



Beardy's & Okemasis

2015-2016 Audited Financial Statements



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- Our First Nation is required to have audited financial statements prepared on an annual basis
 - Our funding agreements with Federal, and provincial departments require that we have an annual audit completed
 - The First Nations Trust (the organization that sends us our “SIGA funds” or “gaming funds” requires an annual audit to be submitted as well
- Audited Financial Statements are financial statements that are prepared by an independent auditor
- The Auditor for Beardy's & Okemasis First Nation is currently MNP of Saskatoon



Beardy's & Okemasis 2015-2016 Audited Financial Statements

The Independent Auditor's Report

- The Auditors note what organization the audit is being done on;
- The time period (fiscal year ending March 31, 2016);
- Management's Responsibility for the Financial Statements
- Auditor's Responsibility
- The Opinion (Unqualified)
- Emphasis of Matter



Beardy's & Okemasis 2015-2016 Audited Financial Statements

The Statement of Financial Position (page 1)

- This statement is often referred to as *The Balance Sheet*
- It identifies the Financial Assets; Liabilities; and Non-Financial Assets

	Prior Year	Current Year (2016)	\$ Change	% Change
Financial Assets	\$2,691,868	\$4,215,583	\$1,523,715	56.6%
Liabilities	\$11,955,074	\$10,453,167	(\$1,501,907)	(12.6%)
Net Debt	(\$7,739,491)	(\$7,761,309)	\$21,818	0.28%
Non-Financial Assets	\$20,048,252	\$20,599,589	\$551,337	2.75%
Accounts Receivable	\$1,001,654	\$488,639	(\$513,015)	(51.2%)
Accounts Payable	\$2,892,939	\$1,827,448	(\$1,065,491)	(36.8%)



Beardy's & Okemasis 2015-2016 Audited Financial Statements

The Statement Operations (page 2)

- This statement is often referred to as *The Income Statement*
- It identifies the Revenues; Expenditures; and Operating Surplus/(Operating Loss)

	Prior Year	Current Year (2016)	\$ Change	% Change
Revenue	\$17,733,353	\$20,262,092	\$2,528,739	14.25%
Program Expenses	\$18,293,339	\$19,688,937	\$1,395,598	7.63%
Accumulated Surplus/(Deficit)	(\$637,986)	\$573,155	\$1,211,141	189%
Operating Surplus/(Deficit)	(\$984,829)	(\$797,169)	(\$187,660)	19.05%



Beardy's & Okemasis 2015-2016 Audited Financial Statements

The Statement of Cash Flows (page4)

- It identifies the sources (inflows) and uses (outflows) of Cash during the fiscal year

	Prior Year	Current Year (2016)	\$ Change	% Change
Beginning Cash	\$499,173	\$92,523	(\$406,650)	(81.4%)
Ending Cash	\$92,523	\$91,860	(\$663)	(0.72%)
Largest Source (inflow)	\$987,635 – A/P	\$2,476,048 – Deferred Revenue	N/A	N/A
Largest Use (outflow)	(\$938,374) – repayment of LT Debt	(\$1,065,491) – repayment of A/P	N/A	N/A



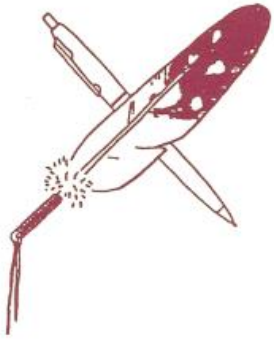
Beardy's & Okemasis 2015-2016 Audited Financial Statements

Notes to the Financial Statements (pages 5 to 16)

- The Notes provide greater detail on figures reported in the statements, as well as explanations on a number of items

Some Notes of particular interest are:

- #3 (page 9) Accounts Receivable – gives a breakdown of who owes the FN money and how much
- #4 (page 9) Restricted Cash – gives a breakdown of Cash that is only to be used for specific items
- #5 (page 10) Investment in Nation Business Entities – gives a summary of the businesses that the FN owns and a summary of financial performance for those entities.
- #6 (page 11) Trust Funds – provides balances for the Revenue Trust and Capital Trust accounts for the FN as well as what the FN used Trust Funds for during the fiscal year
- #8 (page 12) Accounts Payable – gives a breakdown of who the FN owed money to at the end of the fiscal year – for short-term debts



Beardy's & Okemasis 2015-2016 Audited Financial Statements

Notes to the Financial Statements (pages 5 to 16) Continued.....

