

**RECONCILIATION OF  
INDIGENOUS SERVICES CANADA (ISC)  
FUNDING CONFIRMATION REPORT REVENUE WITH  
STATEMENT OF OPERATIONS/INCOME STATEMENT REVENUE  
2020/2021 FISCAL YEAR**

<b>Recipient Name</b>	<b>Recipient #</b>
Lake Babine Nation	607
<b>INAC Revenue per Consolidated Statement of Operations / Income Statement</b>	\$15,000,723
<b>Explanations:</b>	<b>Adjustments:</b>
	Add / (Subtract)
	\$
less: Prior Year Deferred Revenue	
add: Current Year Deferred Revenue	
<b>Net Adjustments</b>	\$0
<b>INAC Funding Confirmation Report - Net Funding Arrangement Budget (see Note 1)</b>	\$15,000,723

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

**LAKE BABINE NATION**



**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

**LAKE BABINE NATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

---

<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING.....</b>	<b>1</b>
<b>INDEPENDENT AUDITOR'S REPORT.....</b>	<b>2 - 4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Consolidated Statement of Financial Position.....</b>	<b>5</b>
<b>Consolidated Statement of Change in Net Financial Assets.....</b>	<b>6</b>
<b>Consolidated Statement of Revenue, Expenditures and Accumulated Surplus .....</b>	<b>7</b>
<b>Consolidated Statement of Cash Flows.....</b>	<b>8</b>
<b>Notes to Consolidated Financial Statements.....</b>	<b>9 - 35</b>

## LAKE BABINE NATION

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

**MARCH 31, 2021**

---

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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:

\_\_\_\_\_  
Chief

\_\_\_\_\_  
COUNCIL

\_\_\_\_\_  
Chief Finance Officer

Nov 30/21  
Date

Nov 25, 2021  
Date

Nov. 30/21  
Date



## **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, 2021, and the consolidated statements of revenue, expenditures and accumulated surplus, change in net financial assets 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 as at and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Qualified Opinion*

As described in Note 5, the Band holds investments in government business enterprises which are accounted for using the modified equity method. Each of these government business enterprises does not have audited financial information available, and as such we are unable to determine whether any adjustment might be necessary to the Band's investment in these government business enterprises, and accumulated surplus (deficit) for the years ended March 31, 2021 and 2020. Our audit opinion has been modified accordingly because of the possible effects of this limitation of scope.

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 18 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2020 has been restated.

Note 18 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 First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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.

**Prince George, British Columbia**  
**November 25, 2021**

*DMC Chartered Professional  
 Accountants Inc.*

**LAKE BABINE NATION****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****MARCH 31, 2021**

	2021	2020 Restated
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 1,931,517	\$ 1,041,189
Short term deposits (Note 2)	11,668,023	1,319,170
Restricted cash (Note 2)	327,518	212,060
Accounts receivable (Note 3)	3,378,084	4,140,301
Due from government agencies (Note 4)	45,591	81,179
Investment in Government business enterprises (Note 5 and 6)	10,447,621	8,821,343
Federal trust funds (Note 7)	1,644,980	1,542,320
	<b>29,443,334</b>	<b>17,157,562</b>
<b>LIABILITIES</b>		
Bank indebtedness	-	5,000
Accounts payable and accrued liabilities (Note 8)	1,550,446	1,711,538
Deferred revenue (Note 9)	8,404,631	6,377,551
Long-term debt (Note 10)	6,682,558	6,952,695
	<b>16,637,635</b>	<b>15,046,784</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,805,699</b>	<b>2,110,778</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 11)	35,482,168	34,024,367
Prepaid expenses	120,759	131,742
	<b>35,602,927</b>	<b>34,156,109</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 48,408,626</b>	<b>\$ 36,266,887</b>

Contingent Liabilities (Note 13)  
Economic Dependence (Note 14)

Approved on behalf of the Lake Babine Nation

\_\_\_\_\_, Chief

\_\_\_\_\_, Councillor

\_\_\_\_\_, Chief Finance Officer

See accompanying notes to these financial statements.



# LAKE BABINE NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2021

	2021 Budget	2021 Actual	2020 Actual Restated
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ (1,116,719)</b>	<b>\$ 12,141,739</b>	<b>\$ 12,262,303</b>
Acquisition of tangible capital assets	-	(2,872,367)	(6,173,748)
Amortization of tangible capital assets	-	1,411,847	1,324,628
Gain (loss) on disposal of tangible capital assets	-	(7,280)	798
Proceeds on disposal of tangible capital assets	-	10,000	-
	-	(1,457,800)	(4,848,322)
Acquisition of prepaid asset	10,982	(120,769)	(131,745)
Use of prepaid asset	-	131,751	103,969
	10,982	10,982	(27,776)
(Decrease) increase in net financial assets	(1,105,737)	10,694,921	7,386,209
Net debt at beginning of year			
As previously stated	-	(1,675,299)	(6,944,715)
Adjustment of prior year (Note 18)	-	3,786,077	1,669,284
As restated	-	2,110,778	(5,275,431)
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 12,805,699</b>	<b>\$ 2,110,778</b>

See accompanying notes to these financial statements.

