C2

FINANCIAL PERFORMANCE

STANDARDS

First Nations FINANCIAL MANAGEMENT BOARD

www.fnfmb.com

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TABLE 1 – LIST OF CORE DOCUMENTS

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

	FINANCIAL ADMINISTRATION LAW		
	A1	Financial Administration Law – **Review Procedures**	Procedures to apply when requesting a compliance approval of the First Nation's Financial Administration Law.
	A2	Financial Administration Law – **Standards**	Standards that support sound financial administration practices for a First Nation government in Canada.
	A3	**Sample** Financial Administration Law	Example of a Law which meets the requirements of the A2 Financial Administration Law – Standards.
	A4	Financial Administration Law – **Explanatory Notes**	Provides assistance on the development of a Financial Administration Law by discussing the structure and substantive content of the A3 Sample Financial Administration Law.
	A5	Financial Administration Law – **Assessment**	Tool that can be utilized to compare existing or proposed Financial Administration Law(s) of the First Nation to the A2 Financial Administration Law – Standards.
	FINANCIAL MANAGEMENT SYSTEM		
	B1	Financial Management System – **Certification Procedures**	Procedures to apply when requesting a review of the First Nation's financial management system.
	B2	Financial Management System – **Standards**	Standards that 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**	Procedures to apply when requesting a review of the First Nation's financial performance.
☑	**C2**	Financial Performance – **Standards**	Standards that assess the historical financial performance of a First Nation over a five-year period using up to six financial ratios.
	LOCAL REVENUE ACCOUNT FINANCIAL REPORTING		
	D1	Local Revenue Financial Reporting – **Standards**	Standards that establish requirements for the financial reporting of a First Nation's local revenues and expenditures.
	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 the D1 Local Revenue Financial Reporting – Standards.
	D3	Local Revenue Financial Reporting – **Illustrative Segment Note Disclosure**	Illustrative segment note disclosure for inclusion in the annual financial statements of a First Nation designed to comply with the D1 Local Revenue Financial Reporting – Standards.
	D4	Local Revenue Financial Reporting – Explanatory Notes	Explanatory notes to accompany D1 Local Revenue Financial Reporting – Standards.

BACKGROUND CONTEXT

The *First Nations Fiscal Management Act* ("the Act") establishes several First Nation institutions – the First Nations Tax Commission ("the FNTC"), the First Nations Financial Management Board and the First Nations Finance Authority ("the FNFA") - with mandates designed to permit First Nations access to financial markets on a similar basis as municipalities and local governments in Canada.

Working in a collaborative framework these three institutions facilitate the voluntary development of First Nation capacity to access these markets – by assisting them to use their available revenue streams to secure funding; by assisting them to implement a sound financial management system in which investors and other stakeholders would have confidence - by negotiating on their collective behalf the borrowing of funds from these financial markets.

In order for a First Nation to access these markets through this legislative program, the First Nation must become a "borrowing member" of the FNFA. Before a First Nation is eligible to be considered for membership in the FNFA, the FMB must issue a Financial Performance Certificate to the First Nation indicating that the First Nation was in compliance with the *Financial Performance Standards.* This Certificate supports a First Nation's application to become a borrowing member of the FNFA and its first financing from the FNFA.

The First Nation must obtain a Financial Management System Certificate from FMB within 36 months after the First Nation receives proceeds for the first time from a debenture (or equivalent instrument) issued by the FNFA or before it may obtain a second loan from the FNFA. The FMB has issued the *Financial Management System Standards* for purposes of issuing a First Nation a Financial Management System Certificate.

The FMB has also issued the *Financial Management System Certification Procedures* and the *Financial Performance Certification Procedures* to guide First Nations who are applying for a certificate from the FMB.

A First Nation will not be issued a Financial Management System Certificate or a Financial Performance Certificate by FMB unless the First Nation's law or laws respecting financial administration have first been reviewed and issued a compliance approval by the FMB. The First Nation's law or laws must meet the requirements of the *Financial Administration Law Standards* before they will be approved. The FMB has issued the *Financial Administration Law Review Procedures* to guide First Nations who are applying for compliance approval of their law or laws respecting financial administration. It may be necessary for a First Nation to bring its already approved law or laws respecting financial administration up to date to meet the current *Financial Administration Law Standards* before it will be issued a Financial Management System Certificate. This may be necessary if there has been some significant period of time between the FMB's approval of the First Nation's financial administration law and its request for a Financial Management System Certificate.

