

The background of the entire page is a photograph of several Indigenous people, likely from the Pacific Northwest, wearing traditional regalia. They are wearing large, feathered headdresses and intricately patterned tunics. One person in the foreground is looking towards the camera, while others are in the background, some holding objects. The image has a warm, yellowish-green tint.

# D2

## LOCAL REVENUE FINANCIAL REPORTING

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# ILLUSTRATIVE FINANCIAL STATEMENTS



First Nations  
**FINANCIAL  
MANAGEMENT  
BOARD**

**CONSEIL  
DE GESTION  
FINANCIÈRE** des  
Premières Nations

APRIL 1, 2024

## TABLE 1 - LIST OF CORE DOCUMENTS

The following table lists the core documents made available by the First Nations Financial Management Board (“the Board”) for First Nations to utilise in developing, implementing and improving their financial management.

FINANCIAL ADMINISTRATION LAW			
	A1	FINANCIAL ADMINISTRATION LAW – REVIEW PROCEDURES	These Procedures apply when a First Nation requests compliance approval of their Financial Administration Law by the FMB.
	A2	FINANCIAL ADMINISTRATION LAW – STANDARDS	These Standards support sound financial administration practices and are the foundation of a Financial Administration Law.
	A3	SAMPLE FINANCIAL ADMINISTRATION LAW	An example of a law that meets the requirements of the <i>Financial Administration Law – Standards</i> .
	A4	FINANCIAL ADMINISTRATION LAW – EXPLANATORY NOTES	These explanatory notes supplement the sample financial administration law.
	A5	FINANCIAL ADMINISTRATION LAW – SELF-ASSESSMENT	A tool that can be used to compare an existing or proposed Financial Administration Law to the <i>Financial Administration Law – Standards</i> .
FINANCIAL MANAGEMENT SYSTEM			
	B1	FINANCIAL MANAGEMENT SYSTEM - CERTIFICATION PROCEDURES	These procedures apply when a First Nation requests a review of their financial management system for the purpose of obtaining Financial Management System Certification from the FMB.
	B2	FINANCIAL MANAGEMENT SYSTEM – STANDARDS	A First Nation must demonstrate compliance with these Standards with in order to achieve Financial Management System Certification. These Standards support sound financial practices for the operation, management, reporting and control of the financial management system of a First Nation.
FINANCIAL PERFORMANCE			
	C1	FINANCIAL PERFORMANCE – CERTIFICATION PROCEDURES	These procedures apply when a First Nation requests a review of their financial performance for the purpose of obtaining Financial Performance Certification from the FMB.
	C2	FINANCIAL PERFORMANCE – STANDARDS	These Standards assess the historical financial performance of a First Nation over a five year period using up to six financial ratios. A First Nation must demonstrate compliance with these Standards in order to achieve Financial Performance Certification.
LOCAL REVENUE FINANCIAL REPORTING			
	D1	LOCAL REVENUE FINANCIAL REPORTING – STANDARDS	These Standards establish requirements for the financial reporting of a First Nation’s local revenues and expenditures.
<input checked="" type="checkbox"/>	D2	LOCAL REVENUE FINANCIAL REPORTING – ILLUSTRATIVE FINANCIAL STATEMENTS	Illustrative annual financial statements for a First Nation’s local revenues and expenditures designed to comply with <i>Local Revenue Financial Reporting – Standards</i> .
	D3	LOCAL REVENUE FINANCIAL REPORTING – ILLUSTRATIVE SEGMENT NOTE DISCLOSURE	Illustrative segment note disclosure for a First Nation’s local revenues for inclusion in the annual financial statements of a First Nation designed to comply with <i>Local Revenue Financial Reporting – Standards</i> .
	D4	LOCAL REVENUE FINANCIAL REPORTING – EXPLANATORY NOTES	These explanatory notes accompany the <i>Local Revenue Financial Reporting – Standards</i> .