# LAKE BABINE NATION

## CONSOLIDATED STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2021

	2021 Budget	2021 Actual	2020 Actual Restated
<b>REVENUE</b>			
Federal Government (Note 15)	\$ 12,538,798	\$ 16,155,247	\$ 17,259,865
Provincial Government (Note 15)	708,527	9,874,264	4,825,475
Transfer from deferred revenue	352,340	4,329,021	1,069,265
Band Generated	1,092,960	1,618,440	1,679,065
Other Aboriginal Groups	5,164,429	10,068,362	5,490,919
First Nations Gaming	-	922,851	866,169
Miscellaneous	367,280	371,600	581,262
Interest income	-	104,133	136,993
Administration fee	(30,000)	1,276	18,199
Transfer to deferred revenue	250,000	(6,361,673)	(6,245,076)
	20,444,334	37,083,521	25,682,136
<b>EXPENDITURES</b>			
Operations	2,808,543	3,746,159	3,640,943
LBN Education Program	6,649,072	7,634,148	6,963,921
Economic Development	252,132	423,559	1,330,053
Natural Resource Management	793,677	2,564,561	2,430,749
Social Housing Fund	1,624,480	1,113,666	920,488
Health Services Fund	3,751,808	5,202,820	5,329,010
LBN Social Development	2,936,050	2,502,987	2,388,764
Capital Projects 500	946,768	1,720,571	1,951,380
Operations & Maintenance	1,324,523	1,370,000	1,648,011
Fisheries Fund	474,000	502,758	709,027
	21,561,053	26,781,229	27,312,346
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER ITEMS</b>	(1,116,719)	10,302,301	(1,630,208)
<b>OTHER ITEMS</b>			
Bad debts - Housing	-	(991,627)	(426,586)
Income from Government Business Enterprises	-	2,373,784	2,085,793
Forgiveness of debt	-	157,192	12,234,102
Loss(gain) on disposal of tangible capital assets	-	7,280	(798)
Other revenue	-	292,809	-
	-	1,839,438	13,892,511
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	(1,116,719)	12,141,739	12,262,303
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>			
As previously stated	-	32,480,810	22,335,300
Prior period adjustment (Note 18)	-	3,786,077	1,669,284
As restated	-	36,266,887	24,004,584
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	\$ (1,116,719)	\$ 48,408,626	\$ 36,266,887

See accompanying notes to these financial statements.

# LAKE BABINE NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020 Restated
<b>Cash flows from</b>		
<b>OPERATING ACTIVITIES</b>		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 12,141,739	\$ 12,262,303
Items not affecting cash		
Amortization	1,411,847	1,324,628
Contributions to Ottawa Trust fund	(102,660)	(78,522)
Income from investments in First Nations Enterprises	(2,374,324)	(2,085,793)
Forgiveness of debt	(157,192)	(12,222,102)
Gain on disposal of tangible capital assets	(7,280)	798
	10,912,130	(798,688)
Change in non-cash operating working capital		
Due from government agencies	35,588	188,289
Inventory	-	21,808
Prepaid expenses	10,991	(27,781)
Accounts payable and accrued liabilities	(161,102)	(694,051)
Deferred revenue	2,027,080	5,108,990
Accounts receivable	762,217	(1,732,789)
Band member receivables allowance for doubtful accounts	-	76,400
	13,586,904	2,142,178
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,872,367)	(6,173,748)
Proceeds on sale of tangible capital assets	10,000	-
	(2,862,367)	(6,173,748)
<b>FINANCING ACTIVITIES</b>		
Proceeds on long term debt	134,015	3,286,980
Repayment of long term debt	(246,960)	(95,253)
Repayment of short term financing	(5,000)	(31,789)
	(117,945)	3,159,938
<b>INVESTING ACTIVITIES</b>		
Advances from First Nations Investments	748,047	678,291
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	11,354,639	(193,341)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,572,419	2,765,760
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 13,927,058	\$ 2,572,419
<b>REPRESENTED BY</b>		
Cash	\$ 1,931,517	\$ 1,041,189
Short term deposits	11,668,023	1,319,170
Restricted cash	327,518	212,060
	\$ 13,927,058	\$ 2,572,419

See accompanying notes to these financial statements.

## **LAKE BABINE NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

---

#### **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 as recommended 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 Health Services 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, 2021**

---

#### **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 and cash equivalents, accounts receivable, short term deposits and federal trust funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue 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) Investments in government business enterprises**

Lake Babine Nation's investment in government business enterprises 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.

