

Seine River First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

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Seine River First Nation Management's Statement of Responsibility for Financial Reporting

March 31, 2016

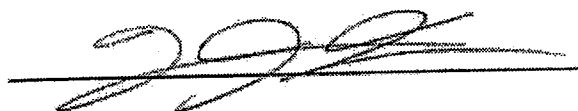
The accompanying consolidated financial statements of Seine River First Nation are the responsibility of management and have been approved by the Chief and Council.

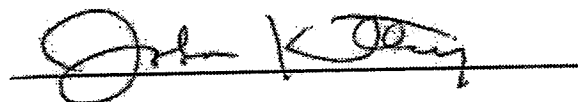
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Seine River First Nation and meet when required.

On behalf of Seine River First Nation

 Chief

 Councilor

Independent Auditor's Report

To the Members Seine River First Nation

We have audited the accompanying consolidated financial statements of Seine River First Nation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and 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 consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity'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 the entity'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.

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

Section 1200, Financial Statement Presentation, of Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the years ended March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Opinion

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Seine River First Nation as at March 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 16, 2016

Seine River First Nation

Consolidated Statement of Financial Position

March 31

2016

2015

Financial assets

Cash (Note 2)	\$ 3,138,166	\$ 1,796,028
Due from band members (Note 3)	15,028	9,131
Accounts receivable (Note 4)	480,683	441,766
Due from government (Note 5)	148,031	145,319
Portfolio investments (Note 6)	2,032,181	2,417,236
Investments in government business enterprises (Note 7)	453,345	533,095
Trust funds held by federal government (Note 8)	184,022	174,872

	6,451,456	5,517,447
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Liabilities

Demand loan (Note 19)	48,530	-
Accounts payable and accrued liabilities (Note 9)	1,504,259	788,217
Due to government (Note 10)	95,896	73,247
Deferred revenue (Note 18)	449,216	371,799
Long term debt (Note 11)	3,067,164	3,147,420

	5,165,065	4,380,683
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Net financial assets

	1,286,391	1,136,764
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Non-financial assets

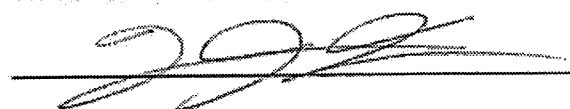
Prepaid expenses	22,630	27,988
Tangible capital assets (Note 13)	5,822,810	5,292,294

	5,845,440	5,320,282
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Accumulated Surplus (Note 14)

	\$ 7,131,831	\$ 6,457,046
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On behalf of the Band:

 Chief

 Councilor

Seine River First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2016	2015
Revenue		
Federal government transfers (Note 18)	\$ 4,408,273	\$ 3,485,649
Provincial government transfers (Note 18)	1,507,040	1,084,893
Ontario First Nations Limited Partnership (Note 18)	586,081	584,905
Rental revenue	207,639	216,935
Other	1,375,543	3,522,312
Trust fund revenue	9,150	4,813
Equity earnings (loss) in government business enterprise (Note 7)	(79,750)	37,095
	<u>8,013,976</u>	<u>8,936,602</u>
Expenses		
Band management	854,412	879,284
Community services	884,388	793,515
Economic development	328,281	328,075
Education	1,884,177	1,835,814
Employment programs	95,736	123,512
Health	431,558	421,094
Housing	320,768	362,547
Public works	368,921	425,433
Social services	953,238	959,080
Ontario First Nations Limited Partnership	253,935	258,479
Land & flood claims	230,820	256,044
Capital	773,237	734,097
	<u>7,379,471</u>	<u>7,376,974</u>
Annual surplus before other items	634,505	1,559,628
Other items		
Recovery (repayment) of funding	40,280	(126,444)
Annual surplus	<u>674,785</u>	<u>1,433,184</u>
Accumulated surplus, beginning of year	6,457,046	5,023,862
Accumulated Surplus, end of year	<u>\$ 7,131,831</u>	<u>\$ 6,457,046</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Seine River First Nation
Consolidated Statement of Changes
in Net Financial Assets**

March 31	2016	2015
Annual surplus	\$ 674,785	\$ 1,433,184
Acquisition of tangible capital assets	(1,398,349)	(303,848)
Amortization of tangible capital assets	867,833	891,532
Change in prepaid expenses	5,358	11,983
Net change in net financial assets	149,627	2,032,851
Net financial assets (debt), beginning of year	1,136,764	(896,087)
Net financial assets, end of year	\$ 1,286,391	\$ 1,136,764

The accompanying notes are an integral part of these consolidated financial statements.