To assist First Nations, the FMB has prepared and made available to First Nations a *Sample Financial Administration Law* (Sample Law) which meets the requirements of the *Financial Administration Law Standards* and which reflects sound financial administration practices of local, provincial and federal government in Canada. There are two versions of this Sample Law available – one meets the Standards required to be met by First Nations already raising or intending to raise local revenues under the Act and one meets the Standards required to be met by First Nations that are not raising and intending to raise local revenues under the Act.

FMB Standards were established through a rigorous research and consultative review process that involved FMB internal review and input and advice from professionals experienced in First Nation advisory services.

The FNTC and the FNFA have reviewed and provided comment on the FMB Standards, procedures and sample laws to ensure they do not conflict with FNTC and FNFA authorities applicable to scheduled First Nations including FNFA borrowing members.

In addition to the materials reviewed in the development of the *Financial Administration Law Standards*, the Sample Law and the *Financial Management System Standards*, the following standards and materials were reviewed:

- "Rating Canadian Municipal Governments", DBRS, May 2016
- "International Local and Regional Governments Rating Criteria Outside the United States", Fitch Ratings Inc., April 2016
- "International Public Finance: Methodology for Rating Non-U.S. Local and Regional Governments", Standards and Poor's Rating Services, June 2014
- "Rating Methodology Regional and Local Governments", Moody's Investors Service, January 2013
- "Creditworthiness of Canadian Municipalities", Moody's Investors Service, March 2013
- "Statement of Recommended Practice (SORP-4 Indicators of Financial Condition", Public Sector Accounting Board, 2009
- "Certifying Financial Performance of First Nation Governments" Fiscal Realities Economists, 2009
- "Financial Reporting by First Nations", Canadian Institute of Chartered Accountants, 2008
- "Rating Canadian Municipal Governments", DBRS, 2008
- "Canadian Municipal Government Fact Sheet", DBRS, 2008
- "Rating Methodology: The Application of Joint Default Analysis to Regional and Local Governments", Moody's Investors Service, 2008
- "Regional and Local Governments Outside the US", Moody's Investors Service, 2008
- "Rating Canadian Provincial Governments", DBRS, 2007

- "Moody's Issues Annual Report on Province of British Columbia", Global Credit Research Announcement, Moody's Investors Service, 2007
- "National Financial Sustainability Study of Local Government", PricewaterhouseCoopers, November 2006
- "Application of Joint Default Analysis to Government related Issuers", Moody's Investors Service, 2005
- "The Six Critical Components of Strong Municipal Management: Managerial Methods to Promote Credit Enhancement", Moody's Investors Service, 2004
- "20 Questions About Government Financial Reporting", Public Sector Accounting Board, Canadian Institute of Chartered Accountants, 2003
- "CPA Canada Public Sector Accounting Handbook", CPA Canada

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FIRST NATIONS FINANCIAL MANAGEMENT BOARD

FINANCIAL PERFORMANCE STANDARDS

INTRODUCTION

1.0 PURPOSE OF STANDARDS

1.1 Purpose of Standards – The purpose of these Standards is to establish parameters of financial performance and assessment of a First Nation by the FMB.

1.2 Cautions – These Standards are not intended to provide the basis for assessing whether a First Nation is qualified for any particular loan or financing and should not be relied upon for that purpose. The financial information used to determine whether these Standards have been complied with is based on both the information reported in the First Nation's annual financial statements prepared in accordance with Canadian Public Sector Accounting Standards and their associated audit reports as well as representations of the First Nation's management. The accuracy of all information submitted by the First Nation is the responsibility of the First Nation.

2.0 CERTIFICATION PROCEDURES

2.1 Application of Procedures – The *Financial Performance Certification Procedures* apply to these *Financial Performance Standards.*

3.0 FMB CERTIFICATION

3.1 Certification for borrowing member status – Before the FMB will certify a First Nation for purposes of subsection 76(2) of the *First Nations Fiscal Management Act* (a condition for becoming a borrowing member of the First Nations Finance Authority), the First Nation must demonstrate that it was, in the opinion of the FMB, at the time of the review, in compliance with these *Financial Performance Standards*.