- #9 (page 12) Deferred Revenue – provides a breakdown of revenues that are “deferred” until spent on a specific item or project.
 - This is usually for INAC-funded capital projects such as Flood Road Repairs, School Repairs, etc.
- #10 (pages 13 to 10) Long-Term Debt – provides a detailed breakdown of the various loans that the FN has; the balance of the loans; the interest rate; and the payment amount.
 - Most of the loans are mortgages for CMHC on-reserve housing



Beardy's & Okemasis 2015-2016 Audited Financial Statements

Audited Schedules (pages 17 to 29)

Schedule 1 – Schedule of Tangible Capital Assets (pages 17 & 18)

- Gives a detailed breakdown of Capital Assets by category
- Capital Assets are long-term assets such as Houses, Land, Buildings, Vehicles

Schedule 2 – Schedule of Consolidated Expenses by Object (page 19)

- Provides a summary of all expense by “object” such as Salaries, Contracted Services, etc.

Schedule 3 – Band Administration (page 20)

- Provides a breakdown of Revenues and Expenses under the *Band Administration* segment/department
- Includes FN Trust (gaming) Revenues

Schedule 4 – Economic Development (page 21)

- Provides a breakdown of Revenues and Expenses for *Economic Development* related activities



Beardy's & Okemasis 2015-2016 Audited Financial Statements

Audited Schedules (pages 17 to 29) Continued....

Schedule 5 – Education (page 22)

- Includes Elementary/High school, Post-Secondary and Labour-force development

Schedule 6 – Justice (page 23)

Schedule 7 – Land Management (page 24)

- Includes revenues from leasing FN lands and funding from INAC related to lands management & development

Schedule 8 – Ottawa Trust (page 25)

- Includes Capital revenues (no changes) & Revenue from land leasing

Schedule 9 – Public Works (page 26)

- 90% of the revenue is from INAC for major capital, band based capita, and operations & maintenance



Beardy's & Okemasis 2015-2016 Audited Financial Statements

Audited Schedules (pages 17 to 29) Continued....

Schedule 10 – Social Development (page 27)

- Includes revenues and expenses for Social Assistance Basic Needs, Special Needs, and Administration
- Also includes National Child Benefit Reinvestment (NCBR) funding, SITAG funding, and funds received from Corrections Canada for some Healing Lodge salaries, as well as the Healing Lodge Board/Committee

Schedule 11 – Sports & Recreation (page 28)

- Few sources of revenue for this program; CIC and staff access some grants for specific costs
- \$315,919 of the expenses are covered by own-source revenues such as Land Lease revenues and FN Trust (gaming) funds

Schedule 12 – Willow Cree Health Services Corporation (page 29)

- 82% of the revenue for Health is provided by Health Canada for specific programs and services



Beardy's & Okemasis 2015-2016 Audited Financial Statements

The General Assessment

- Part of INAC's annual audit review process is the completion of a General Assessment (GA)
- A GA is completed for all organizations and governments that receive federal transfers
- The GA for First Nations governments is thorough and reviews our ability to manage funding and programming in all areas that INAC funds
- A GA score is calculated every year
 - The INAC FSO works with us to complete the GA, then has it approved by management at INAC
 - The GA score determines our *riskiness* as a recipient, this in turn determines the length of our funding agreement (3 to 5 years), and the type of funding agreement we have
 - The least risky FNs have more flexibility in how they spend funding from INAC for instance
- Banks now routinely request a copy of the INAC GA as part of their due diligence process
 - The GA not only affects our INAC funding agreement, but our ability to access commercial credit for the First Nation's various initiatives



Beardy's & Okemasis 2015-2016 Audited Financial Statements

- Since the current Chief & Council took office in March of 2014:
 - The GA score has improved from a High Risk score of 46.38
 - We are now considered a Low Risk recipient with a GA score of 14.67
 - This is an improvement of 68%

❖ Attached Scores provided by INAC FSO M. Tomy

7 yrs

Beardy's GA

2016-17	14.67	Low	Mel T.
2015-16	17.20	Low	Mel T.
2014-15	24.84	medium	Mel T.
2013-14	46.38	high	Khinda D.
2012-13	23.78	medium	Corinne I.
2011-12	29.52	medium	Mel T.
2010-11	21.84	medium	Mel T.
<u>2009-10</u>		NOT YET IMPLEMENTED	



Beardy's & Okemasis 2015-2016 Audited Financial Statements

Summary

- The 2015-2016 had an Audit Opinion of Unqualified
- Financial performance has improved
- There was an operating deficit for the 2015-2016 fiscal year of (\$797,169),
 - This is an improvement from the previous year and an significant improvement since 2013/2014 when the operating deficit was (\$1,618,130)
- Management of federal programs and agreements have improved substantially as indicated by the INAC GA score now being Low-Risk at 14.67
 - This is a significant improvement from the peak GA score of 46.38 (High Risk) in 2014 when the current Chief and Council term began