

Financial Statements of

**BRITISH COLUMBIA ASSEMBLY OF
FIRST NATIONS**

Year ended March 31, 2018

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Financial Statements

Year ended March 31, 2018

Financial Statements

Management's Responsibility for the Financial Statements	1
Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the British Columbia Assembly of First Nations ("BCAFN") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canada generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


The BCAFN's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The BC Regional Chief and Board members meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the BCAFN. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the BCAFN's financial statements.



B.C. Regional Chief



Chief of Staff



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone 250-563-7151
Fax 250-563-5693

AUDITORS' REPORT

To the Members of British Columbia Assembly of First Nations

We have audited the statement of financial position of British Columbia Assembly of First Nations ("BCAFN") as at March 31, 2018 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to BCAFN's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BCAFN's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BCAFN as at March 31, 2018 and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other legal and regulatory requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian public sector accounting standards have been applied on a consistent basis with that of the preceding year.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants

Prince George, Canada
August 29, 2018

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 1,270,263	\$ 86,538
Accounts receivable (note 2)	208,929	647,952
	<hr/> 1,479,192	<hr/> 734,490
Liabilities:		
Accounts payable and accrued liabilities	411,774	396,330
Deferred revenue (note 3)	965,977	253,985
	<hr/> 1,377,751	<hr/> 650,315
Net financial assets	101,441	84,175
Non-financial assets:		
Tangible capital assets (note 4)	85,528	97,242
	<hr/> 85,528	<hr/> 97,242
Accumulated surplus (note 5)	<hr/> \$ 186,969	<hr/> \$ 181,417

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Revenue:			
Indigenous and Northern Affairs Canada ("INAC")	\$ 1,650,223	\$ 1,198,189	\$ 1,168,307
Ministry of Indigenous Relations and Reconciliation ("MIRR")	1,202,667	1,047,708	847,439
Assembly of First Nations ("AFN")	463,270	386,918	449,442
Other income	37,515	28,895	45,060
Rental revenue	-	3,780	33,214
Union of British Columbia Indian Chiefs ("UBCIC")	253,985	253,985	14,348
New Relationship Trust ("NRT")	40,000	50,000	16,666
Canadian Council for Aboriginal Business ("CCAB")	-	-	254,234
Donation revenue	-	27,129	31,049
Total revenue	3,647,660	2,996,604	2,859,759
Expenses:			
Administration	1,049,539	1,082,849	1,152,419
First Nations Leadership Council	414,084	253,985	221,445
New Relationship Trust	40,000	50,000	-
Regional Sessions	999,999	811,248	775,398
Economic Development	250,000	250,000	199,710
Housing Forum	203,852	121,496	298,178
Climate	100,000	87,482	36,960
Women's Dialogue Session - Strategic Planning	142,688	82,556	142,731
Governance	300,382	13,276	-
Children & Families	-	201,701	-
Youth	57,773	36,459	-
Total expenses	3,558,317	2,991,052	2,826,841

Segmented information (note 6)

Annual surplus	\$ 89,343	\$ 5,552	\$ 32,918
Accumulated surplus, beginning of year	181,417	181,417	148,499
Accumulated surplus, end of year	\$ 270,760	\$ 186,969	\$ 181,417

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Change in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017
Annual surplus	\$ 89,343	\$ 5,552	\$ 32,918
Acquisition of tangible capital assets	(3,000)	(19,887)	(42,077)
Amortization of tangible capital assets	-	31,601	32,331
	(3,000)	11,714	(9,746)
Use of prepaid expenses and deposits	-	-	10,028
	-	-	10,028
Change in net financial assets	86,343	17,266	33,200
Net financial assets, beginning of year	84,175	84,175	50,975
Net financial assets, end of year	\$ 170,518	\$ 101,441	\$ 84,175

