, we are not able to determine whether any adjustments might be necessary to these investments, other income or ending surplus on schedule 875 Equity in First Nations Investments.

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 Consolidated 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 consolidated 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 qualified opinion.

Emphasis of Matter

We draw attention to Note 22 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated.

Note 22 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation'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 management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*DMC Chartered Professional
Accountants Inc.*

Prince George, British Columbia
July 28, 2020

LAKE BABINE NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

	2020	2019 Restated
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,041,189	\$ 1,991,276
Short term deposits (Note 2)	1,319,170	481,407
Restricted cash (Note 2)	212,060	293,077
Accounts receivable (Note 3)	3,980,301	2,407,512
Due from government agencies (Note 4)	81,180	269,469
Loans receivable (Note 5)	-	76,400
Inventory held for resale	-	21,808
Portfolio investments (Note 6)	110	-
Investment in First Nation Entities (Notes 7, 8)	5,195,156	5,744,557
Federal trust funds (Note 9)	1,542,320	1,463,799
	13,371,486	12,749,305
LIABILITIES		
Bank indebtedness (Note 10)	5,000	36,789
Accounts payable and accrued liabilities (Note 11)	1,711,538	2,405,599
Deferred revenue (Note 12)	6,377,551	1,268,561
Long-term debt (Note 13)	6,952,695	15,983,071
	15,046,784	19,694,020
NET DEBT	(1,675,298)	(6,944,715)
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 14)	34,024,367	29,176,045
Prepaid expenses	131,738	103,970
	34,156,105	29,280,015
ACCUMULATED SURPLUS (Note 15)	\$ 32,480,807	\$ 22,335,300
Contingent Liabilities (Note 16)		
Economic Dependence (Note 17)		
Subsequent Events (Note 18)		

APPROVED BY:

Gordon Alec, Chief

Melvin Joseph, Woyenne Council

Marilyn Joseph, Finance Director

See accompanying notes to these financial statements.

LAKE BABINE NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2020

	2020 Budget	2020 Actual	2019 Actual Restated
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 10,040,017	\$ 10,145,507	\$ (910,326)
Acquisition of tangible capital assets	-	(6,173,748)	(3,922,187)
Amortization of tangible capital assets	-	1,324,628	1,159,500
Gain on disposal of tangible capital assets	-	798	8,886
Proceeds on disposal of tangible capital assets	-	-	7,500
	-	(4,848,322)	(2,746,301)
Acquisition of prepaid asset	(27,768)	(131,737)	(103,970)
Use of prepaid asset	-	103,969	204,776
	(27,768)	(27,768)	100,806
Increase (decrease) in net financial assets	10,012,249	5,269,417	(3,555,821)
NET DEBT AT BEGINNING OF YEAR	-	(6,944,715)	(3,388,894)
NET DEBT AT END OF YEAR	\$ -	\$ (1,675,298)	\$ (6,944,715)

See accompanying notes to these financial statements.

LAKE BABINE NATION

CONSOLIDATED STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2020

	2020 Budget	2020 Actual	2019 Actual Restated
REVENUE			
Federal government transfers (Note 19)	\$ 16,299,786	\$ 17,099,865	\$ 13,117,153
Other aboriginal groups	4,516,399	5,490,919	6,357,320
Provincial government transfers (Note 19)	3,265,243	4,825,475	3,472,264
Band generated	1,150,595	1,688,215	1,685,811
First Nations Gaming	-	866,169	-
Miscellaneous	609,966	701,112	329,215
Interest income	-	136,993	66,423
Administration fee	-	18,199	-
Transfer from deferred revenue	814,391	1,069,265	289,821
Transfer to deferred revenue	-	(6,245,076)	(1,073,907)
	26,656,380	25,651,136	24,244,100
EXPENDITURES			
Operations	4,353,606	4,707,321	4,031,246
LBN Education Program	7,080,470	6,963,921	6,656,994
Economic Development	2,697,026	1,330,055	1,552,555
Natural Resource Management	2,206,009	1,849,344	1,522,751
Social Housing Fund	1,039,497	920,488	817,938
Health Services Fund	4,077,634	4,844,036	4,289,688
LBN Social Development	2,929,866	2,388,764	2,473,129
Capital Projects 500	1,732,892	1,951,380	1,516,750
Operations & Maintenance	1,429,715	1,648,011	1,389,323
Fisheries Fund	827,394	709,027	863,270
Treaty Negotiation Fund	-	-	234,796
	28,374,109	27,312,347	25,348,440
DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS	(2,151,478)	(1,661,211)	(1,104,340)
OTHER ITEMS			
Bad debts - Housing	-	(426,586)	(263,266)
Loss in First Nation Entities	-	-	609,559
Loss(gain) on disposal of tangible capital assets	-	(798)	(8,886)
Forgiveness of debt (Note 13)	12,191,495	12,234,102	18,607
Contract receivable adjustment	-	-	(162,000)
	12,191,495	11,806,718	194,014
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	10,040,017	10,145,507	(910,326)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR			
As previously stated	-	21,688,181	23,008,580
Prior period adjustment (Note 22)	-	647,119	237,046
As restated	-	22,335,300	23,245,626
ACCUMULATED SURPLUS AT END OF YEAR	\$ 10,040,017	\$ 32,480,807	\$ 22,335,300

See accompanying notes to these financial statements.