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

---

#### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

##### (f) 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.

##### (g) 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.

##### (h) 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.

## **LAKE BABINE NATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2021**

---

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

##### **(i) 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.

##### **(j) 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.

##### **(k) 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.

##### **(l) Net Financial Assets**

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

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2021**

---

#### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

##### (m) 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.

##### (n) 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

	2021	2020
Internally restricted		
Short term deposit - Premium Investment Savings Account	\$ 11,668,023	\$ 1,319,170
Capital projects	327,518	212,060
	<b>11,995,541</b>	<b>1,531,230</b>
Unrestricted		
Operating	1,656,489	723,482
Health	18,308	21,656
Natural Resources Department	37,324	-
Treaty Negotiation	-	7,100
Social Housing	219,396	288,951
	<b>1,931,517</b>	<b>1,041,189</b>
Total cash and cash equivalents	<b>\$ 13,927,058</b>	<b>\$ 2,572,419</b>



**LAKE BABINE NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021****3. ACCOUNTS RECEIVABLE**

	2021	2020 Restated
<b>Due from funders</b>		
Indigenous Services Canada (ISC)	\$ 732,784	\$ 345,135
Department of Fisheries and Oceans	311,998	613,097
Canada Mortgage and Housing Corporation	8,060	8,060
Other First Nation Funding agencies	1,466,931	357,622
Province of British Columbia	530,848	2,180,843
	<b>3,050,621</b>	<b>3,504,757</b>
<b>Due from members</b>		
Rent receivable	6,924,927	6,365,333
Allowance for doubtful accounts - rent receivable	(6,924,927)	(5,937,238)
	-	428,095
<b>Due from others</b>		
Lake Babine Nation Forestry LP	-	16,000
Miscellaneous	327,463	191,449
	<b>327,463</b>	<b>207,449</b>
	<b>\$ 3,378,084</b>	<b>\$ 4,140,301</b>

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

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

#### 4. DUE FROM GOVERNMENT AGENCIES

	2021	2020
Natural Resource Fund-GST rebate	\$ 3,932	\$ -
Health Services fund - GST rebate	4,375	1,569
Social Housing fund - GST rebate	69	257
Treaty Negotiation fund - GST rebate	-	3,577
Operation fund - GST rebate	17,062	55,938
Fisheries fund - GST rebate	294	-
Operations fund - PST rebate	19,859	19,839
	<b>\$ 45,591</b>	<b>\$ 81,180</b>

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.

#### 5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

- ◆ 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.
- ◆ BC First Nations Gaming Revenue Sharing LP Partnership Units
- ◆ BC First Nations Gaming Revenue Sharing General PartnershipPartnership Units

##### *Qualification on Audit Report:*

The above noted companies have not had a year end completed as at March 31, 2021, 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 following companies have preliminary data based on internally generated financial statements or financial statements not yet approved by their respective board of directors:

Burns Lake Native Development Corporation (BLNDC)  
Talok Fisheries group of companies (Talok Ltd.)  
Lake Babine Nation Forestry LP  
Lake Babine Nation Forestry Ltd.

**LAKE BABINE NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021****5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, continued**

Cash transfers received from investment in Government business enterprises:

	2021	2020
LBN Forestry Services LP	\$ 921,473	\$ 129,000

Related Party Transactions:

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.

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.

	2021	2020
Burns Lake Native Development Corporation - Community Support	\$ -	\$ 2,500
LBEDS - Supplies	-	994
LBEDS - Fuel	-	8,607
LBEDS - Travel	-	1,586
Talok LP - Miscellaneous revenue	-	3,000
1203001 BC LTD-Community Meetings and Adult Care	1,172	-
1203001 BC LTD-Fuel	28,962	-
1203001 BC LTD-Supplies	5,169	-
1203001 BC LTD-Training	7,756	-
1203001 BC LTD-Travel	26,353	-
1203001 BC LTD-Utilities	3,701	-
Talok fisheries LP-Supplies	4,221	-
	\$ 77,334	\$ 16,687

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2021 Unaudited	2020 Unaudited Restated
Burns Lake Native Development Corporation (62.87%)		
BLNDC shares, at cost	\$ 63	\$ 63
BLNDC share of net assets	4,658,823	3,911,856
	<b>4,658,886</b>	<b>3,911,919</b>
Lake Babine Economic Development Society (100%)		
Advances to Lake Babine Economic Development Society	591,166	592,249
Lake Babine Economic Development Society, deficiency in net assets	(173,611)	(173,422)
	<b>417,555</b>	<b>418,827</b>
Woyenne Enterprises Ltd. (100%)		
Woyenne Enterprises Ltd., shares at cost	2	2
Talok Fisheries Ltd. (100%)		
Talok Fisheries Ltd. shares at cost	1	1
TFL share of net assets	73,937	73,937
Advances from Talok Fisheries Ltd.	(4,492)	(6,864)
	<b>69,446</b>	<b>67,074</b>
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
	<b>703,890</b>	<b>703,890</b>
Lake Babine Nation Forestry LP (99.99%)		
Advances to Lake Babine Nation Forestry LP	3,174	(31,357)
LBN share of net assets	4,331,421	3,627,277
	<b>4,334,595</b>	<b>3,595,920</b>
1203001 B.C. Ltd. (100%)		
1203001 B.C. Ltd. shares, at cost	1	1
Advances to 1203001 B.C. Ltd.	263,136	123,600
	<b>263,137</b>	<b>123,601</b>
BC First Nations Gaming Revenue Sharing General Partnership		
Partnership Units	110	110
	<b>\$ 10,447,621</b>	<b>\$ 8,821,343</b>

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2021**

---

#### 7. 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.

	2021 Revenue	2021 Capital	2021 Total	2020 Total
Surplus, beginning of year	\$ 808,227	\$ 734,093	\$ 1,542,320	\$ 1,463,798
Interest earnings	35,709	66,951	102,660	78,522
Surplus, end of year	\$ 843,936	\$ 801,044	\$ 1,644,980	\$ 1,542,320