Seine River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Operating transactions		
Annual surplus	\$ 674,785	\$ 1,433,184
Items not involving cash		
Amortization of tangible capital assets	867,833	891,532
Equity (earnings) loss in government business enterprise	79,750	(37,095)
	<u>1,622,368</u>	<u>2,287,621</u>
Changes in:		
Due from band members	(5,897)	13,419
Accounts receivable	(38,917)	45,405
Due from government and government organizations	(2,712)	717,015
Prepaid expenses	5,358	11,983
Accounts payable and accrued liabilities	716,042	186,602
Due to government and government organizations	22,649	42,572
Deferred revenue	77,417	205,827
Trust funds held by federal government	(9,150)	(4,813)
	<u>764,790</u>	<u>1,218,010</u>
	<u>2,387,158</u>	<u>3,505,631</u>
Capital transactions		
Purchase of tangible capital assets	(1,398,349)	(303,848)
Investing transactions		
Purchased shares of Rainy Lake Tribal Resource Management Inc.	-	(100)
Receipt of common shares of New Gold Inc.	-	(428,572)
Receipt of interest in Rainy River District First Nations Trust	385,055	(1,988,564)
	<u>385,055</u>	<u>(2,417,236)</u>
Financing transactions		
Advances on long term debt	157,480	207,208
Repayment of long term debt	(237,736)	(212,020)
Demand loan advances	48,530	-
	<u>(31,726)</u>	<u>(4,812)</u>
Increase in cash	<u>1,342,138</u>	<u>779,735</u>
Cash, beginning of year	<u>1,796,028</u>	<u>1,016,293</u>
Cash, end of year	<u>\$ 3,138,166</u>	<u>\$ 1,796,028</u>
Supplementary cash flow information		
Interest received in year	\$ 5,712	\$ 11,958
Interest paid in year	50,522	62,889

The accompanying notes are an integral part of these consolidated financial statements.

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook, and include all organizations, operations and activities that are:

- i) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- ii) owned or controlled by the First Nation.

This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises and partnerships on a modified equity method as disclosed in Note 7 to these consolidated financial statements.

Other long term investments are reflected at cost as disclosed in Note 6.

Government business enterprises and partnerships are separate legal entities which do not rely on the government for funding. The First Nation's government business enterprises and partnerships consist of:

- i) Rainy Lake Tribal Development Corporation
- ii) Senic River Mall Inc.
- iii) Rainy Lake Tribal Resource Management Inc.
- iv) Boundary Waters Anishinaabeg Development, LP

These investments are accounted for using the modified equity basis of accounting.

b) Reporting Entity

The Seine River First Nation reporting entity includes the Seine River First Nation government and all related entities that are controlled by the First Nation.

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise or partnership. Inter-organizational balances and transactions are eliminated upon consolidation.

The following entity has been consolidated in the financial statements:

- i) Seine River First Nation Development Corporation

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (cont'd)

d) Cash

Cash consists of cash on hand.

e) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

f) Investments

The modified equity method of accounting is used to account for investments in the First Nation's government business enterprises and partnerships which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings. No adjustment is made for accounting policies of the enterprise that are different from those of Seine River First Nation and inter-organizational balances and transactions are not eliminated.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Automotive/vehicles	-	5 years
Computer equipment	-	3 years
General equipment	-	5 years
Community playground	-	5 years
Infrastructure and water systems	-	20 years
Buildings and housing	-	20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Seine River First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical or cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (cont'd)

h) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates include estimated useful lives of tangible capital assets and allowance for doubtful accounts.

j) Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected events results in contamination. A liability for remediation of contaminated sites is recognized when: the First Nation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Seine River First Nation

Notes to Consolidated Financial Statements

March 31, 2016

2. Cash

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Seine River First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Cash is comprised of the following:

	2016	2015
Externally Restricted		
Canada Mortgage and Housing Corporation	\$ 49,722	\$ 49,709
Unrestricted	3,088,444	1,746,319
Total cash	<u>\$ 3,138,166</u>	<u>\$ 1,796,028</u>

3. Due from Band Members

	2016	2015
Due from band members	\$ 1,088,105	\$ 1,044,160
Allowance for doubtful accounts	(1,073,077)	(1,035,029)
	<u>\$ 15,028</u>	<u>\$ 9,131</u>

4. Accounts Receivable

	2016	2015
Accounts receivable	\$ 444,249	\$ 419,812
Public body service rebate	84,829	70,349
	<u>529,078</u>	<u>490,161</u>
Less: valuation allowance	(48,395)	(48,395)
	<u>\$ 480,683</u>	<u>\$ 441,766</u>

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

5. Due from Government

	2016	2015
Federal government		
Indigenous and Northern Affairs Canada	\$ 25,192	\$ 122,666
Health Canada	14,451	-
Canada Mortgage and Housing Corporation	15,246	16,360
Fisheries and Oceans	795	-
Provincial government	92,347	6,293
	<u>\$ 148,031</u>	<u>\$ 145,319</u>

6. Portfolio Investments

	Fair Market Value	2016	2015
New Gold Inc. (95,450 common shares)	\$ 462,933	\$ 428,572	\$ 428,572
Agnico Eagle Mines Ltd. (15,436 common shares)	725,338	560,172	-
Osisko Gold Royalties Inc. (21,250 common shares)	294,738	336,175	-
Yamana Gold Inc. (56,256 common shares)	221,649	499,554	-
Rainy River District First Nations Trust	207,608	207,608	1,988,564
8232121 Canada Ltd.	100	100	100
	<u>\$ 1,912,366</u>	<u>\$ 2,032,181</u>	<u>\$ 2,417,236</u>

In a prior year, the First Nation became a beneficiary of the Rainy River District First Nations Trust ("the trust"). The trust was formed for the benefit of seven First Nations. The trust maintains a capital account for each First Nation. The initial capital contributed to the trust for the benefit of the First Nation consisted of cash and common shares of publicly traded companies with a fair market value of \$1,969,631. During the year, the investments earned \$63,450 (2015 - \$18,933) in interest and dividend income. During the year, common shares and cash with a book value of \$1,844,406 was transferred into a brokerage account controlled by the First Nation. The fair market value of the First Nation's capital trust account as at March 31, 2016 is \$207,608 (2015 - \$1,681,654) which consists of cash and cash equivalents.

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

7. Investments in Government Business Enterprises and Partnerships

Rainy Lake Tribal Development Corporation

Rainy Lake Tribal Development Corporation is a Corporation that was created for the purpose of pursuing economic development opportunities to generate wealth for the seven First Nation members belonging to Pwi-Di-Goo-Zing Ne-Yaa-Zhing.

Rainy Lake Tribal Resource Management Inc.

Rainy Lake Tribal Resource Management Inc. is a corporation that was created to undertake a contract with the Ministry of Natural Resources of Ontario to manage the Sapawe forest.

Senic River Mall Inc.

Senic River Mall Inc. is a corporation that was created to manage a seven unit commercial rental property in the Town of Fort Frances.

Boundary Waters Anishinaabeg Development, LP

Boundary Waters Anishinaabeg Development, LP is a partnership that was created for the purpose of pursuing economic development opportunities.