LAKE BABINE NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019 Restated
Cash flows from		
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 10,145,507	\$ (910,326)
Items not affecting cash		
Amortization	1,324,628	1,159,500
Forgiveness of debt	(12,222,102)	(30,607)
Gain on disposal of tangible capital assets	798	8,886
	(751,169)	227,453
Change in non-cash operating working capital		
Accounts receivable	(1,572,789)	(626,469)
Due from government agencies	188,289	(89,807)
Inventory	21,808	-
Prepaid expenses	(27,779)	100,806
Accounts payable and accrued liabilities	(694,051)	(21,721)
Deferred revenue	5,108,990	836,865
Long term receivable	-	162,000
Band member receivables allowance for doubtful accounts	76,400	-
	2,349,699	589,127
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,173,748)	(3,922,190)
Proceeds on sale of tangible capital assets	-	7,500
	(6,173,748)	(3,914,690)
FINANCING ACTIVITIES		
Proceeds on long term debt	3,286,980	2,934,819
Repayment of long term debt	(95,253)	(99,321)
Repayment of short term financing	(31,789)	(31,457)
Proceeds from repayment of band member receivables	-	15,999
	3,159,938	2,820,040
INVESTING ACTIVITIES		
Investment in First Nation Controlled Entities	549,292	(1,298,746)
Contributions to Ottawa Trust fund	(78,522)	(22,526)
	470,770	(1,321,272)
DECREASE IN CASH AND CASH EQUIVALENTS	(193,341)	(1,826,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,765,760	4,592,555
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,572,419	\$ 2,765,760
REPRESENTED BY		
Cash	\$ 1,041,189	\$ 1,991,276
Short term deposits	1,319,170	481,407
Restricted cash	212,060	293,077
	\$ 2,572,419	\$ 2,765,760

See accompanying notes to these financial statements.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

DESCRIPTION OF OPERATIONS

Lake Babine Nation is a self-governed First Nation Band and operates on Lake Babine Nation traditional territory, located at Burns Lake, BC and area.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity principles of financial reporting

The First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The First Nation also prepares Financial Statements that summarize the assets, liabilities and results of operations for the following entities:

1. Lake Babine Nation Operations Fund
2. Lake Babine Nation Treaty Negotiation Fund
3. Lake Babine Nation Health Services Fund
4. Lake Babine Nation Fisheries Fund
5. Lake Babine Nation Social Housing Fund
6. Lake Babine Nation Capital Fund
7. Lake Babine Nation Equity in First Nation Investments Fund

All inter-entity balances have been eliminated.

(b) Fund accounting

The 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. Detail of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation including administration, education, social assistance, natural resource management, operations and maintenance, and other miscellaneous programs.
- The Treaty Negotiation Fund which reports the activities of the BC Treaty Program.
- The Health Services Fund which reports the activities related to the Nation's health programs.
- The Fisheries Fund which reports the activities related to the Nation's fisheries programs.
- The Social Housing Fund which reports on the housing assets, rental income and other related activities.
- The Capital Fund which reports the capital assets of the First Nation and their related activities.
- The Equity in First Nation Investments Fund which reports the activities of the First Nation's investments on a modified equity basis.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, short term deposits and federal trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long term debt.

Fair value is determined by the price that is quoted in an active market. The most recent quote price becomes its new carrying value. When a quoted price in an active market is not available for an equity instrument that is an investment, it is measured at cost.

The Nation does not currently have any financial instruments that are measured at fair value.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(e) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments in First Nation entities

Lake Babine Nation's investment in First Nation Entities owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are accounted for using the modified equity method. Under the modified equity method, the equity method is modified only to the extent that the First Nation entity accounting principles are not adjusted to conform to those of the First Nation. The First Nation's investment in these entities is recorded at cost and increased or decreased for its proportionate share of the post acquisition earnings, losses and distributions received. Entities accounted for under the modified equity method include:

- Burns Lake Native Development Corporation
- Lake Babine Economic Development Society
- Woyenne Enterprises Ltd.
- Talok Fisheries Ltd.
- Talok Fisheries Limited Partnership
- Lake Babine Nation Forestry Ltd.
- Lake Babine Nation Forestry Limited Partnership
- Lake Babine Nation Construction Ltd.
- Lake Babine Nation Ventures Ltd.
- Lake Babine Nation Ventures LP
- Nedut'een Development Corp.
- Fort Babine Lake Property Ltd.
- 1203001 B.C. Ltd.

(g) Trust funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The 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 and 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.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Lake Babine Nation's incremental cost of borrowing.

Amortization is provided for on a declining balance basis based on each asset class' estimated useful lives as follows:

Automotive equipment	30%
Buildings and infrastructure	4%
Computer equipment	30%
Equipment	20%
Fisheries equipment	20%
Water and sewer	5%
Roads and bridges	5%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Lake Babine Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Assets under construction are not amortized until the asset is available to be put into service.

(i) Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as excess of the carrying value of the asset over its fair value.

(j) Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency. These recoveries and additional fundings are recognized when recovered or received from the funding arrangement.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition

Revenue and funding are recognized as follows:

- i) Government transfers with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when, and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized, as the liability is settled.

Government transfers without stipulations are recognized in the period in which the transfer is authorized, any eligibility criteria have been met and a reasonable estimate of the amount to be received can be made.

- ii) Housing revenue is recognized based on lower end of market (LEM) rent for CMHC subsidized housing and based on collected receipts for non-subsidized houses. Rents not collected are written off to bad debts.
- iii) Income from investments is recorded on the accrual basis.
- iv) Funding received under the terms of specified use agreements (other than government transfers) is recognized as revenue when the related expenditures are incurred. To the extent that such funding meets the definition of a liability it is recorded as deferred revenue until such time that it is expended.

(l) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

(m) Net Financial Debt

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

(n) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Use of estimates**

The preparation of financial statements in conformity with Canadian Public Sector accounting standards 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. Accounts specifically affected by estimates in these financial statements are allowance for doubtful accounts and accounts receivable impairment. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

	2020	2019
Internally restricted		
Short term deposit - Premium Investment Savings Account	\$ 1,319,170	\$ 481,407
Capital projects	212,060	293,077
	1,531,230	774,484
Unrestricted		
Operating	723,482	1,450,614
Health	21,656	-
Social Housing	288,951	532,467
Treaty Negotiation	7,100	8,195
	1,041,189	1,991,276
Total cash and cash equivalents	\$ 2,572,419	\$ 2,765,760

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****3. ACCOUNTS RECEIVABLE**

	2020	2019 Restated
Due from funders		
Indigenous Services Canada (ISC)	\$ 345,135	\$ 112,547
Department of Fisheries and Oceans	453,097	60,444
Canada Mortgage and Housing Corporation	8,060	8,060
Other First Nation Funding agencies	357,622	1,064,281
Province of British Columbia	2,180,843	526,192
	3,344,757	1,771,524
Due from members		
Rent receivable	6,365,333	4,455,912
Allowance for doubtful accounts - rent receivable	(5,937,238)	(4,031,166)
	428,095	424,746
Due from others		
Lake Babine Nation Forestry LP	16,000	16,000
Miscellaneous	191,449	195,242
	207,449	211,242
	\$ 3,980,301	\$ 2,407,512

Amounts due from Nation members (including rent receivable) shown above are unsecured and non-interest bearing.