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trades accounts payable	\$ 344,275	\$ 736,049
Payroll and benefits	673,970	869,063
Accrued payables	532,201	106,426
	\$ 1,550,446	\$ 1,711,538

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2021**

### 9. DEFERRED REVENUE

	March 31, 2020	Funding received, 2021	Revenue recognized, 2021	March 31, 2021
<b>Indigenous Services Canada (ISC)</b>				
ISC - Nation rebuilding	\$ 410,394	\$ -	\$ (410,394)	\$ -
CPMS 7769 Surplus Account	1,776	-	-	1,776
A&C Wastewater	106,500	-	(106,500)	-
Woyenne Drainage	139,926	-	(139,926)	-
ISC-Village of BL-WTP	844,823	-	(466,970)	377,853
ACRES Group 2	24,940	-	(2,750)	22,190
ISC Digitization Project	61,061	-	(17,087)	43,974
Project COVID-19-ISC Emergency Management	151,927	-	(7,116)	144,811
ISC-COVID -19 Special Needs Emergency Services	75,708	-	(200)	75,508
TA Reservoir CPMS 7047	1,273,960	-	(1,273,960)	-
ISC-FNESS-Emergency Training	2,379	-	-	2,379
ISC - A&C - Tachet Wastewater System Feasibility	35,018	-	(18,988)	16,030
ISC-COVID-19 LEDSP-CEDP-ICBF	-	128,573	-	128,573
ISC-IND Community	-	520,327	-	520,327
COVID-19 Base needs URBA 950	-	69,240	-	69,240
COVID-19 ISC OCI REO	-	19,862	-	19,862
ISC-Nation Rebuilding	-	398,559	-	398,559
ISC-COVID 19 Income Assistance	-	256,661	-	256,661
Asset Management system	-	25,035	-	25,035
Child and Family Coordinator	-	281,272	-	281,272
	<b>3,128,412</b>	<b>1,699,529</b>	<b>(2,443,891)</b>	<b>2,384,050</b>
<b>Provincial Government</b>				
Joint Forestry Forum	15,673	-	-	15,673
Province of BC - Community Res/Coord	250,000	-	(68,216)	181,784
Province of BC-Negotiation and Implementation fund	1,659,111	2,038,150	(489,170)	3,208,091
Province of BC-Consult & Engagement	-	20,000	-	20,000
Province of BC-Negotiation agreements	-	25,000	-	25,000
Province of BC-Infrastructure	-	999,318	-	999,318
Province of BC-LMP Project	-	223,071	-	223,071
Province of BC-Reconnect Project	-	75,000	-	75,000
Province BC-Woyenne Drainage CPMS	-	12,530	-	12,530
	<b>1,924,784</b>	<b>3,393,069</b>	<b>(557,386)</b>	<b>4,760,467</b>

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

<b>Other</b>				
Tree Planting	70,000	-	-	<b>70,000</b>
BC Gaming Revenue	577,464	-	(577,464)	-
FNESCS - School Bus Purchase	-	191,535	-	<b>191,535</b>
FNHA-Traditional Wellness Approiach	43,125	-	(43,125)	-
FNHA-LBN Mobile Support Team	91,531	147,658	(91,531)	<b>147,658</b>
PGNAETA-Health Forum	10,000	-	(10,000)	-
First Nation Home & Community Care	135,035	201,270	(135,035)	<b>201,270</b>
Aboriginal Fisheries Strategy	90,451	-	(90,451)	-
Fort Babine Biomass	7,171	-	(7,171)	-
OGC-RFS Aboriginal Liaison Program	88,253	95,950	(88,244)	<b>95,959</b>
FNHA-Traditional projects	-	14,025	-	<b>14,025</b>
FNHA-Project Covid19-Emerge	-	64,313	-	<b>64,313</b>
PGNAETA Bladerunners	-	67,543	-	<b>67,543</b>
Wellness-NNDAP/Mental health	-	235,342	-	<b>235,342</b>
Prenatal Program	-	54,315	-	<b>54,315</b>
PGNAETA-Health Forum	-	10,000	-	<b>10,000</b>
Family Violence prevention	-	17,871	-	<b>17,871</b>
Child and Family Coordinator	211,325	-	(121,042)	<b>90,283</b>
	<b>1,324,355</b>	<b>1,099,822</b>	<b>(1,164,063)</b>	<b>1,260,114</b>
	<b>\$ 6,377,551</b>	<b>\$ 6,192,420</b>	<b>\$ (4,165,340)</b>	<b>\$ 8,404,631</b>

**LAKE BABINE NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021**

---

**10. LONG-TERM DEBT**

	2021	2020
Gas Bar term loan bearing interest at prime plus 0.5% per annum, repayable in monthly payments of \$14,445. The loan is secured by general security agreement. The loan matures on July 13, 2043.	\$ 2,427,500	\$ 2,579,787
Safehouse - On-reserve Shelter Enhancement Program loan bearing interest at 0% per annum, forgivable over 15 years from final advance.	1,772,194	1,898,779
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.	1,276,784	1,306,116
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.	775,525	641,510
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.	319,479	343,238
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 \$26,604. The loan matures on January 22, 2024.	33,276	43,547
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 \$24,704. The loan matures on January 22, 2024.	29,269	38,303
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.	24,000	36,000
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.	19,748	29,622
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 \$6,334. The loan matures on November 30, 2021.	4,783	12,466
Loan repaid during the year.	-	14,594



**LAKE BABINE NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021**

---

**10. LONG-TERM DEBT, continued**

	<b>2021</b>	<b>2020</b>
Loan forgiven during the year.	-	8,733
	<b>\$ 6,682,558</b>	<b>\$ 6,952,695</b>

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.