Statement of local revenues and expenditures and statement of  
changes in reserve funds funded by local revenues

**[Name] First Nation**

[December / March] 31, 20X1

**[Name] First Nation**  
[December / March] 31, 20X1

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## **Independent Auditor's Report**

To the Members of [Name] First Nation

### **Opinion**

We have audited the statement of local revenues and expenditures and statement of changes in reserve funds of [Name] First Nation for the year ended [December / March] 31, 202X, including a summary of significant accounting policies and other explanatory information (together "the financial statement").

In our opinion, the financial statement presents fairly, in all material respects, the statement of local revenues and expenditures and statement of changes in reserve funds of [Name] First Nation for the year ended [December / March] 31, 202X in accordance with the financial reporting provision of Section 14(1) of the *First Nations Fiscal Management Act* and the Financial Reporting Standards as the basis of accounting described in Note X.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the [Name] First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statement 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 opinion.

### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note X to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to members of [Name] First Nation, local revenue rate payers, the First Nations Tax Commission and other users as specified under Section 14(2) of the *First Nations Fiscal Management Act*. As a result, the statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

Management is responsible for preparation and fair presentation of the financial statement in accordance with the financial reporting provision of Section 14(1) of the *First Nations Fiscal Management Act* and the Financial Reporting Standards as the basis of accounting described in Note X; this includes determining that the financial reporting provision of Section 14(1) of the *First Nations Fiscal Management Act* and the Financial Reporting Standards as the basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 [Name] First Nation's internal control.
- 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 [Name] First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 [Name] First Nation to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

*[Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]*

*[Auditor address]*

*[Date]*

# [Name] First Nation

## Statement of local revenues and expenditures year ended [December / March] 31, 20X1

	Budget	20x1	20x0
	\$	\$	\$
<b>Part 1: Revenues</b>			
Local revenues for current year			
Accumulated surplus - Local revenues carried forward from previous year			
Accumulated deficit - Local revenues carried forward from previous year			
Proceeds from borrowing			
Monies from Reserve Funds			
Moneys borrowed from Reserve Funds			
	-	-	-
<b>Part 2: Expenditures</b>			
General Government expenditures			
Protection Services			
Transportation			
Recreation and Cultural Services			
Community Development			
Environment Health Services			
Fiscal Services			
Other Services			
Grants			
Contingency Amounts			
	-	-	-
Transfers into Reserve Funds			
Repayment of moneys borrowed from Reserve Funds			
	-	-	-
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>

On behalf of [Name] First Nation

\_\_\_\_\_  
Chief

\_\_\_\_\_  
Chair of the Finance and Audit Committee

\_\_\_\_\_  
Director of Finance

# [Name] First Nation

## Statement of changes in reserve funds funded by local revenues year ended [December / March] 31, 20X1

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	[Name of reserve fund]	[Name of reserve fund]	[Name of reserve fund]	[Name of reserve fund]
	\$	\$	\$	\$
<b>Beginning balance as of [January / April] 1, 20X0</b>				
Transfers out				
To local revenue account				
To _____ reserve fund				
Moneys borrowed				
Transfers in				
From local revenue account				
From _____ reserve fund				
Money repaid				
Interest earned				
<b>Ending balance as of [December / March] 31, 20X1</b>				

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# **[Name] First Nation**

Notes to the financial statements

[December / March] 31, 20X1

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## **1. Description of local revenues**

The local revenues of [Name] First Nation (“the First Nation”) consist of revenues collected under the First Nation’s local revenue laws which include revenues from property taxes, provision of services, development cost charges, business activity taxes and [*describe any other*]. Subsection 14(1) of the *First Nations Fiscal Management Act* (“the Act”) requires that the local revenues of a First Nation be reported on and accounted for separately from other moneys of the First Nation in compliance with the standards established under paragraph 55(1)(d) of the Act.

## **2. Basis of presentation**

These financial statements have been prepared based on the financial reporting provisions of Section 14(1) of the Act and the financial reporting standards established under paragraph 55(1)(d) of the Act (“the Financial Reporting Standards”). The Financial Reporting Standards draw upon the Standards for First Nation Expenditure Laws established by the First Nations Tax Commission and require that the First Nation present financial information on the same basis as reflected in its annual Expenditure Law.

## **3. [Subsequent events – as required]**

[•]

## **4. [Additional note – as required or when useful for readers]**

[•]