



MONTREAL LAKE CREE NATION
BAND COUNCIL RESOLUTION

DATE: July 19, 2016
File Reference: MLCN Administration
Community: *Montreal Lake Cree Nation*

Note: The words "From our Band Funds" "Capital" or "Revenue" whichever is the case, must appear on all resolutions requesting expenditures from Band Funds.

THE COUNCIL OF THE: MONTREAL LAKE CREE NATION
AGENCY: PRINCE ALBERT, SASKATCHEWAN

Band Council Resolution

- WHEREAS** one of the Councillors has been misinforming Band members and others about the Band's financial status including most recently the Commercial Accounts Manager at First Nations Bank; AND
- WHEREAS** the same Councillor has suggested that a fellow Councillor is personally benefiting from the construction contracts at the new health centre; AND
- WHEREAS** the Band has moved from a high risk category to a low risk assessment on INAC's General Risk Assessment since Mr. D'Amato has been Band Manager meaning that all transfer payment programs are managed with integrity, transparency and accountability in a manner that is sensitive to risks; AND
- WHEREAS** under Mr. D'Amato's guidance, MLCN has the lowest risk assessment of any First Nation in the Province;
- WHEREAS** the Band's auditor has moved from a disclaimer of opinion to a qualified audit to a series of four unqualified opinions since the Chief engaged Mr. D'Amato; AND
- WHEREAS** an unqualified opinion means the financial statements are presumed to be free from material misstatements. In addition, the unqualified opinion over the internal controls of MLCN means that Mr. D'Amato has claimed responsibility for their establishment and maintenance, and that the auditor has performed fieldwork to test their effectiveness and determined that they are effective; AND
- WHEREAS** the Band's funding arrangements and bank loans depend on the Band continuing to engage Mr. D'Amato as Band Manager; and
- WHEREAS** in late 2012 the First Nations Bank of Canada took the following position with respect to MLCN:



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- 1 MLCN will provide sufficient operating funds to sustain its program funding month over month. FNB reaffirmed that operating credit has been maintained at historical levels and is not increasing.
- 2 FNB confirmed accounts payables are improving month over month
- 3 MLCN's existing long term credit has been renewed and is paying down as agreed.
- 4 FNB has not returned any cheques NSF and programs are operating as intended via its funding agreement.
- 5 MLCN identified that the initial debt restructure loan is no longer necessary as other own source revenues expected in early 2013 have the potential to further support and accelerate the debt recovery plan.
- 6 FNB re affirmed that as long as current consultant/Manager is involved the Bank remains comfortable with MLCN's progress.


WHEREAS First Nations Bank of Canada continues to maintain that position; **AND**

WHEREAS the CIBC has agreed to lend MLCN up to \$9 million dollars for new housing construction provided the current Manager is involved;

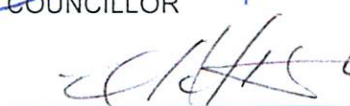
NOW THEREFORE BE IT RESOLVED that MLCN continue to retain the services of Mark D'Amato under the current arrangements until March 31, 2017 or until a new Council is in place whichever occurs first and that as Band Manager and Financial Controller all MLCN transactions that have a financial component will continue to require his approval [in other words, he will have the exclusive right to veto any matter that creates financial liability for the Band] and upon its execution a copy of this BCR be sent to MLCN's funders and to the lenders.

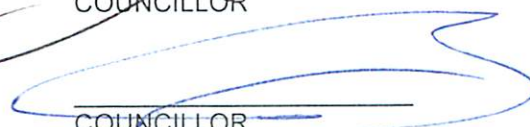

CHIEF

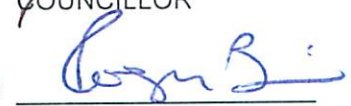

COUNCILLOR


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A quorum of this band consists of five (5) Council Members



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Re the 'Auditor's Opinion'

The audit opinion is presented in an auditor's report. The audit report begins with an introductory section outlining the responsibility of management and the responsibility of the audit firm. The second section identifies the financial statements on which the audit opinion is given. A third section outlines the auditor's opinion. Although it is not found in all audit reports, a fourth section may be presented as further explanation regarding a qualified opinion or an adverse opinion.

Unqualified Opinion

An unqualified opinion is also known as a clean opinion. The auditor reports an unqualified opinion if the financial statements are presumed to be free from material misstatements. In addition, an unqualified opinion is given over the internal controls of an entity if management has claimed responsibility for its establishment and maintenance, and the auditor has performed fieldwork to test its effectiveness.

Qualified Opinion

A qualified opinion is given when a company's financial records have not been presented in accordance with GAAP. Although the wording of a qualified opinion is very similar to an unqualified opinion, the auditor provides an additional paragraph including exclusions from the cleanliness of the financial statements and points out why the auditor report is not unqualified.

Adverse Opinion

The most unfavorable opinion a business may receive is an adverse opinion. An adverse opinion indicates financial records are not in accordance to GAAP and are grossly misstated. An adverse opinion is an indicator of fraud, and public entities that receive an adverse opinion are forced to correct their financial statements and have the financial statements re-audited. Investors, lenders and other financial institutions do not typically accept financial statements with adverse opinions.

Disclaimer of Opinion

In the event the auditor is unable to complete the audit report due to absence of financial records or insufficient cooperation from management, the auditor issues a disclaimer of opinion. This is an indication that no opinion over the financial statements was able to be determined. A disclaimer of opinion is not an opinion itself.