	<b>2021</b>	<b>2020</b>
Interest expense for the year on long-term debt	<b>\$ 180,582</b>	<b>\$ 182,873</b>

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 11. TANGIBLE CAPITAL ASSETS

	Cost	Additions	Disposals	Accumulated amortization	2021 Net book value
Land	\$ 4,743,539	\$ -	\$ -	\$ -	\$ 4,743,539
Buildings and infrastructure	54,485,227	215,482	-	35,611,415	19,089,294
Automotive equipment	1,668,254	539,017	98,306	1,010,888	1,098,077
Computer equipment	749,200	350,708	-	581,254	518,654
Equipment	2,272,387	54,654	-	2,036,788	290,253
Fisheries equipment	249,903	-	-	160,168	89,735
Water and sewer	12,632,670	1,585,110	-	6,714,306	7,503,474
Roads and bridges	5,279,419	127,396	-	3,257,673	2,149,142
	<b>\$ 82,080,599</b>	<b>\$ 2,872,367</b>	<b>\$ 98,306</b>	<b>\$ 49,372,492</b>	<b>\$ 35,482,168</b>

	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	395,311	62,544	955,800	712,454
Computer equipment	557,211	191,989	-	473,439	275,761
Equipment	2,195,344	77,043	-	1,975,705	296,682
Fisheries equipment	214,586	35,317	-	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
	<b>\$ 75,969,395</b>	<b>\$ 6,173,748</b>	<b>\$ 62,544</b>	<b>\$ 48,056,232</b>	<b>\$ 34,024,367</b>

Buildings under construction in the amount of \$1,671,478 (2019 - \$1,817,654) 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, 2021**

---

#### 12. ACCUMULATED SURPLUS

	2021	2020 Restated
Restricted		
Equity in Investments in Government business enterprises	\$ 10,317,015	\$ 7,943,231
Equity in Ottawa Trust Funds	2,019,784	1,917,125
	<hr/>	<hr/>
	12,336,799	9,860,356
Unrestricted		
Operating equity	36,071,827	26,406,531
	<hr/>	<hr/>
	\$ 48,408,626	\$ 36,266,887
	<hr/>	<hr/>

#### 13. 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.

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

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.

#### 14. 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.

**LAKE BABINE NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021****15. GOVERNMENT TRANSFERS**

	<b>2021</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
Indigenous Services Canada (ISC)	\$ 14,066,803	\$ 933,920	\$ 15,000,723
OGC - Capacity Funding	111,202	-	111,202
Department of Fisheries and Oceans	551,023	-	551,023
Government of Canada	492,299	-	492,299
<b>Total</b>	<b>15,221,327</b>	<b>933,920</b>	<b>16,155,247</b>
<b>Provincial government transfers</b>	<b>9,874,264</b>	<b>-</b>	<b>9,874,264</b>
	<b>\$ 25,095,591</b>	<b>\$ 933,920</b>	<b>\$ 26,029,511</b>
	<b>2020</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
<b>Federal government transfers</b>			
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	965,153	-	965,153
Pacific Salmon Commission	186,217	-	186,217
Government of Canada	258,540	-	258,540
Aboriginal Community Safety Development	75,133	-	75,133
<b>Total</b>	<b>14,205,447</b>	<b>3,054,418</b>	<b>17,259,865</b>
<b>Provincial government transfers</b>	<b>4,825,475</b>	<b>-</b>	<b>4,825,475</b>
	<b>\$ 19,030,922</b>	<b>\$ 3,054,418</b>	<b>\$ 22,085,340</b>

**16. 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 2021 were \$210,530 (2020 - \$190,793).

**17. 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, 2020.

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2021**

---

#### 18. 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 Government business enterprises (Lake Babine Nation Forestry Limited Partnership) due to prior year financial statements received from a Government business enterprises subsequent to the prior year audit report. This has resulted in a change to investment in Government business enterprises and the accumulated surplus.

As a result of the above noted changes to accounts receivable, investment in Government business enterprises, and accumulated surplus, the changes are as follows:

	<b>As previously stated in 2020 Actual</b>	<b>Adjustment Increase (Decrease)</b>	<b>Restated 2020 Actual</b>
Accounts receivable	<b>\$ 3,980,301</b>	<b>\$ 160,000</b>	<b>\$ 4,140,301</b>
Miscellaneous revenue	<b>710,262</b>	<b>(129,000)</b>	<b>581,262</b>
Equity in enterprise Fund LBN Forestry (Partnership Surplus)	-	1,669,284	1,669,284
Income from Government business enterprises	<b>\$ -</b>	<b>\$ 2,085,793</b>	<b>\$ 2,085,793</b>

---

#### 19. COVID-19

On March 1, 2020, the World Health Organization categorized Covid-19 as a pandemic. The potential effects within the First Nations 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 could have a material impact on the First Nation's operations.