4. DUE FROM GOVERNMENT AGENCIES

	2020	2019
Operations fund - GST rebate	\$ 59,515	\$ 165,123
Health Services fund - GST rebate	1,569	47,865
Social Housing fund - GST rebate	257	4,419
Treaty Negotiation fund - GST rebate	-	3,577
Operations fund - PST rebate	19,839	48,485
	\$ 81,180	\$ 269,469

Amounts receivable from government agencies are for GST and PST rebates, these include GST and PST paid on travel for band management activities, amounts charged on items delivered to the First Nation reserve in error, and any expenditures eligible for the public service body rebate.

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****5. LOANS RECEIVABLE**

Loans receivable consists of band member loans and payroll advances, these amounts are unsecured and non-interest bearing.

	2020	2019
Payroll advances	\$ 16,178	\$ 16,178
Allowance for doubtful accounts (payroll advances)	(16,178)	(16,178)
Member loans	76,402	76,400
Allowance for doubtful accounts (member loans)	(76,402)	-
	<u>\$ -</u>	<u>\$ 76,400</u>

6. PORTFOLIO INVESTMENTS

	2020	2019
BC First Nations Gaming Revenue Sharing LP Partnership Units	\$ 100	\$ -
BC First Nations Gaming Revenue Sharing General Partnership Partnership Units	10	-
	<u>\$ 110</u>	<u>\$ -</u>

7. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES

- ♦ Burns Lake Native Development Corporation (BLNDC), 62.87% ownership
- ♦ Woyenne Enterprises Ltd., 100% ownership
- ♦ Talok Fisheries Corporation Ltd. (Talok Ltd.), 100% ownership
- ♦ Talok Fisheries LP (Talok LP), 99.99% ownership
- ♦ Lake Babine Nation Construction Ltd., 100% ownership
- ♦ Lake Babine Nation Ventures (GP) Ltd., 100% ownership
- ♦ Lake Babine Nation Ventures LP, 99.99% ownership
- ♦ Nedut'een Development Corporation, 100% ownership
- ♦ Lake Babine Nation Forestry LP, 99.99% ownership
- ♦ Lake Babine Nation Forestry Ltd., 100% ownership
- ♦ Fort Babine Lake Property Ltd., 100% ownership
- ♦ 1203001 B.C. Ltd., 100% ownership
- ♦ Lake Babine Economic Development Society (LBEDS) - LBEDS acts as an agent to Lake Babine Nation as the Chief and Council hold and exert significant decision making power within the Society.

Qualification on Audit Report:

The below noted companies have not had a year end completed as at March 31, 2020, and as a result, we were unable to determine whether adjustments were required in respect of investments and advances, other income (charges), excess revenues (expenditures) for the year and fund balances at end of year. The companies are as follows:

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****7. INVESTMENT IN GOVERNMENT BUSINESS ENTITIES, continued**

- Burns Lake Native Development Corporation
- Woyenne Enterprises Ltd.
- Talok Fisheries Ltd.
- Talok Fisheries LP
- Lake Babine Economic Development Society
- Lake Babine Nation Construction Ltd.
- Lake Babine Nation Ventures LP
- Lake Babine Nation Ventures Ltd.
- Nedut'een Development Corporation
- Lake Babine Nation Forestry LP
- Lake Babine Nation Forestry Ltd.
- Fort Babine Lake Property Ltd.
- 1203001 B.C. Ltd.

Talok Fisheries LP:

A yearly payment amount of \$25,444 is paid to the Nation for repayment of a non-interest bearing long term loan.

Related Party Transactions

Transactions with related parties, if any, are in the normal course of business, and are recorded at the exchange value that is mutually agreed upon by the related parties.

	2020	2019
Burns Lake Native Development Corporation - Community Support	\$ 2,500	\$ -
LBEDS - Supplies	994	3,183
LBEDS - Fuel	8,607	41,463
LBEDS - Social Assistance and Support	-	4,598
LBEDS - Travel	1,586	7,339
LBEDS - Community support	-	7,537
Burns Lake Native Development Corporation - Community Support	2,500	-
Talok LP - Miscellaneous revenue	3,000	-
	\$ 19,187	\$ 64,120

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

8. INVESTMENT IN FIRST NATION ENTITIES

	2020	2019
	Unaudited	Unaudited Restated
Burns Lake Native Development Corporation (62.87%)		
BLNDC shares, at cost	\$ 63	\$ 63
BLNDC share of net assets	3,911,856	3,911,856
	3,911,919	3,911,919
Lake Babine Economic Development Society (100%)		
Advances to Lake Babine Economic Development Society	592,249	1,228,918
Lake Babine Economic Development Society, deficiency in net assets	(173,422)	(173,422)
	418,827	1,055,496
Woyenne Enterprises Ltd. (100%)		
Woyenne Enterprises Ltd., shares at cost (100%)	2	2
	2	2
Talok Fisheries Ltd. (100%)		
Talok Fisheries Ltd. shares at cost (100%)	1	1
TFL share of net assets	73,937	73,937
Advances from Talok Fisheries Ltd.	(6,864)	(5,822)
	67,074	68,116
Talok Fisheries LP (99.99%)		
Partnership Units	1,200	1,200
LBN share of net assets	373,462	373,462
Advances from Talok Fisheries LP	(1,547)	(1,547)
Loan receivable for sale of fisheries equipment	330,775	330,775
	703,890	703,890
Lake Babine Nation Forestry LP (99.99%)		
Partnership Units	1,200	1,200
Advances to Lake Babine Nation Forestry LP	(31,357)	3,934
	(30,157)	5,134
1203001 B.C. Ltd. (100%)		
1203001 B.C. Ltd., shares at cost (100%)	1	-
Advances to 1203001 B.C. Ltd.	123,600	-
	123,601	-
	\$ 5,195,156	\$ 5,744,557

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****9. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

The Ottawa Trust Accounts 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 and 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.