Seine River First Nation

Notes to Consolidated Financial Statements

March 31, 2016

7. Investments in Government Business Enterprises and Partnerships (cont'd)

	Rainy Lake Tribal Resource Management Inc.	Rainy Lake Tribal Development Corporation	Senic River Mall Inc.	Boundary Waters Anishinaabeg Development, LP	Total
Percentage Ownership	16.66%	16.66%	33.33%	25%	
Carrying value, March 31, 2014	\$ 100	\$ 456,465	\$ 39,436	\$ -	\$ 496,001
Share of net income (loss)	(2,175)	23,926	15,343	-	37,094
Carrying value, March 31, 2015	(2,075)	480,391	54,779	-	533,095
Share of net income (loss)	9,109	(182,976)	13,183	80,934	(79,750)
Carrying value, March 31, 2016	\$ 7,034	\$ 297,415	\$ 67,962	\$ 80,934	\$ 453,345
Balance comprised of:					
Common and preferred shares	\$ 100	\$ 525,548	\$ 10	\$ -	\$ 525,658
Share of cumulative net losses	6,934	(268,019)	(24,792)	80,934	(204,943)
Balance due from investment	-	39,886	92,744	-	132,630
	\$ 7,034	\$ 297,415	\$ 67,962	\$ 80,934	\$ 453,345

Seine River First Nation

Notes to Consolidated Financial Statements

March 31, 2016

7. Investments in Government Business Enterprises and Partnerships (cont'd)

	Rainy Lake Tribal Resource Management Inc.	Rainy Lake Tribal Development Corporation	Senic River Mall Inc.	Boundary Waters Anishinaabeg Development, LP
Balance Sheet				
Current assets	\$ 386,001	\$ 1,300,235	\$ 6,892	\$ 241,150
Long-term investments	-	460,493	-	756,407
Capital assets	-	-	162,918	2,696,396
Other assets	-	-	59,064	-
	<u>\$ 386,001</u>	<u>\$ 1,760,728</u>	<u>\$ 228,874</u>	<u>\$ 3,693,953</u>
Current liabilities	\$ 343,791	\$ 308,260	\$ 25,005	\$ 772,723
Long term debt	-	-	-	1,871,117
Shareholders' loan	-	-	278,229	726,052
Equity				
Share Capital	600	3,153,294	30	1,001
Deficit	41,610	(1,700,826)	(74,390)	323,060
	<u>\$ 386,001</u>	<u>\$ 1,760,728</u>	<u>\$ 228,874</u>	<u>\$ 3,693,953</u>
Income Statement				
Revenue	\$ 1,260,331	\$ (244,485)	\$ 142,685	\$ 711,020
Expenses	1,205,676	853,154	103,135	387,960
Net income (loss) for the year	54,655	(1,097,639)	39,550	323,060
Deficit, beginning of year	(13,045)	(603,187)	(113,940)	-
Deficit, end of year	<u>\$ 41,610</u>	<u>\$ (1,700,826)</u>	<u>\$ (74,390)</u>	<u>\$ 323,060</u>

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

8. Trust Funds Held by Federal Government

	2015	Additions	2016
Revenue	\$ 119,644	\$ 9,150	\$ 128,794
Capital	55,228	-	55,228
	\$ 174,872	\$ 9,150	\$ 184,022

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

9. Accounts Payable and Accrued Liabilities

	2016	2015
Trade payables	\$ 835,636	\$ 542,863
Vacation pay	40,263	48,094
Tuition payable	628,360	197,260
	\$ 1,504,259	\$ 788,217

10. Due to Government

	2016	2015
Federal government	\$ 72,709	\$ 41,029
Provincial government	23,187	32,218
	\$ 95,896	\$ 73,247