3.2 Certification for borrowing purposes – Before the FMB will certify a First Nation for purposes of paragraph 32(1)(a) of the *First Nations Fiscal Management Act* (a condition for approval of a borrowing law by the First Nations Tax Commission) or for the borrowing purposes set out in any regulations to the *First Nations Fiscal Management Act*, the First Nation must demonstrate that it was, in the opinion of the FMB, at the time of the review in compliance with these *Financial Performance Standards*.

4.0 INTERPRETATION OF STANDARDS

4.1 Definitions – Unless the context indicates otherwise, in these Standards:

"**Act**" means the *First Nations Fiscal Management Act*;

"auditor" means the independent auditor of the First Nation who is licensed to practice public accounting by the provincial or territorial Chartered Professional Accounting body in their respective province and was appointed by the council of the First Nation to provide an opinion on the First Nation's annual financial statements;

"audit report" means a report, including an opinion along with any relevant qualifications, provided by a First Nation's auditor respecting compliance of the First Nation's annual financial statements with Canadian Public Sector Accounting Standards;

"FAL" means the law or laws of a First Nation respecting financial administration;

"***Financial Administration Law Standards***" means the *Financial Administration Law Standards* established by the FMB under subsection 55(1) of the Act;

"Financial Management System Certificate" means a certificate issued to a First Nation by the FMB under its *Financial Management System Certification Procedures;*

"***Financial Management System Standards***" means the *Financial Management System Standards* established by the FMB under subsection 55(1) of the Act;

"Financial Performance Certificate" means a certificate issued to a First Nation by the FMB under the *Financial Performance Certification Procedures;*

"financial statements" means consolidated annual financial statements of the First Nation along with supporting note disclosure prepared in accordance with Canadian Public Sector Accounting Standards and signed by management;

"**FMB**" means the First Nations Financial Management Board.

4.2 Application of Act definitions – Unless the context indicates otherwise, the words and expressions used in these Standards and not otherwise defined have the same meanings as in the Act.

4.3 Rules of interpretation – In these Standards, the following rules of interpretation apply:

a. words in the singular include the plural, and words in the plural include the singular;

b. if a word or expression is defined, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;

c. a reference to a law, including a financial administration law, means the law as amended or replaced from time to time;

d. a reference to a Standard means the Standard as amended or replaced from time to time;

e. headings, subheadings and notes are inserted for convenience of reference only, do not form part of these Standards and in no way define, limit, alter or enlarge the scope or meaning of any provision of these Standards.

4.4 Mandatory provisions – These Standards establish requirements which must be complied with by a First Nation.

4.5 Compliance in all material respects – Before the FMB may issue a Financial Performance Certificate to a First Nation, the FMB must be of the opinion that the First Nation was in compliance, in all material respects, with these Standards.

STANDARDS

5.0 FINANCIAL ADMINISTRATION LAW REQUIREMENTS

5.1 FMB approved FAL – The First Nation has a FAL approved by the FMB under section 9 of the Act.

5.2 Provisions of FAL in force – If a First Nation is requesting a Financial Performance Certificate before the First Nation has a Financial Management System Certificate, the provisions of the First Nation's FAL which comply with the following *Financial Administration Law Standards,* are in force:

a. Standard 13.1 – Fiscal year;

b. Standards 16.1, 16.3, 16.4 and 16.5 – Budgets;

c. Standards 20.2 through to 20.5 – Financial reporting;

d. Standards 21.3 through to 21.5 – Audits;

e. Standards 22.1 through to 22.2 and 22.3.2 – Approval / access to audited statements

f. Standard 24.3 through to 24.5 – Records for local revenue account and other revenues; and

g. Standards 30.0 and 31.0 – Delegated authority on for local revenues and other revenues.