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,552	\$ 32,918
Items not involving cash:		
Amortization	31,601	32,331
	37,153	65,249
Change in non-cash operating assets and liabilities:		
Accounts receivable	439,023	(479,982)
Accounts payable and accrued liabilities	15,444	183,530
Deferred revenue	711,992	170,652
Prepaid expenses and deposits	-	10,028
	1,203,612	(50,523)
Capital activities:		
Acquisition of tangible capital assets	(19,887)	(42,077)
	(19,887)	(42,077)
Increase (decrease) in cash	1,183,725	(92,600)
Cash, beginning of year	86,538	179,138
Cash, end of year	\$ 1,270,263	\$ 86,538

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements

Year ended March 31, 2018

British Columbia Assembly of First Nations ("BCAFN") was incorporated as a non-reporting society under the Society Act (British Columbia) on April 2, 2003 and is a Political Territorial Organization that represents the 203 First Nations in British Columbia. On November 28, 2016, the new Societies Act (British Columbia) became effective. BCAFN transitioned to the new act on January 19, 2018.

1. Basis of presentation and significant accounting policies:

These financial statements include the assets, liabilities and results of operations of BCAFN. The financial statements of the BCAFN are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, which encompasses the following principles:

(a) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and contracts. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the summary statement of financial position.

Government transfers are recognized as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria is met, and reasonable estimates of the amounts can be made. If the transfer contains stipulations that create a liability, the transfer is recognized as revenue in the period in which the liability is extinguished.

Donations and other revenue are recognized when the cash is received.

(b) Deferred revenue:

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year the services are performed or related expenses incurred.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)
Year ended March 31, 2018

1. Basis of presentation and significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Expenses for repairs and maintenance that do not materially add to the useful life or service potential of the asset are not capitalized, but expensed as incurred. The cost, less residual value, of the tangible capital assets, excluding land, are amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years

Additions during the year have been amortized using the above annual rates prorated for the month of purchase. Assets under construction are not amortized until the asset is available for productive use. When a tangible capital asset no longer contributes to BCAFN's ability to provide services, its carrying amount is written down to its residual value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Items subject to such estimates include the carrying amount of tangible capital assets and deferred revenue. Actual results could differ from these estimates.

(e) Financial instruments:

Unless otherwise noted, it is management's opinion that BCAFN is not exposed to significant interest, currency, or credit risks arising from financial instruments. The fair values of financial instruments approximate their carrying values, unless otherwise noted.

(f) Pension plan:

BCAFN contributes to a private defined contribution pension plan. Contributions are expensed as incurred.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Accounts receivable:

Accounts receivable by funding source is summarized as follows:

	2018	2017
AFN	\$ 42,798	\$ 268,333
MIRR	81,000	245,627
NRT	10,000	63,559
GST rebate receivable	73,878	51,066
Other	1,253	19,367
	<hr/>	<hr/>
	\$ 208,929	\$ 647,952

3. Deferred revenue:

Deferred revenue consists of the following:

	2018	2017
INAC	\$ 502,034	\$ -
MIRR	463,943	-
UBCIC	-	253,985
	<hr/>	<hr/>
	\$ 965,977	\$ 253,985

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

4. Tangible capital assets:

2018	Furniture & Equipment	Computer Equipment	Total
Cost:			
Balance, beginning of year	\$ 36,102	\$ 107,009	\$ 143,111
Additions	720	19,167	19,887
Balance, end of year	36,822	126,176	162,998
Accumulated amortization:			
Balance, beginning of year	\$ 8,759	\$ 37,110	\$ 45,869
Amortization	5,613	25,988	31,601
Balance, end of year	14,372	63,098	77,470
Net book value	\$ 22,450	\$ 63,078	\$ 85,528

2017	Furniture & Equipment	Computer Equipment	Total
Cost:			
Balance, beginning of year	\$ 26,997	\$ 74,037	\$ 101,034
Additions	9,105	32,972	42,077
Balance, end of year	36,102	107,009	143,111
Accumulated amortization:			
Balance, beginning of year	\$ 3,341	\$ 10,197	\$ 13,538
Amortization	5,418	26,913	32,331
Balance, end of year	8,759	37,110	45,869
Net book value	\$ 27,343	\$ 69,899	\$ 97,242

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)
Year ended March 31, 2018

5. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2018	2017
Unrestricted surplus	\$ 101,441	\$ 84,175
Invested in tangible capital assets	85,528	97,242
	<u>\$ 186,969</u>	<u>\$ 181,417</u>

6. Segmented information:

Segmented information has been identified based upon lines of service provided by the BCAFN. BCAFN services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Administration:

Administration provides the functions of corporate administration, finance, human resources, legislative services, and any other functions not categorized to a specific department that are required for carrying out the BCAFN's mandate.