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

11. Long Term Debt

	2016	2015
CMHC mortgage, payable \$4,836 monthly including interest at 1.67%, maturing April 1, 2017	\$ 327,270	\$ 379,457
CMHC mortgage, payable \$2,428 monthly including interest at 1.77%, maturing March 1 2017	31,369	59,641
TD Canada Trust mortgage, principal reduction \$1,012 monthly plus interest at 0.97%, maturing December 1, 2020	166,486	203,562
CMHC mortgage, payable \$2,268 monthly including interest at 1.71%, maturing September 1, 2017	391,823	412,203
CMHC mortgage, payable \$3,685 monthly including interest at 1.12%, maturing February 1, 2020	754,427	790,028
CMHC mortgage, payable \$3,010 monthly including interest at 2.00%, maturing November 1, 2018	659,179	681,957
TD Canada Trust term loan, payable \$3,453 monthly plus interest at prime plus 1.75% (4.45%), maturing August 29, 2019, secured by specific vehicles	141,592	183,034
Indigenous and Northern Affairs Canada, Native Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2019 or the date on which the claim is settled	54,920	54,920
Indigenous and Northern Affairs Canada, Native Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2020 or the date on which the claim is settled	180,260	180,260
Indigenous and Northern Affairs Canada, Native Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2020 or the date on which the claim is settled	58,282	-
Indigenous and Northern Affairs Canada, Flood Claims Loan, non-interest bearing, maturing at the earliest of March 31, 2018 or the date on which the claim is settled	43,955	43,955
Indigenous and Northern Affairs Canada, Treaty Land Entitlement Claim Loan, non-interest bearing unless the loan matures, maturing at the earliest of March 31, 2017 or the date on which the claim is settled	46,680	46,680
Indigenous and Northern Affairs Canada, Treaty Land Entitlement Claim Loan, non-interest bearing unless the loan matures, maturing at the earliest of March 31, 2020 or the date on which the claim is settled	99,198	-
Indigenous and Northern Affairs Canada, Treaty Land Entitlement Claim Loan, non-interest bearing unless the loan matures, maturing at the earliest of March 31, 2018 or the date on which the claim is settled	111,723	111,723
	3,067,164	3,147,420
Current portion	491,453	402,812
	<u>\$ 2,575,711</u>	<u>\$ 2,744,608</u>

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

11. Long Term Debt (cont'd)

Should any of the Indigenous and Northern Affairs Canada Native Claims, Flood Claims or Treaty Land Entitlement loans mature while the claims are still in negotiation, the loan repayment dates will be extended by 5 years, or a period that coincides with an anticipated settlement date. The above balances are all recorded as long term.

The mortgages are guaranteed by Indigenous and Northern Affairs Canada and secured by specific buildings.

Principal payments due in the next five years and thereafter are as follows:

	<u>Current Banking Agreements</u>	<u>Assuming Refinancing on Maturity</u>
<u>Year</u>	<u>Amount</u>	<u>Amount</u>
2017	\$ 491,453	\$ 213,965
2018	484,456	190,264
2019	703,007	189,596
2020	675,304	167,579
2021	117,926	152,505
Thereafter	595,018	2,153,255
	<u>\$ 3,067,164</u>	<u>\$ 3,067,164</u>

12. Contaminated Site

In November 2013, Seine River First Nation engaged a consulting firm to conduct a remedial investigation and option analysis for the Band. One area was identified (oil change area) with contamination issues.

PSAB 3260.08 states that a liability for contaminated sites should be recognized when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the government is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

As at the reporting date, it was not determinable if the government is directly responsible, accepts responsibility or it is expected that future economic benefits will be given up. Consequently no liability has been accrued in these financial statements.

Seine River First Nation

Notes to Consolidated Financial Statement

March 31, 2016

13. Tangible Capital Assets

	2016					
	Commercial Buildings	General Equipment	Housing	Infrastructure	Vehicles	Water Systems
					Other	Construction in Progress
						Total
Cost, beginning of year	\$ 3,556,125	\$ 869,401	\$ 6,479,982	\$ 289,357	\$ 1,179,853	\$ 6,905,215
Additions	-	19,440	-	-	25,631	1,353,278
Cost, end of year	3,556,125	888,841	6,479,982	289,357	405,350	1,353,278
Accumulated amortization, beginning of year	2,455,997	609,722	3,904,909	165,810	877,215	6,212,466
Amortization	166,625	27,189	220,995	8,122	71,500	345,137
Accumulated amortization, end of year	2,622,622	636,911	4,125,904	173,932	948,715	6,557,603
Net carrying amount, end of year	\$ 933,503	\$ 251,930	\$ 2,354,078	\$ 115,425	\$ 231,138	\$ 347,612
					\$ 235,846	\$ 1,353,278
						\$ 5,822,810