	2020	2019
Capital funds held in trust	\$ 734,093	\$ 690,080
Revenue funds held in trust	808,227	773,719
	\$ 1,542,320	\$ 1,463,799

	2020 Revenue	2020 Capital	2020 Total	2019 Total
Surplus, beginning of year	\$ 773,718	\$ 690,080	\$ 1,463,798	\$ 1,441,273
Interest earnings	34,509	44,013	78,522	22,526
Surplus, end of year	\$ 808,227	\$ 734,093	\$ 1,542,320	\$ 1,463,799

10. BANK INDEBTEDNESS

Bank indebtedness consists of an operating line of credit authorized to \$150,000 bearing interest at prime plus 2.65% per annum, and is unsecured.

	2020	2019
Cheques in excess of cash	\$ -	\$ 36,789
RBC Line of Credit	5,000	-
	\$ 5,000	\$ 36,789

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trades accounts payable	\$ 736,049	\$ 1,583,647
Payroll and benefits	869,063	744,683
Accrued payables	106,426	77,269
	\$ 1,711,538	\$ 2,405,599

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

12. DEFERRED REVENUE

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Indigenous Services Canada (ISC)				
Asset management system	\$ 31,968	\$ -	\$ (31,968)	\$ -
ISC - Nation rebuilding	220,363	410,394	(220,363)	410,394
CPMS 7769 Surplus Account	1,776	-	-	1,776
ISC Fixed - Ec Dev - Add to reserve lot	2,787	-	(2,787)	-
ISC - A&C - Tachet Wastewater System Feasibility	103,811	-	(68,793)	35,018
Woyenne Drainage	-	139,926	-	139,926
A&C Wastewater	-	106,500	-	106,500
ISC - Village of BL - WTP	-	844,823	-	844,823
ACRES Group 2	-	24,940	-	24,940
ISC Digitization Project	-	61,061	-	61,061
Project COVID-19 - ISC Emergency Management	-	151,927	-	151,927
ISC - COVID-19 Special Needs	-	-	-	-
Emergency Services	-	75,708	-	75,708
TA Reservoir CPMS 7047	-	1,273,960	-	1,273,960
ISC - FNESS - Emergency Training	-	2,379	-	2,379
ISC - Child and Family Coordinator	-	211,325	-	211,325
	360,705	3,302,943	(323,911)	3,339,737
Provincial Government				
Joint Forestry Forum	21,752	-	(6,079)	15,673
Social Cultural Tech	33,446	-	(33,446)	-
Province of BC - Family and Youth Support	11,414	-	(11,414)	-
Reciprocal Tuition - Province of BC	59,058	-	(59,058)	-
Province of BC - FPS SOC Child and Family	298,630	-	(298,630)	-
Province of BC - Community Res/Coord	-	250,000	-	250,000
Province of BC - FPA Negotiation and Implementation Fund	-	1,659,111	-	1,659,111
	424,300	1,909,111	(408,627)	1,924,784

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

12. DEFERRED REVENUE, continued

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Other				
Tree Planting	70,000	-	-	70,000
FNESCS - School Bus Purchase	65,805	-	(65,805)	-
Naut'sa Mawt Tribal Council	5,000	-	(5,000)	-
TWLC - School Assessment	5,000	-	(5,000)	-
First Nation Health Authority (FNHA)	53,479	-	(53,479)	-
First Nation Health Authority - Traditional Land Based Healing	29,175	-	(29,175)	-
First Nation Health Authority - ELCC Development & Planning Grant	15,000	-	(15,000)	-
FNHA - Traditional Wellness Approach	116,752	43,125	(116,752)	43,125
Language Resource Centre	69,394	-	(69,394)	-
FNESC Skills Link Program	53,951	-	(53,951)	-
BC Gaming Revenue	-	577,464	-	577,464
First Nation Home & Community Care	-	135,035	-	135,035
FNHA - LBN Mobile Support Team	-	91,531	-	91,531
Fort Babine Biomass	-	7,171	-	7,171
PGNAETA - Health Forum	-	10,000	-	10,000
OGC-RFS Aboriginal Liaison Program	-	88,253	-	88,253
Aboriginal Fisheries Strategy	-	90,451	-	90,451
	483,556	1,043,030	(413,556)	1,113,030
	\$ 1,268,561	\$ 6,255,084	\$ (1,146,094)	\$ 6,377,551

13. LONG-TERM DEBT

	2020	2019
Natural Resource Building term loan bearing interest at prime plus 0.5% per annum, repayable in monthly payments of \$7,920 including interest. The loan is secured by general security agreement. The loan matures on July 13, 2043.	\$ 1,306,116	\$ 1,333,098
Safehouse - On-reserve Shelter Enhancement Program loan bearing interest at 0% per annum, forgivable over 15 years from final advance.	1,898,779	1,329,145
Gas Bar term loan bearing interest at prime plus 0.5% per annum, repayable in monthly payments once the final draw has been made.	2,579,787	503,951
Fort Babine Lodge term loan bearing interest at prime plus 0.0% per annum, repayable in monthly payments once the final draw has been made.	641,510	-