The extent of the impact of this outbreak and related containment measures on the First Nation are unknown at this time

#### 20. 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, 2021**

---

#### **21. 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, 2021

### 22. EXPENDITURES BY OBJECT

	2021 Budget	2021 Actual	2020 Actual
Administration fees	\$ 1,733,489	\$ 1,704	\$ -
Advertising	18,500	19,060	11,515
Amortization	-	1,411,847	1,324,629
Awards day	36,300	19,569	27,540
Bad debts (recovery)	-	(16,156)	325,591
Capital purchases	153,169	-	-
Catering	97,805	65,557	241,384
Christmas	65,200	69,039	65,204
Community Support	142,070	134,681	289,099
Contracted services	867,922	740,724	1,255,569
Courier and delivery	96,310	109,883	142,273
Economic development	212,300	151,955	266,697
Equipment leases and rentals	59,870	62,681	103,209
Fees	117,338	573,203	233,751
Field trips	15,000	2,806	19,116
Fuel and oil	54,500	70,202	360,536
GST (Recovery)	-	(280,841)	-
General operating expense	31,606	37,953	14,703
Honorarium	520,435	912,098	725,521
Incentives	15,500	107,200	84,662
Insurance	360,742	410,785	357,682
Interest and bank charges	27,280	217,967	233,768
Meeting expenses	376,763	168,089	307,083
Other expense	409,134	387,602	388,332
Professional development	180,680	60,581	45,948
Professional fees	227,185	1,167,683	1,026,724
Property taxes	3,116	11,848	-
Purchases	-	2,446	194,456
Recreation	-	-	9,850
Rent	288,498	327,106	204,400
Repairs and maintenance	546,910	1,090,437	500,307
Social Assistance and Support	1,778,146	2,053,632	1,669,592
Supplies	597,056	1,525,833	935,979
Traditional food	42,379	28,442	38,951
Training	38,523	70,112	175,943
Travel	1,441,574	1,050,571	2,950,586
Tuitions and allowances	2,888,522	2,932,135	3,014,336
Utilities and telephone	600,089	842,525	772,711
Vehicle	24,600	-	-
Wages and benefits	7,492,542	10,240,270	8,994,699
	<b>\$ 21,561,053</b>	<b>\$ 26,781,229</b>	<b>\$ 27,312,346</b>

## LAKE BABINE NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

---

#### 23. 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, 2021**

---

#### **23. 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, 2021

### 23. SEGMENTED INFORMATION, continued

	Operations			LBN Education Program			Economic Development		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$	721,760 \$	1,678,540 \$	2,284,541 \$	6,178,781 \$	5,542,570 \$	5,249,252 \$	150,949 \$	205,986 \$
Federal Government	-	-	6,000	-	-	-	-	-	-
Provincial Government	-	2,150,206	46,019	358,778	955,368	912,398	-	2,278,816	1,045,547
Other Aboriginal Groups	-	439,820	46,375	208,000	2,631,994	1,186,640	-	-	-
Band Generated	-	5,000	335	-	3,775	4,600	-	167,447	485,793
Interest income	-	103,510	134,324	-	-	-	-	-	-
Administration fee	-	1,276	18,199	-	-	-	-	-	-
Transfer from deferred revenue	-	1,288,196	16,414	-	(53,389)	253,208	-	-	2,787
Other revenue	-	(559,850)	(714,054)	-	-	21,399	-	56,351	118,041
Total revenue	721,760	5,106,698	1,838,153	6,745,559	9,080,318	7,627,497	150,949	2,655,600	1,857,477
Expenses									
Administration fees	-	(377,769)	-	442,630	(124,995)	-	15,204	15,299	-
Capital purchases	27,869	-	(9,426)	16,500	-	-	-	-	(1)
Contracted services	15,000	113,624	56,856	3,000	1,510	3,843	-	-	1,320
Professional fees	96,000	271,468	205,800	2,500	240	-	78,275	25,382	88,939
Repairs and maintenance	9,000	150,655	3,264	40,010	98,152	54,032	11,119	7,980	2,005
Travel	304,354	84,669	541,840	142,700	47,673	227,012	3,776	3,776	27,836
Wages and benefits	1,062,231	1,879,833	1,078,046	2,620,120	3,573,250	3,045,047	108,268	115,507	347,386
Other expenses	1,294,089	1,623,679	1,764,563	3,381,612	4,038,318	3,633,987	39,266	255,615	862,568
Total expenses	2,808,543	3,746,159	3,640,943	6,649,072	7,634,148	6,963,921	252,132	423,559	1,330,053
Other income (expenses)	(2,086,783)	1,360,539	(1,802,790)	96,487	1,446,170	663,576	(101,183)	2,232,041	527,424
Annual surplus (deficit)	\$	(2,086,783)\$	2,289,539 \$	(1,673,790)\$	96,487 \$	1,446,170 \$	663,576 \$	(101,183)\$	527,424