(ii) First Nations Leadership:

First Nations Leadership is responsible for policy analysis, advice and development with respect to First Nations, Provincial and Federal initiatives including: children and families, title and rights, water, forestry, mining, missing & murdered indigenous women & girls, health, education, fisheries, environment and climate change, energy and general engagement with provincial and federal representatives.

(iii) New Relationship Trust:

New Relationship Trust works towards increasing authority and jurisdiction of First Nations governments and thereby improving the quality of life of First Nations citizens in British Columbia. In addition, provides policy coordination and capacity for First Nations organizations.

(iv) Economic Strategic Action Plans:

These strategic plans provide First Nations with access to leadership and expertise to develop regionally-based economic strategic action plans. These strategic plans will encourage and enhance economic investment and progress in First Nation territories across British Columbia.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Segmented information (continued):

(v) Economic Development:

The Economic Development strategy works towards enabling First Nations to develop their own institutions, implement their own tax regimes and fiscal arrangements, build their own decision making structures, and create economic self-sufficiency.

(vi) Housing Forum:

The Housing Forums provide awareness to First Nations about funding available for housing. The forum discussed how the First Nations Market Housing Fund is responsible for supporting market housing arrangements between First Nations and lenders. The fund's vision being "every First Nation family has the opportunity to have a home on their own land in a strong community".

(vii) Climate:

The Climate Sessions work towards enabling First Nations to continue to exercise their laws and jurisdictions to protect their lands, waters, coasts and rivers.

(viii) Women's Dialogue Session - Strategic Planning:

This project's work is to advance a comprehensive action plan for the BCAFN Women's Council and the BCAFN Women's Representative to advocate for the protection of women's rights, eradication of poverty and social injustice in our communities.

(ix) Governance:

This project's work is to streamline the current BCAFN governance structure through revision of internal mechanisms that are more reflective of the current reality. Additionally, looking at ways to effectively manage information in a manner that leads to greater continuity from on-going leadership changes.

(x) Children and Families:

The objective of this work is to obtain the mutual goal of improved outcomes for First Nations children and families, through system reform and engagement with provincial government on child welfare and legislation.

(xi) Youth:

This project's work is to engage BCAFN youth representatives and youth from across the Province to identify issues that can be discussed at regional, provincial and national levels to help guide current leadership and youth-related initiatives. The engagement takes place through a youth forum bringing together youth representatives from across the Province.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Segmented information (continued):

2018	Administration	First Nations Leadership Council	New Relationship Trust	Regional Sessions	Economic Development	Housing Forum	Climate	Women's Dialogue Session - Strategic Planning	Governance	Children & Families	Youth	Total
Revenues:												
MIRR	\$ -	\$ -	\$ -	811,248	\$ -	\$ -	\$ -	\$ -	\$ -	200,000	\$ 36,460	\$ 1,047,708
INAC	811,716	-	-	-	250,000	121,496	-	-	13,276	1,701	-	1,198,189
AFN	224,111	-	-	-	-	-	92,207	70,600	-	-	-	386,918
NRT	-	-	50,000	-	-	-	-	-	-	-	-	50,000
UBCIC	-	253,985	-	-	-	-	-	-	-	-	-	253,985
Rental income	3,780	-	-	-	-	-	-	-	-	-	-	3,780
Donation												
revenue	27,129	-	-	-	-	-	-	-	-	-	-	27,129
Other income	16,939	-	-	-	-	-	-	11,956	-	-	-	28,895
Total revenues	1,083,675	253,985	50,000	811,248	250,000	121,496	92,207	82,556	13,276	201,701	36,460	2,996,604
Expenses:												
Salaries,												
benefits and												
consultants	564,351	75,531	-	32,489	-	-	59,333	-	-	-	-	731,704
Advisory,												
technical and	93,178	19,025	50,000	511,401	180,216	17,425	-	10,694	13,276	-	10,000	905,215
professional												
Office	195,254	18,324	-	122,672	-	74,523	600	867	-	200,000	51	612,291
Travel	142,868	134,297	-	85,011	10,808	27,647	27,549	57,663	-	1,701	20,701	508,245
Amortization	31,601	-	-	-	-	-	-	-	-	-	-	31,601
Meetings and	55,597	6,808	-	59,675	58,976	1,901	-	13,332	-	-	5,707	201,996
assemblies												
Total expenses	1,082,849	253,985	50,000	811,248	250,000	121,496	87,482	82,556	13,276	201,701	36,459	2,991,052
Annual surplus	\$ 826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,725	\$ -	\$ -	\$ -	\$ 1	\$ 5,552