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

13. LONG-TERM DEBT, continued

	2020	2019
Triplex term loan bearing interest at 4.26% per annum, repayable in monthly payments of \$2,814 including interest. The loan is secured by general security agreement. The loan matures on June 30, 2023.	343,238	363,446
Vehicle loan bearing interest at 6.99% per annum, repayable in monthly payments of \$1,081 including interest, due on demand. The loan is secured by specific equipment with a net book value of \$38,006. The loan matures on January 22, 2024.	43,547	53,091
On-reserve Residential Rehabilitation Assistance Program loan bearing interest at 5.375% per annum. The loan is forgivable over a 5 year period and must be repaid in full including interest should the Nation default on the loan. The loan matures on December 18, 2023.	36,000	48,000
Vehicle loan bearing interest at 6.99% per annum, repayable in monthly payments of \$951 including interest, due on demand. The loan is secured by specific equipment with a net book value of \$35,292. The loan matures on January 22, 2024.	38,303	46,698
On-reserve Residential Rehabilitation Assistance Program loan bearing interest at 4.875% per annum. The loan is forgivable over a 5 year period and must be repaid in full including interest should the Nation default on the loan. The loan matures on January 15, 2023.	29,622	39,496
Vehicle loan bearing interest at 5.49% per annum, repayable in monthly payments of \$1,657 including interest, due on demand. The loan is secured by specific equipment with a net book value of \$18,940. The loan matures on December 22, 2020.	14,594	33,119
Vehicle loan bearing interest at 2.49% per annum, repayable in monthly payments of \$677 including interest, due on demand. The loan is secured by specific equipment with a net book value of \$9,048. The loan matures on November 30, 2021.	12,466	21,039
On-reserve Residential Rehabilitation Assistance Program loan bearing interest at 3.5% per annum. The loan is forgivable over a 3 year period and must be repaid in full including interest should the Nation default on the loan. The loan matures on January 15, 2021.	8,733	17,467
First Nation Negotiation Support Agreements, forgiven during the current year.	-	12,191,495
Loan, repaid during the current year.	-	1,513
Loan, repaid during the current year.	-	1,513
	\$ 6,952,695	\$ 15,983,071

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020**

13. LONG-TERM DEBT, continued

All of the above On-reserve Residential Rehabilitation Assistance Program loans are secured by promissory notes signed by the Nation stating that the loans are forgiven on a straight line basis over the period of the loan should they remain in compliance with the agreements. If the Nation is not in compliance, the principal plus any accrued interest becomes due on demand. As at March 31, 2020 the Nation was in compliance with the agreements.

Effective March 31, 2020, due to the continued commitment to advancing reconciliation and recognizing Indigenous rights, the Minister of Crown-Indigenous Relations in coordination with the Government of Canada forgave all comprehensive land claim negotiation loans for all First Nations and Tribal Councils.

As such we have shown the First Nation negotiation support agreements loan in current year as fully forgiven.

	2020	2019
Interest expense for the year on long-term debt	\$ 182,873	\$ 61,074

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

14. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2020 Net book value
Land	\$ 4,743,539	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	49,417,804	5,067,423	-	34,947,929	19,537,298
Automotive equipment	1,335,487	421,989	89,222	955,800	712,454
Computer equipment	557,211	492,044	300,055	473,439	275,761
Equipment	2,195,344	115,076	38,033	1,975,705	296,682
Fisheries equipment	214,586	84,332	49,015	144,332	105,571
Water and sewer	12,329,757	302,913	-	6,411,425	6,221,245
Roads and bridges	5,175,667	103,752	-	3,147,602	2,131,817
	\$ 75,969,395	\$ 6,587,529	\$ 476,325	\$ 48,056,232	\$ 34,024,367

	Cost	Additions	Disposals	Accumulated amortization	2019 Net book value
Land	\$ 4,743,539	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	45,732,361	3,685,443	-	34,353,775	15,064,029
Automotive equipment	1,288,895	135,814	89,222	870,322	465,165
Computer equipment	794,757	62,509	300,055	388,172	169,039
Equipment	2,207,507	25,870	38,033	1,908,203	287,141
Fisheries equipment	251,047	12,554	49,015	132,082	82,504
Water and sewer	12,329,757	-	-	6,099,934	6,229,823
Roads and bridges	5,175,667	-	-	3,040,862	2,134,805
	\$ 72,523,530	\$ 3,922,190	\$ 476,325	\$ 46,793,350	\$ 29,176,045

Buildings under construction in the amount of \$1,921,406 (2019 - \$2,847,159) are included in Buildings and Infrastructure and will not be amortized until construction is complete.

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****15. ACCUMULATED SURPLUS**

	2020	2019 Restated
Restricted		
Equity in Investments in First Nation Entities	\$ 4,188,155	\$ 4,188,155
Equity in Ottawa Trust Funds	1,917,125	1,838,602
	6,105,280	6,026,757
Unrestricted		
Operating equity	26,375,527	16,308,543
	\$ 32,480,807	\$ 22,335,300

16. CONTINGENT LIABILITIES

Lake Babine Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Lake Babine Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Lake Babine Nation's financial statements. In managements opinions there are no losses resulting in the accrual of a liability present as at the date of the audit report.

17. ECONOMIC DEPENDENCE

Lake Babine Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada. The Nation's ability to operate certain programs depends on the continuation of this funding.

18. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within Lake Babine Nation's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on Lake Babine Nation's operations.

The extent of the impact of this outbreak and related containment measures on Lake Babine Nation's operations cannot be reliably estimated at this time.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. GOVERNMENT TRANSFERS

	2020		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada (ISC)	\$ 12,570,404	\$ 3,054,418	\$ 15,624,822
OGC - Capacity Funding	150,000	-	150,000
Department of Fisheries and Oceans	805,153	-	805,153
Pacific Salmon Commission	186,217	-	186,217
Government of Canada	258,540	-	258,540
Aboriginal Community Safety Development	75,133	-	75,133
Total	14,045,447	3,054,418	17,099,865
Provincial government transfers	4,825,475	-	4,825,475
	\$ 18,870,922	\$ 3,054,418	\$ 21,925,340
	2019		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada (ISC)	\$ 11,688,849	\$ 418,858	\$ 12,107,707
OGC - Capacity Funding	172,657	-	172,657
Canada Mortgage and Housing Corporation	10,000	-	10,000
Department of Fisheries and Oceans	675,500	-	675,500
Pacific Salmon Commission	151,289	-	151,289
Total	12,698,295	418,858	13,117,153
Provincial government transfers	3,472,264	-	3,472,264
	\$ 16,170,559	\$ 418,858	\$ 16,589,417

20. EMPLOYMENT RETIREMENT PLAN

The First Nation has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 3% and 8% of their gross pay with the organization making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2020 were \$188,946 (2019 - \$168,869).