6.0 CERTIFICATION REQUIREMENTS

6.1 Financial Management System Certificate timeline – If a First Nation intends to become a borrowing member of the First Nations Finance Authority at the time it is requesting the FMB to issue it a Financial Performance Certificate, the First Nation commits to make all reasonable efforts to request and receive from the FMB a Financial Management System Certificate

a. before the First Nation passes a borrowing law for its second borrowing of money from the First Nations Finance Authority, and

b. in any event, not later than thirty-six (36) months, or a longer period approved by the FMB, from when the First Nation receives proceeds for the first time from a debenture or equivalent financial instrument issued by the First Nations Finance Authority under the terms of a borrowing law and a security issuing council resolution.

6.2 Financial Management System Certificate for subsequent borrowing – If a First Nation is requesting a Financial Performance Certificate for the purpose of borrowing money from the First Nations Finance Authority, other than for purposes of the First Nation's first borrowing of money, the First Nation has a Financial Management System Certificate.

7.0 FINANCIAL PERFORMANCE RATIOS

7.1 Definitions – In this Standard 7.0:

"amortization expense" means the expense accounted for on the statement of operations representing the allocation of the cost of tangible capital assets over their useful lives;

"expenses" the expenses accounted for on the statement of operations of a First Nation representing decreases in economic resources, either by way of outflows or reductions of assets or incurrences of liabilities, resulting from the First Nation's ordinary revenue generating or service delivery activities;

"financial assets" means assets that could be used to discharge liabilities or finance future operations and are not for consumption in the normal course of operations, and include the following:

a. cash;

b. a realizable asset that is convertible to cash;

c. a contractual right to receive cash or another financial asset from another party;

d. a contractual right to exchange financial instruments with another party under conditions that are potentially favourable to the First Nation;

e. an equity instrument of another party;

f. an investment in a government business enterprise or government business partnership;

g. a financial claim on an outside organization or individuals; or

h. an inventory or item for sale that meets the criteria in the CPA Canada Public Sector Accounting Handbook;

"interest" means the interest expense accounted for on the statement of operations of a First Nation representing the cost incurred by the First Nation for borrowed funds;

"inventory" means the inventory assets presented on the statement of financial position of a First Nation representing assets held for sale in the ordinary course of business, assets in the process of being made ready for sale, and assets in the form of materials or supplies consumed in production or rendering of services;

"financial liabilities" means present obligations of a First Nation arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits;

"local revenues collected" means the amounts, generally reported by First Nation management, that a First Nation has collected as at the date of the review under its annual local revenue laws pursuant to the Act excluding payments or grants in lieu of taxation;

"local revenues levied" means the amount of local revenues that a First Nation has levied under its annual local revenue laws pursuant to the Act excluding payments or grants in lieu of taxation;

"non-financial assets" means assets on the statement of financial position of a First Nation that are for use in the provision of services and do not normally provide resources to discharge existing liabilities. Non-financial assets are assets that were purchased, constructed, contributed, or developed by a First Nation and generally includes:

a. purchased intangible assets,

b. inventory,

c. prepaid expenses, and

d. tangible capital assets;

"non-financial liabilities" means present obligations of a First Nation arising from past transactions or events, expected to be settled using non-financial assets or unrecognized economic resources;

"purchased intangible assets" means the purchased intangible assets presented on the statement of financial position of a First Nation and represent an identifiable non-monetary asset without physical substance;

"revenues" including gains, means the revenues accounted for on the statement of operations of a First Nation representing increases in economic resources, either by way of

inflows and enhancements of assets or reductions of liabilities, resulting from the ordinary activities of the First Nation;

"tangible capital assets" means non-financial assets having physical substance that

a. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital asset;

b. have useful economic lives extending beyond an accounting period;

c. are to be used on a continuing basis; and

d. are not for sale in the ordinary course of business;

"tangible capital asset expenditure" means any amount, generally reported in the Statement of Changes in Net Financial Assets (Net Debt), Statement of Cash Flows or Statement of Operations of the financial statements of a First Nation, which was paid to construct new, or support the maintenance of existing, tangible capital assets other than land.

7.2 Application of definitions – Unless the context indicates otherwise, the financial terms used in this Standard 7.0 and not otherwise defined have the same meanings as defined in the CPA Canada Public Sector Accounting Handbook.