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 23. SEGMENTED INFORMATION, continued

	Natural Resource Management			Social Housing Fund			Health Services Fund		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 35,000	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ 331,892	\$ 256,612
Federal Government	-	-	-	-	-	-	-	-	75,133
Provincial Government	-	-	-	-	-	-	-	245,611	112,936
Other Aboriginal Groups	-	-	-	-	-	-	4,875,503	6,896,548	3,982,509
Band Generated	-	-	-	931,560	1,124,003	1,050,390	-	-	-
Interest income	-	-	-	-	70	247	-	-	-
Administration fee	-	-	-	(30,000)	-	-	-	-	-
Transfer from deferred revenue	-	17,087	-	352,340	-	-	-	390,733	436,207
Other revenue	830,675	3,957,165	2,072,750	367,280	926	6,940	-	(982,844)	(478,060)
Total revenue	830,675	4,009,252	2,197,750	1,621,180	1,124,999	1,057,577	4,875,503	6,881,940	4,385,337
Expenses									
Administration fees	-	6,108	-	563,160	427	-	212,980	-	-
Amortization	-	-	-	-	15,588	17,137	-	99,313	65,868
Capital purchases	-	-	-	-	-	-	72,100	-	9,426
Contracted services	-	-	-	-	-	51,012	101,000	357,197	333,831
Professional fees	-	-	762	7,500	7,500	-	9,500	16,441	12,053
Repairs and maintenance	-	-	150	232,200	462,358	194,714	103,900	188,384	80,279
Travel	-	-	2,418	35,200	5,327	20,532	788,478	840,089	1,686,971
Wages and benefits	-	38,593	39,037	519,140	353,022	382,091	1,554,728	2,227,897	1,942,669
Other expenses	793,677	2,519,860	2,388,382	267,280	269,444	255,002	909,122	1,473,499	1,197,913
Total expenses	793,677	2,564,561	2,430,749	1,624,480	1,113,666	920,488	3,751,808	5,202,820	5,329,010
Other income (expenses)	36,998	1,444,691	(232,999)	(3,300)	11,333	137,089	1,123,695	1,679,120	(943,673)
Annual surplus (deficit)	\$ 36,998	\$ 1,444,691	\$ (232,999)	\$ (3,300)	\$ (541,626)	\$ (383,979)	\$ -	\$ 7,280	\$ -
Annual surplus (deficit)	\$ 36,998	\$ 1,444,691	\$ (232,999)	\$ (3,300)	\$ (530,293)	\$ (246,890)	\$ 1,123,695	\$ 1,686,400	\$ (943,673)

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 23. SEGMENTED INFORMATION, continued

	LBN Social Development			Capital Projects 500			Operations & Maintenance		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 2,922,004	\$ 4,012,823	\$ 2,974,524	\$ 946,768	\$ 973,920	\$ 2,367,488	\$ 843,036	\$ 1,192,579	\$ 1,012,097
Federal Government	-	-	-	-	493,085	252,540	-	-	-
Provincial Government	-	-	-	-	-	49,010	-	-	-
Band Generated	-	-	-	-	-	-	161,400	271,256	35,371
Interest income	-	-	-	-	553	2,422	-	-	-
Transfer from deferred revenue	-	200	-	-	1,300,118	100,761	-	-	-
Other revenue	-	(648,332)	(72,624)	-	(25,035)	(1,202,553)	-	-	119,072
<b>Total revenue</b>	<b>2,922,004</b>	<b>3,364,691</b>	<b>2,901,900</b>	<b>946,768</b>	<b>2,742,641</b>	<b>1,569,668</b>	<b>1,004,436</b>	<b>1,463,835</b>	<b>1,166,540</b>
<b>Expenses</b>									
Administration fees	294,653	-	-	94,680	94,680	-	-	-	-
Amortization	-	-	-	-	1,263,493	1,213,153	-	-	-
Capital purchases	-	-	-	-	-	1	-	-	-
Contracted services	-	-	-	748,922	215,995	563,454	-	-	230,693
Professional fees	-	-	-	8,160	65,116	63,647	-	-	7,500
Repairs and maintenance	1,000	825	300	-	-	1,495	160,800	175,634	164,068
Travel	37,508	15,061	33,781	25,200	5,324	22,617	3,000	1,663	13,316
Wages and benefits	510,578	316,141	420,034	54,086	63,838	52,511	473,624	471,227	465,034
Other expenses	2,092,311	2,170,960	1,934,649	15,720	12,125	34,502	687,099	721,476	767,400
<b>Total expenses</b>	<b>2,936,050</b>	<b>2,502,987</b>	<b>2,388,764</b>	<b>946,768</b>	<b>1,720,571</b>	<b>1,951,380</b>	<b>1,324,523</b>	<b>1,370,000</b>	<b>1,648,011</b>
<b>Other income (expenses)</b>	<b>(14,046)</b>	<b>861,704</b>	<b>513,136</b>	<b>-</b>	<b>1,022,070</b>	<b>(381,712)</b>	<b>(320,087)</b>	<b>93,835</b>	<b>(481,471)</b>
<b>Annual surplus (deficit)</b>	<b>\$ (14,046)</b>	<b>\$ 861,704</b>	<b>\$ 513,136</b>	<b>\$ -</b>	<b>\$ 1,022,070</b>	<b>\$ (382,510)</b>	<b>\$ (320,087)</b>	<b>\$ 93,835</b>	<b>\$ (481,471)</b>