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates provided by management, and were approved by Chief and Council on March 25, 2019.

LAKE BABINE NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020**

22. PRIOR PERIOD ADJUSTMENT

The comparative figures have been restated for an adjustment required due to additional government funding reported subsequent to the date of the prior year audit report resulting in a change to accounts receivable and the accumulated surplus.

The comparative figures have been restated for an adjustment to investment in First Nation Entities due to prior year financial statements received from investments held in First Nation Entities subsequent to the prior year audit report. This has resulted in a change to investment in First Nation Entities and the accumulated surplus.

As a result of the above noted changes to accounts receivable, investment in First Nation Entities, and accumulated surplus, the changes are as follows:

	As previously stated in 2019 Actual	Adjustment Increase (Decrease)	Restated 2019 Actual
Accounts receivable	\$ 2,389,501	\$ 18,011	\$ 2,407,512
Investment in First Nation Entities	5,115,449	629,108	5,744,557
Accumulated surplus	(21,688,181)	(647,119)	(22,335,300)
Provincial government transfers	3,454,253	18,011	3,472,264
Gain/(Loss) on investment	\$ (19,549)	\$ 629,108	\$ 609,559

23. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

24. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

(a) Credit Risk

The Band is exposed to credit risk from their investment in Lake Babine Economic Development Society ("LBEDS"), which is in the same geographical area and does significant business with members of the Nation. The Nation has advanced significant amounts to LBEDS to assist with start up and construction costs, and payroll, management considers their risk of collection of these receivables to be acceptable and appropriately managed.

(b) Interest rate risk

The band is exposed to interest rate risk. Interest rate risk is the risk that the band has interest rate exposure on its bank contingent liabilities, and long-term debt, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The band reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans that are at fixed term rates and do not affect interest rate risk. The band does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk to the band is low and is not material.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

25. EXPENDITURES BY OBJECT

	2020 Budget	2020 Actual	2019 Actual
Administration fees	\$ 18,249	\$ -	\$ -
Advertising	26,700	11,515	23,588
Amortization	-	1,324,628	1,159,500
Awards day	37,800	27,540	30,871
Bad debts	-	325,591	16,178
Bingo expense	-	-	40
Capital purchases	1,049,601	-	-
Catering	146,346	241,384	221,461
Christmas	65,200	65,204	66,216
Contracted services	1,654,929	1,255,569	590,016
Economic development	214,840	266,697	220,344
Emergency	768	-	-
Equipment leases and rentals	134,275	102,744	125,154
Fees	2,323,943	233,751	192,589
Field trips	23,267	19,116	17,418
Fuel and oil	160,129	360,536	384,265
General operating expense	271,592	170,835	86,438
Honorarium	703,771	725,521	572,670
Incentives	22,630	84,662	104,020
Insurance	307,789	357,682	304,892
Interest and bank charges	38,429	233,768	110,123
Meeting expenses	500,317	307,083	193,819
Municipal services	369,501	370,549	347,581
Professional development	151,936	45,948	53,756
Professional fees	1,780,959	1,026,724	1,270,613
Property taxes	-	-	2,635
Purchases	-	194,456	121,709
Recreation	20,000	9,850	-
Rent	378,843	198,400	168,306
Repairs and maintenance	653,760	500,307	732,643
Social assistance and support	2,017,565	1,958,691	2,093,335
Supplies	725,724	928,590	885,887
Traditional food	42,379	38,951	42,415
Training	396,141	175,943	187,873
Travel	2,475,339	2,950,586	2,789,746
Tuitions and allowances	2,862,197	3,014,336	2,958,288
Utilities and telephone	712,197	772,711	757,120
Wages and benefits	8,506,243	8,994,699	8,503,301
Water testing	33,820	17,780	13,630
		\$ 27,312,347	\$ 25,348,440

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION

Lake Babine Nation is a First Nation organization that provides a wide range of services to its members including social, education, housing, capital, economic development and community services. For management reporting purposes, the Nation's operations and activities are organized and reported by segments. Segments were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations.

The Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

Operations

The Operations program provides administration support to the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

Education

The Education program provides primary and secondary instructional services and financial support to eligible post-secondary First Nations students.

Economic Development

The Economic Development program provides planning and capacity development initiatives under various agreements.

Natural Resource Management

The Natural Resources program administers and oversees natural resource based projects.

Social Housing

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nations, and reports on the respective revenue and expenditures.

Health Services

The Health program provides a variety of health and wellness programs and support to First Nation members.

Social Development

The Social Development program Administers the provision of social assistance to qualifying First Nation members, as well as providing social development programs to the First Nation.

Capital

The Capital program administers the development of new capital projects and infrastructure programs on the reserve.

Operations and Maintenance

The Operations and Maintenance program provides regular maintenance services throughout the First Nation.

Fisheries

The Fisheries program administers fishing operations, habitat restoration, and research on First Nation land.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

Treaty Negotiation

The Treaty Negotiation program provides negotiation services to aid the First Nation in its research towards Treaty. Operations within this segment have ceased.

Equity in First Nation Investments

The Equity in First Nation Investments program includes all activity from investments in other entities by the First Nation.