Seine River First Nation

Notes to Consolidated Financial Statement

March 31, 2016

13. Tangible Capital Assets (cont'd)

	2015					
	Commercial Buildings	General Equipment	Housing	Infrastructure	Vehicles	Water Systems Other
Cost, beginning of year	\$ 3,556,125	\$ 869,401	\$ 6,479,982	\$ 289,357	\$ 876,005	\$ 6,905,215
Additions	-	-	-	-	303,848	-
Cost, end of year	3,556,125	869,401	6,479,982	289,357	1,179,853	6,905,215
Accumulated amortization, beginning of year	2,289,372	561,726	3,683,914	154,236	825,177	5,867,329
Amortization	166,625	47,996	220,995	11,574	52,038	345,137
Accumulated amortization, end of year	2,455,997	609,722	3,904,909	165,810	877,215	6,212,466
Net carrying amount, end of year	\$ 1,100,128	\$ 259,679	\$ 2,575,073	\$ 123,547	\$ 302,638	\$ 692,749
						\$ 238,480
						\$ 5,292,294

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

14. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2016	2015
Fund balances		
Unrestricted		
Fund balance - General	\$ 6,169,437	\$ 5,591,025
Internally restricted		
Band trust funds (Note 8)	184,022	174,872
Band transportation vehicle replacement	134,155	134,155
Externally restricted		
Replacement reserve - CMHC	246,955	245,476
Operating reserve - CMHC	397,262	311,518
Accumulated Surplus	\$ 7,131,831	\$ 6,457,046

15. Contingencies

Seine River First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Seine River First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Seine River First Nation's financial statements.

Retention or repayment of individual program expenses will be determined and negotiated with the appropriate funding agencies upon receipt of these financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of excesses.

16. Intangibles

All intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the financial statements.

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

17. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

18. Deferred Revenue and Government Transfers

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31, 2016
<u>Federal Government</u>				
Indigenous and Northern Affairs Canada	\$ 371,799	\$ 3,132,236	\$ 3,209,653	\$ 449,216
FedNor	-	605,642	605,642	-
Health Canada	-	399,444	399,444	-
CMHC	-	193,534	193,534	-
	<u>371,799</u>	<u>4,330,856</u>	<u>4,408,273</u>	<u>449,216</u>
<u>Provincial Government</u>				
Ministry of Aboriginal Affairs	-	246,239	246,239	-
Ministry of Community and Social Services (AHWS)	-	791,208	791,208	-
Ministry of Natural Resources	-	109,936	109,936	-
Ministry of Northern Development and Mines (MNDM)	-	9,165	9,165	-
Ministry of Education	-	13,049	13,049	-
Northern Ontario Heritage Fund Corporation	-	337,443	337,443	-
	<u>-</u>	<u>1,507,040</u>	<u>1,507,040</u>	<u>-</u>
<u>First Nation and Organization</u>				
Ontario First Nations Limited Partnership	-	586,081	586,081	-
	<u>\$ 371,799</u>	<u>\$ 6,423,977</u>	<u>\$ 6,501,394</u>	<u>\$ 449,216</u>

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

19. Operating Loan

The First Nation has an operating loan with a credit limit of \$650,000 (2015 - \$500,000). The credit line bears interest at the Toronto-Dominion's prime lending rate plus 1.50% for an effective rate of 4.20% at March 31, 2016 and is secured by a general security agreement. As at March 31, 2016, the balance available on the credit line was \$601,470 (2015 - \$500,000).

20. Pension Plan

The First Nation has a defined contribution plan for full-time employees. The First Nation matches employee contributions to a maximum of 5.5% of employees salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The expense to the First Nation for the year was \$59,886 (2015 - \$54,043).

21. Segmented Information

Seine River First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes, the Seine River First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Seine River First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Management

Band Management contains activities that are needed to run the Seine River First Nation organization.