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 23. SEGMENTED INFORMATION, continued

	Fisheries Fund		Treaty Negotiation Fund			Equity in First Nation Investments		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2020 Actual
Revenues								
Federal Government	\$	625,500 \$	550,237 \$	1,151,369 \$	-	-	-	-
Band Generated	-	7,359	-	-	-	-	-	-
Transfer from deferred revenue	-	90,451	-	-	-	-	-	-
Other revenue	-	5,500	(71,132)	-	-	-	-	-
Total revenue	625,500	653,547	1,080,237	-	-	-	-	-
Expenses								
Administration fees	36,475	38,278	-	-	-	-	-	-
Amortization	-	33,453	28,471	-	-	-	-	-
Capital purchases	36,700	-	-	-	-	-	-	-
Professional fees	25,250	51,825	92,030	-	-	-	-	-
Travel	17,400	5,574	23,227	-	-	-	-	-
Wages and benefits	302,097	280,936	426,389	-	-	-	-	-
Other expenses	56,078	92,692	138,910	-	-	-	-	-
Total expenses	474,000	502,758	709,027	-	-	-	-	-
Other income (expenses)	151,500	150,789	371,210	-	-	12,191,495	1,444,784	1,956,793
Annual surplus (deficit)	\$	151,500 \$	150,789 \$	371,210 \$	-	\$	1,444,784 \$	1,956,793

# LAKE BABINE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 23. SEGMENTED INFORMATION, continued

	Natural Resources Department			Consolidated totals		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ 1,080,413	\$ 1,150,000	\$ 11,763,298	\$ 15,000,723	\$ 15,624,823
Federal Government	150,000	111,202	150,000	775,500	1,154,524	1,635,042
Provincial Government	349,749	4,244,263	2,659,565	708,527	9,874,264	4,825,475
Other Aboriginal Groups	80,926	100,000	275,395	5,164,429	10,068,362	5,490,919
Band Generated	-	39,600	102,576	1,092,960	1,618,440	1,679,065
Interest Income	-	-	-	-	104,133	136,993
Administration fee	-	-	-	(30,000)	1,276	18,199
Transfer from deferred revenue	-	1,242,236	259,888	352,340	4,329,021	1,069,265
Other revenue	(580,675)	(6,817,714)	(4,597,424)	617,280	(5,067,222)	(4,797,645)
Total revenue	-	-	-	20,444,334	37,083,521	25,682,136
Expenses						
Administration fees	73,707	349,676	-	1,733,489	1,704	-
Amortization	-	-	-	-	1,411,847	1,324,629
Capital purchases	-	-	1	153,169	-	1
Contracted services	-	52,398	14,560	867,922	740,724	1,255,569
Professional fees	-	729,711	555,993	227,185	1,167,683	1,026,724
Repairs and maintenance	-	6,464	-	546,910	1,090,452	500,307
Travel	76,615	41,415	351,036	1,441,574	1,050,571	2,950,586
Wages and benefits	287,670	920,026	796,455	7,492,542	10,240,270	8,994,699
Other expenses	(437,992)	(2,099,690)	(1,718,045)	9,098,262	11,077,978	11,259,831
Total expenses	-	-	-	21,561,053	26,781,229	27,312,346
Other income (expenses)	-	-	-	(1,116,719)	10,302,292	(1,630,210)
Annual surplus (deficit)	\$ -	\$ -	\$ -	\$ (1,116,719)	\$ 12,141,730	\$ 12,262,301



## **SPECIAL AUDITORS' REPORT**

To the Members of Lake Babine Nation:

We have audited the financial statements of Lake Babine Nation as at March 31, 2021, and for the year then ended and reported on November 25, 2021.

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  
November 25, 2021

*DMC Chartered Professional  
Accountants Inc.*

## ANNEX B

### Schedule of Remuneration and Expenses (Chiefs and Councillors)

Name of Recipient: LAKE BABINE NATION  
For the Year Ended March 31, 2021

Name of Individual	Position Title	Number of Months [Note 1]	Remuneration [Note 2]	Expenses [Note 3]
Gordon Alec	Chief	12	86,500	546
Derek Macdonald	Deputy Chief	12	61,500	209
Melvin Joseph	Woyenne Councillor	12	49,500	333
Murphy Abraham	Woyenne Councillor	12	50,000	1,624
Cheyenne Dennis	Woyenne Councillor	12	49,500	1,351
Shane Modine	Tachet Councillor	12	49,500	1,936
Dolores Alec	Tachet Councillor	12	49,500	2,050
Bessie West	Fort Babine Councillor	12	49,500	481
John West	Fort Babine Councillor	12	49,500	2,845
Verna Power	Old Fort Councillor	12	50,250	11,307

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

2. As per the First Nations Financial Transparency Act:

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

3. As per the First Nations Financial Transparency Act:

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