7.3 Financial information – A First Nation demonstrates compliance with this Standard 7.0 using information taken from the following:

a. its five most recent financial statements, with the most recent financial statements having a financial year-end which is not more than sixteen (16) months before the date of issuance of a Financial Performance Certificate;

b. a signed report from an auditor for each of the financial statements referred to in paragraph a; and

c. any additional documentation submitted by the First Nation as required to support and clarify the First Nation's request for review of its financial performance.

7.4 Application to taxes under *Indian Act* – If a First Nation levied or collected property taxes under the *Indian Act* within the time period covered by its five most recent financial statements, references in this Standard 7.0 to local revenues levied or collected under the Act include property taxes levied or collected under the *Indian Act.*

7.5 FIRST NATION FISCAL GROWTH RATIO ("FGR")

7.5.1 Purpose of FGR – The purpose of the FGR is to measure a First Nation's ability to sustain and grow its financial capacity.

7.5.2 Description of FGR – The FGR measures the average annual revenue growth rate expressed as a percentage.

A growth rate of 0 or better indicates that revenue is growing. A ratio of 0 would indicate no revenue growth year after year, when compared over a 5-year period. A growth rate of less than 0 indicates that revenue is decreasing which could indicate an unsustainable trend.

7.5.3 Measure of FGR – The FGR between two contiguous years is measured using the following calculation:

$$\frac{(TR_X - TR_{X-1})}{TR_{X-1}}$$

TR_X: Total revenue in year 'X'

TR_{x-1}: Total revenue from the fiscal year one year prior to year 'X'

The average FGR for the period under review is determined by taking the average of the FGR results between all contiguous years in the period under review (e.g. the average of the growth rate between Year -1 and Year 0, Year -2 and Year -1, Year -3 and Year -2 and Year -4 and Year -3).

7.5.4 Thresholds – The First Nation demonstrates that its average FGR for the period under review is not lower than -5.0%.

7.6 FIRST NATION OPERATING MARGIN RATIO ("OMR")

7.6.1 Purpose of OMR – The purpose of the OMR is to measure a First Nation's ability to sustain fiscal balance.

7.6.2 Description of OMR – The OMR measures the ability of a First Nation to sustain structural fiscal balance by determining the extent to which its revenues have been sufficient to meet its expenses.

A ratio of 0 or greater indicates that sufficient revenue is generated to meet expenses. A ratio less than 0 would indicate that a First Nation is spending beyond its revenue base and thus, exerting stress on its financial capacity.

A cumulative positive OMR indicates fiscal balance has been maintained, whereas a pattern of deficits signals fiscal imbalance and a need to fund deficits by borrowing.

7.6.3 Measure of OMR – The OMR for the period under review is measured using the following calculation:

$$\frac{(TR - TE)}{TR}$$

TR: Total revenues during the period under review

TE: Total expenses during the period under review

7.6.4 Threshold – The First Nation demonstrates that its OMR for the period under review is not lower than -5.0%.

7.7 FIRST NATION ASSET MAINTENANCE RATIO ("AMR")

7.7.1 Purpose of AMR – The purpose of the AMR is to measure a First Nation's ability to sustain its investment in its tangible capital assets other than land.

7.7.2 Description of AMR – The AMR measures the First Nation's total tangible capital expenditures (other than for land) relative to the First Nation's total amortization cost, expressed as a percentage.

The AMR assesses whether the overall asset base is increasing, or being replenished, at a rate equal to, or higher than, the consumption of assets.

The AMR is an indicator of the willingness of the First Nation to maintain the current level of investment in capital assets and provides a measure of the First Nation's ability to execute a tangible capital assets maintenance plan.

An AMR of less than 100% over extended years can create fiscal stress in the future. Delayed maintenance or replacement of capital assets may result in outdated assets which affect the First Nation's ability to provide programs and services.

7.7.3 Measure of AMR – The AMR for the period under review is measured using the following calculation:

$$\frac{TTCE}{TAE}$$

TTCE: Total tangible capital asset expenditures during the period under review

TAE: Total amortization expense during the period under review

7.7.4 Thresholds – The First Nation demonstrates that its AMR for the period under review is not lower than 100.0%.

7.8 FIRST NATION NET DEBT RATIO ("NDR")

7.8.1 Purpose of NDR – The purpose of the NDR is to measure a First Nation's ability to manage its overall level of debt.