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

	Operations			LBN Education Program			Economic Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 2,031,115	\$ 2,541,153	\$ 719,131	\$ 5,108,295	\$ 5,249,252	\$ 5,155,390	\$ 205,309	\$ 205,309	\$ 399,354
Federal Government	-	6,000	-	-	-	-	-	-	-
Provincial Government	96,322	158,955	142,773	1,086,112	912,398	686,290	1,004,050	1,045,547	1,004,050
Other Aboriginal Groups	-	46,375	388,199	705,206	1,186,640	1,262,992	-	-	40,278
Band Generated	-	335	61,471	-	4,600	2,465	55,715	485,793	567,950
Interest income	-	134,324	64,751	-	-	-	-	-	-
Administration fee	2,010,155	18,199	-	-	-	-	-	-	-
Transfer from deferred revenue	298,630	315,044	18,586	194,150	253,208	-	-	2,787	108,094
Other revenue	710,675	(432,949)	520,378	-	21,399	(223,232)	129,000	247,041	65,745
Total revenue	5,146,897	2,787,436	1,915,289	7,093,763	7,627,497	6,883,905	1,394,074	1,986,477	2,185,471
Expenses									
Administration fees	614,549	-	-	419,625	-	-	65,406	-	-
Capital purchases	254,994	-	-	93,617	-	-	-	-	-
Contracted services	136,679	57,231	32,459	1,128	3,843	-	-	1,320	174,282
Professional fees	458,792	208,353	233,315	5,500	-	-	78,275	88,939	137,408
Repairs and maintenance	3,000	3,481	8,727	45,510	54,032	58,536	-	2,005	6,016
Travel	737,131	654,433	531,936	602,186	227,012	176,145	11,119	27,836	28,250
Wages and benefits	1,425,913	1,220,063	1,184,650	2,294,808	3,045,047	2,967,285	178,574	347,386	331,759
Other expenses	2,254,500	2,563,760	2,040,159	3,618,096	3,633,987	3,455,028	2,363,652	862,569	874,840
Total expenses	5,885,558	4,707,321	4,031,246	7,080,470	6,963,921	6,656,994	2,697,026	1,330,055	1,552,555
Annual surplus (deficit)	\$ (738,661)	\$(1,919,885)	\$(2,115,957)	\$ 13,293	\$ 663,576	\$ 226,911	\$(1,302,952)	656,422	\$ 632,916

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

	Natural Resource Management			Social Housing Fund			Health Services Fund		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 125,000	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Government	150,000	150,000	172,657	-	-	10,000	75,131	75,133	-
Provincial Government	349,749	349,749	388,610	-	-	-	-	-	5,000
Other Aboriginal Groups	80,926	80,926	217,512	-	-	-	3,730,267	3,982,509	4,448,339
Band Generated	-	-	-	950,880	1,050,390	930,147	-	-	-
Interest income	-	-	-	-	247	176	-	-	-
Administration fee	-	-	-	502,310	-	-	-	-	-
Transfer from deferred revenue	-	-	-	-	-	55,132	160,927	137,577	-
Other revenue	1,295,209	999,645	1,215,054	-	6,940	4,908	-	(266,735)	(119,082)
Total revenue	2,000,884	1,705,320	1,993,833	1,453,190	1,057,577	1,000,363	3,966,325	3,928,484	4,334,257
Expenses									
Administration fees	46,795	-	-	502,200	-	-	277,633	-	-
Amortization	-	-	-	-	17,137	20,031	-	65,868	79,412
Capital purchases	37,671	-	-	-	-	-	95,500	-	1
Contracted services	-	-	3,116	-	51,012	32	153,576	333,456	192,514
Professional fees	6,000	762	17,374	19,500	-	7,500	9,500	9,500	11,416
Repairs and maintenance	-	150	528	351,000	194,714	192,026	108,200	80,062	64,700
Travel	46,615	87,371	39,328	37,800	20,532	26,252	843,255	1,574,378	1,656,877
Wages and benefits	133,425	228,678	298,923	400,260	382,091	336,419	1,690,435	1,800,652	1,545,297
Other expenses	2,093,625	1,532,383	1,163,482	227,316	255,002	235,678	1,179,126	980,120	739,471
Total expenses	2,364,131	1,849,344	1,522,751	1,538,076	920,488	817,938	4,357,225	4,844,036	4,289,688
Other income (expenses)	(363,247)	(144,024)	471,082	(84,886)	137,089	182,425	(390,900)	(915,552)	44,569
Annual surplus (deficit)	\$ (363,247)	\$ (144,024)	\$ 309,082	\$ (84,886)	\$ (246,890)	\$ (62,234)	\$ (390,900)	\$ (915,552)	\$ 38,973

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

	LBN Social Development			Capital Projects 500			Operations & Maintenance		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 3,022,039	\$ 2,974,524	\$ 2,887,333	\$ 2,453,488	\$ 2,367,488	\$ 1,330,607	\$ 976,321	\$ 1,012,097	\$ 780,481
Federal Government	-	-	-	-	252,540	-	-	-	-
Provincial Government	-	-	-	49,010	49,010	-	-	-	-
Band Generated	-	-	-	-	-	540	-	44,521	29,262
Interest income	-	-	-	-	2,422	1,496	-	-	-
Transfer from deferred revenue	-	-	-	103,800	100,761	-	-	-	-
Other revenue	-	(72,624)	-	-	(1,202,553)	(135,779)	473,016	109,922	-
Total revenue	3,022,039	2,901,900	2,887,333	2,606,298	1,569,668	1,196,864	1,449,337	1,166,540	809,743
Expenses									
Administration fees	290,857	-	-	100,874	-	-	4,973	-	-
Amortization	-	-	-	-	1,213,153	1,024,524	-	-	-
Capital purchases	-	-	-	484,059	-	-	-	-	-
Contracted services	-	-	-	911,309	563,454	178,393	223,662	230,693	-
Professional fees	-	-	-	164,353	63,647	70,126	-	7,500	-
Repairs and maintenance	32,050	300	753	-	1,495	194,283	114,000	164,068	201,906
Travel	35,890	33,781	34,476	21,600	22,617	11,745	3,600	13,316	18,424
Wages and benefits	502,798	420,034	388,228	42,914	52,511	1,969	433,776	465,034	467,106
Other expenses	2,068,271	1,934,649	2,049,672	7,783	34,503	35,710	649,704	767,400	701,887
Total expenses	2,929,866	2,388,764	2,473,129	1,732,892	1,951,380	1,516,750	1,429,715	1,648,011	1,389,323
Other income (expenses)	92,173	513,136	414,204	873,406	(381,712)	(319,886)	19,622	(481,471)	(579,580)
Annual surplus (deficit)	\$ 92,173	\$ 513,136	\$ 414,204	\$ 873,406	\$ (382,510)	\$ (317,355)	\$ 19,622	\$ (481,471)	\$ (579,580)