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

6. Segmented information (continued):

2017	Administration	First Nations Leadership Council	New Relationship Trust	Regional Sessions	Economic Development	Housing Forum	Climate	Women's Dialogue Session - Strategic Planning	Total
Revenues:									
MIRR	\$ -	\$ 199,983	\$ -	\$ 522,456	\$ 125,000	\$ -	\$ -	\$ -	\$ 847,439
INAC	595,999	-	-	250,000	83,333	238,975	-	-	1,168,307
AFN	219,794	-	-	10,000	-	40,000	36,960	142,688	449,442
NRT	-	-	16,666	-	-	-	-	-	16,666
Donation revenue	31,049	-	-	-	-	-	-	-	31,049
Rental income	33,214	-	-	-	-	-	-	-	33,214
Other Income	16,400	9,464	-	-	-	19,196	-	-	45,060
CCAB	254,234	-	-	-	-	-	-	-	254,234
UBCIC	-	14,348	-	-	-	-	-	-	14,348
Total revenues	1,150,690	223,795	16,666	782,456	208,333	298,171	36,960	142,688	2,859,759
Expenses:									
Salaries, benefits and consultants	590,155	97,763	-	-	-	-	-	-	687,918
Advisory, technical and professional	76,430	68,480	-	568,165	169,277	38,538	-	25,727	946,617
Office	197,437	2,583	-	10,025	6,600	41,002	4,071	14,547	276,265
Travel	214,169	22,107	-	-	-	164,231	23,449	87,982	511,938
Amortization	32,331	-	-	-	-	-	-	-	32,331
Meetings and assemblies	41,897	30,512	-	197,208	23,833	54,407	9,440	14,475	371,772
Total expenses	1,152,419	221,445	-	775,398	199,710	298,178	36,960	142,731	2,826,841
Annual surplus (deficit)	\$ (1,729)	\$ 2,350	\$ 16,666	\$ 7,058	\$ 8,623	\$ (7)	\$ -	\$ (43)	\$ 32,918

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Pension:

BCAFN provides a defined contribution plan for eligible members of its staff. Members are required to contribute 6% of their of their basic salary. BCAFN contributes 6% and the contributions are directed to the member's contribution account. During the year, BCAFN contributed \$24,573 (2017 - \$28,208).

8. Employee remuneration:

For the fiscal year ending 2018, BCAFN paid total remuneration including taxable benefits of \$508,423 to 5 employees, each of whom received total annual remuneration including taxable benefits of \$75,000 or greater.

9. Credit facility:

Under its credit facility agreement with the Royal Bank of Canada dated February 2, 2016, BCAFN has an authorized revolving demand facility in the amount of \$25,000. The revolving demand facility is due on demand and bears interest at the bank's commercial prime lending rate plus 2.0% (March 31, 2018 - 5.45%, in aggregate). The credit facility was not utilized as at March 31, 2018.

10. Related party transactions:

During the year, a related person of the former Regional Chief was paid \$nil (2017 - \$26,218) for contract services.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

11. Comparative figures:

Certain 2017 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. These changes do not affect prior year surplus.