7.8.2 Description of NDR – The NDR measures the size of the net debt burden in relation to one year annual revenues available to cover debt service.

The NDR indicates whether a First Nation's debt load is sustainable or potentially restricting its financial flexibility to incur more debt.

An increasing NDR indicates total debt is becoming more onerous on the First Nation that could lead to long-term sustainability concerns. A decreasing NDR indicates the First Nation's capacity to incur more debt is strengthening.

7.8.3 Measure of NDR – The NDR in a given year is measured using the following calculation:

$$\frac{TL_x - TFA_x}{TR_x}$$

TL_x: Total liabilities in year 'X'

TFA_x: Total financial assets in year 'X'

TR_x: Total revenues in year 'X'

The weighted average NDR for the period under review is determined by weighting the NDR for each year and summing those results. The weighting factors are 0.3, 0.3, 0.2, 0.1, and 0.1, for the years from most recent to least recent, respectively.

7.8.4 Thresholds – The First Nation demonstrates that its weighted average NDR for the period under review does not exceed 50.0% **or** that its NDR for the most recent year of the period under review does not exceed 50.0%.

7.9 FIRST NATION INTEREST EXPENSE RATIO ("IER")

7.9.1 Purpose of IER – The purpose of the IER is to measure a First Nation's ability to manage its overall level of debt.

7.9.2 Description of IER – The IER measures the size of the First Nation's interest expense burden in relation to annual revenue.

7.9.3 Measure of IER – The IER for the period under review is measured using the following calculation:

$$\frac{\text{TIE}}{\text{TR}}$$

TIE: Total interest expense during the period under review

TR: Total revenues during the period under review

7.9.4 Thresholds – The First Nation demonstrates that its IER for the period under review does not exceed 5.0%.

7.10 FIRST NATION LOCAL REVENUES COLLECTION RATIO ("LRCR")

7.10.1 Application of LRCR – Standard 7.10 applies only to First Nations raising in excess of $100,000 of local revenues under the *First Nations Fiscal Management Act*. First Nations not raising in excess of $100,000 of local revenues under the Act are exempt from compliance with this Standard.

7.10.2 Purpose of LRCR – The purpose of the LRCR is to measure a First Nation's effectiveness in collecting the local revenues levied.

7.10.3 Description of LRCR – The LRCR measures the amount of local revenues collected compared to the amount of local revenues levied, expressed as a percentage.

7.10.4 Measure of LRCR – The LRCR for the most recent year of the period under review is measured using the following calculation:

$$\frac{\text{LRC}}{\text{LRL}}$$

LRC: Local revenues collected in the most recent year of the period under review

LRL: Local revenues levied in the most recent year of the period under review

7.10.5 Thresholds – The First Nation demonstrates that its LRCR for the most recent year of the period under review is not lower than 95.0%.

8.0 NORMALIZATION ADJUSTMENTS AND COMPARABILITY ADJUSTMENTS

8.1 Normalization adjustments for extraordinary events – If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from the inclusion of an extraordinary event or from the impact of extraordinary circumstances, the FMB may, in its discretion, in order to better evaluate the First Nation's financial performance,

a. reclassify a balance or financial transaction included in the First Nation's financial statements related to the event or circumstance, and

b. adjust, add or remove an amount attributable to the event or circumstance from the calculation of a ratio contained within the *Financial Performance Standards*.

An extraordinary event must be both unusual and infrequent. Unusual events are highly abnormal and unrelated to the ordinary and typical activities of a First Nation. Infrequent events are reasonably expected not to recur going forward.

Extraordinary circumstances also include circumstances beyond a First Nation's control that normal prudence and experience could not foresee, anticipate or provide for.

8.2 Comparability adjustments – If, in the opinion of the FMB, a First Nation's ability or inability to satisfy a threshold described in Standard 7.0 resulted from historical differences in accounting policy, bookkeeping procedure, or financial statement presentation, the FMB may, in its discretion,

a. reclassify a balance or financial transaction of a First Nation included in the First Nation's financial statements, and

b. adjust, add or remove that balance or transaction from the calculation of a ratio contained within Standard 7.0.



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