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

	Fisheries Fund			Treaty Negotiation Fund			Equity in First Nation Investments		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ 62,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Government	878,088	991,369	826,789	-	-	-	-	-	-
Provincial Government	-	-	7,330	-	-	-	-	-	-
Administration fee	-	-	-	(2,512,465)	-	-	-	-	-
Other revenue	2,950	(71,132)	140,312	-	-	-	-	-	-
Total revenue	881,038	920,237	1,037,042	(2,512,465)	-	-	-	-	-
Expenses									
Administration fees	48,531	-	-	(2,512,465)	-	-	-	-	-
Amortization	-	28,471	34,807	-	-	725	-	-	-
Capital purchases	34,555	-	-	-	-	-	-	-	-
Professional fees	64,148	92,030	111,918	-	-	10,965	-	-	-
Repairs and maintenance	-	-	-	-	-	315	-	-	-
Travel	23,864	23,227	40,911	-	-	29,404	-	-	-
Wages and benefits	542,465	426,389	492,988	-	-	145,505	-	-	-
Other expenses	162,012	138,910	182,646	-	-	47,882	-	-	-
Total expenses	875,575	709,027	863,270	(2,512,465)	-	234,796	-	-	-
Other income (expenses)	5,463	211,210	173,772	-	-	(234,796)	-	-	-
	-	-	(5,821)	12,191,495	12,191,495	-	-	-	609,559
Annual surplus (deficit)	\$ 5,463	\$ 211,210	\$ 167,951	\$12,191,495	\$12,191,495	\$ (234,796)	\$ -	\$ -	\$ 609,559

LAKE BABINE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

26. SEGMENTED INFORMATION, continued

	Natural Resources Department			Consolidated totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$ 1,150,000	\$ 1,150,000	\$ 772,800	\$15,071,567	\$15,624,823	\$12,107,707
Federal Government	-	-	-	1,103,219	1,475,042	1,009,446
Provincial Government	650,000	2,309,816	1,238,211	3,235,243	4,825,475	3,472,264
Other Aboriginal Groups	-	194,469	-	4,516,399	5,490,919	6,357,320
Band Generated	144,000	102,576	93,976	1,150,595	1,688,215	1,685,811
Interest income	-	-	-	-	136,993	66,423
Administration fee	-	-	-	-	18,199	-
Transfer from deferred revenue	56,884	259,888	108,009	814,391	1,069,265	289,821
Other revenue	(2,000,884)	(4,016,749)	(2,212,996)	609,966	(4,677,795)	(744,692)
Total revenue	-	-	-	26,501,380	25,651,136	24,244,100
Expenses						
Administration fees	159,271	-	-	18,249	-	-
Amortization	-	-	-	-	1,324,629	1,159,499
Capital purchases	49,205	-	-	1,049,601	-	-
Contracted services	-	14,560	9,220	1,426,354	1,255,569	590,016
Professional fees	927,911	555,993	670,591	1,733,979	1,026,724	1,270,613
Repairs and maintenance	-	-	4,853	653,760	500,307	732,643
Travel	103,611	266,083	196,007	2,466,671	2,950,586	2,789,755
Wages and benefits	726,566	606,814	343,172	8,371,934	8,994,699	8,503,301
Other expenses	(1,966,564)	(1,443,450)	(1,223,843)	12,657,521	11,259,833	10,302,612
Total expenses	-	-	-	28,378,069	27,312,347	25,348,440
Other income (expenses)	-	-	-	(1,876,689)	(1,661,211)	(1,104,340)
Annual surplus (deficit)	\$ -	\$ -	\$ -	\$10,314,806	\$10,145,507	\$ (910,326)



SPECIAL AUDITORS' REPORT

To the Members of Lake Babine Nation:

We have audited the financial statements of Lake Babine Nation as at March 31, 2020, and for the year then ended and reported on July 28, 2020.

The Schedule of Honoraria, Travel Expenses and Other Remuneration for Elected officials is required to be presented to the Members of Lake Babine Nation pursuant to the funding agreement between Indigenous Services Canada (ISC) and Lake Babine Nation. The Schedule has been compiled by the management of Lake Babine Nation from their records. For the purposes of understanding our involvement with this schedule, please note that:

- We have audited and separately reported on the consolidated financial statements;
- Our audit was conducted for the purposes of forming an opinion of the financial statements taken as a whole;
- The attached schedule is presented to comply with the requirements of Indigenous Services Canada and does not form part of the financial statements; and
- The schedule has been subjected to the auditing procedures applied to the audit of the financial statements taken as a whole.

During the course of the aforementioned audit, we encountered no discrepancies on this schedule. However, no procedures have been carried out on this Schedule in addition to that necessary to form an opinion on the financial statements.

Prince George, BC
July 28, 2020

*DMC Chartered Professional
Accountants Inc.*

ANNEX B

Schedule of Remuneration and Expenses (Chiefs and Councilors)

**Name of Recipient: LAKE BABINE NATION
For the Year Ended March 31, 2020**

Name of Individual	Position Title	Number of Months [Note 1]	Remuneration [Note 2]	Expenses [Note 3]
Gordon Alec	Chief	8	77,729	18,655
Derek Macdonald	Acting Chief/Deputy Chief	12	60,000	23,274
Melvin Joseph	Woyenne Councilor	12	48,000	7,602
Murphy Abraham	Woyenne Councilor/Deputy Chief	12	52,000	51,640
Cheyenne Dennis	Woyenne Councilor	12	48,000	48,057
Shane Modine	Tachet Councilor	12	48,000	25,384
Dolores Alec	Tachet Councilor	12	48,000	46,486
Bessie West	Fort Babine Councilor	12	48,000	57,259
John West	Fort Babine Councilor	12	48,000	24,160
Verna Power	Old Fort Councilor	12	48,000	80,116

1. The number of months during the fiscal year that the individual was a chief or councilor.

2. As per the First Nations Financial Transparency Act:

"remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary benefits — other than the reimbursement of expenses — and non-monetary benefits.

Examples are provided in the supporting document which accompanies this document on AANDC's Internet site entitled: "Supplementary Information".

3. As per the First Nations Financial Transparency Act:

"expenses" includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.