Community Services

Community Services contains activities that provide a benefit to the community.

Economic Development

Economic Development contains all the activities that provide economic support for the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Employment Programs

Employment programs contains activities that provide employment and training services.

Seine River First Nation Notes to Consolidated Financial Statements

March 31, 2016

21. Segmented Information (cont'd)

Health Services

Health Services contains activities that provide medical services to band members.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

Land & Flood Claims

Land & Flood Claims contains activities that provide support for the First Nation's negotiations with the federal and provincial government.

Public Works

Public Works contains all activities that relate to the maintenance of infrastructure, buildings and land of the First Nation.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Ontario First Nations Limited Partnership

Ontario First Nations Limited Partnership contains activities decided by Chief and Council.

Projects

Projects contains capital and other activities for which a specific project has been set up and separately monitored.

Seine River First Nation

Notes to Consolidated Financial Statements

21. Segmented Information (cont'd)

For the year ended March 31, 2016	Band Management	Community Services	Economic Development	Education	Employment Programs	Health	Housing	Balance Forward
Revenue								
Federal government transfers	\$ 349,531	\$ -	\$ 650,858	\$ 1,772,089	\$ 35,000	\$ 391,944	\$ 193,533	\$ 3,392,955
Provincial government transfers	-	-	536,341	-	14,910	-	-	551,251
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-
Other	814	718,073	498,465	15,969	71,622	-	-	1,304,943
Rent	58,009	-	-	-	-	-	149,630	207,639
	\$ 408,354	\$ 718,073	\$ 1,685,664	\$ 1,788,058	\$ 121,532	\$ 391,944	\$ 343,163	\$ 5,456,788
Expenses								
Amortization	\$ 74,056	\$ 5,618	\$ 4,863	\$ 41,442	\$ -	\$ 15,251	\$ 194,458	\$ 335,688
Audit	67,300	-	-	-	-	-	11,500	78,800
Bad debt	11,414	-	-	-	-	-	26,633	38,047
Insurance	48,019	9,000	-	3,000	-	2,755	20,150	82,924
Interest	13,164	-	-	-	-	-	43,071	56,235
Maintenance	28,043	16,081	2,186	22,221	-	2,031	422	70,984
Meetings	13,107	3,432	3,907	507	27	963	-	21,943
Office supplies	31,946	-	-	-	-	-	-	31,946
Professional services	46,091	3,982	14,135	-	9,540	-	-	73,748
Program expenses	76,733	93,811	132,535	193,294	32,135	103,670	18,460	650,638
Service charges	-	-	-	7,451	-	-	-	7,451
Social assistance	-	35,436	-	-	-	-	-	35,436
Training	5,969	3,199	17,854	-	3,827	2,664	-	33,513
Travel	124,428	59,839	22,127	22,312	10,992	69,030	382	309,110
Tuition	-	-	-	1,241,746	3,396	-	-	1,245,142
Utilities	48,163	39,772	3,447	40,194	-	16,933	-	148,509
Wages and benefits	335,475	581,618	116,548	303,644	33,824	187,845	-	1,558,954
Replacement reserve expenditures	-	-	-	-	-	-	5,692	5,692
Administration	(69,496)	32,600	10,679	8,366	1,995	30,416	-	14,560
	\$ 854,412	\$ 884,388	\$ 328,281	\$ 1,884,177	\$ 95,736	\$ 431,558	\$ 320,768	\$ 4,799,320

Seine River First Nation **Notes to Consolidated Financial Statements**

21. Segmented Information (cont'd)

For the year ended March 31, 2016	Balance Forward	Land & Flood Claims	Public Works	Social Services	Ontario First Nations Limited Partnership	Projects	2016 Total
Revenue							
Federal government transfers	\$ 3,392,955	\$ -	\$ 584,044	\$ 176,206	\$ -	\$ 255,068	\$ 4,408,273
Provincial government transfers	551,251	156,239	-	799,550	-	-	1,507,040
Ontario First Nations Limited Partnership	-	-	-	-	586,081	-	586,081
Other	1,304,943	-	-	-	-	-	1,304,943
Rent	207,639	-	-	-	-	-	207,639
	<u>\$ 5,456,788</u>	<u>\$ 156,239</u>	<u>\$ 584,044</u>	<u>\$ 975,756</u>	<u>\$ 586,081</u>	<u>\$ 255,068</u>	<u>\$ 8,013,976</u>
Expenses							
Amortization	\$ 335,688	\$ -	\$ 13,975	\$ -	\$ -	\$ 518,170	\$ 867,833
Audit	78,800	-	-	-	-	-	78,800
Bad debt	38,047	-	-	-	-	-	38,047
Insurance	82,924	-	-	-	-	-	82,924
Interest	56,235	-	-	-	-	-	56,235
Maintenance	70,984	-	33,557	2,900	-	4,665	112,106
Meetings	21,943	5,127	50	35,562	-	698	63,380
Office supplies	31,946	-	-	-	-	-	31,946
Professional services	73,748	171,002	-	-	-	-	244,750
Program expenses	650,638	15,829	68,291	16,786	253,935	145,804	1,151,283
Service charges	7,451	-	-	-	-	-	7,451
Social assistance	35,436	-	-	673,595	-	-	709,031
Training	33,513	-	1,538	8,100	-	-	43,151
Travel	309,110	11,102	4,799	43,504	-	10,045	378,560
Tuition	1,245,142	-	-	-	-	-	1,245,142
Utilities	148,509	-	110,973	3,334	-	172	262,988
Wages and benefits	1,558,954	17,138	135,738	158,457	-	93,683	1,963,970
Replacement reserve expenditures	5,692	-	-	-	-	-	5,692
Administration	14,560	10,622	-	11,000	-	-	36,182
	<u>\$ 4,799,320</u>	<u>\$ 230,820</u>	<u>\$ 368,921</u>	<u>\$ 953,238</u>	<u>\$ 253,935</u>	<u>\$ 773,237</u>	<u>\$ 7,379,471</u>

Seine River First Nation

Notes to Consolidated Financial Statements

21. Segmented Information (cont'd)

For the year ended March 31, 2015	Band Management	Community Services	Economic Development	Education	Employment Programs	Health	Housing	Balance Forward
Revenue								
Federal government transfers	\$ 347,636	\$ -	\$ 46,505	\$ 1,751,952	\$ 23,679	\$ 387,990	\$ 202,278	\$ 2,760,040
Provincial government transfers	-	10,274	125,000	-	19,105	-	-	154,379
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-
Other	188,675	702,815	2,601,994	17,994	52,742	-	-	3,564,220
Rent	62,273	-	-	-	-	-	154,662	216,935
	\$ 598,584	\$ 713,089	\$ 2,773,499	\$ 1,769,946	\$ 95,526	\$ 387,990	\$ 356,940	\$ 6,695,574
Expenses								
Amortization	\$ 90,022	\$ 12,470	\$ 3,504	\$ 25,876	\$ 403	\$ 7,730	\$ 194,458	\$ 334,463
Audit	83,500	-	-	-	-	-	11,500	95,000
Bad debt	22,698	-	-	-	-	-	50,361	73,059
Insurance	40,427	9,000	-	-	-	2,000	20,150	71,577
Interest	10,496	-	-	-	-	-	58,356	68,852
Maintenance	10,406	17,970	2,531	16,711	-	9,662	1,340	58,620
Meetings	31,753	7,354	11,355	1,060	-	420	-	51,942
Office supplies	26,287	-	-	-	-	-	-	26,287
Professional services	73,920	3,525	-	-	-	-	-	77,445
Program expenses	103,876	109,806	118,345	213,971	22,979	105,728	22,293	696,998
Service charges	-	-	-	4,533	-	-	-	4,533
Social assistance	-	11,951	-	-	-	-	-	11,951
Training	3,135	1,551	13,717	-	5,236	1,615	-	25,254
Travel	153,158	47,507	18,504	41,619	2,719	49,734	95	313,336
Tuition	-	-	-	1,171,619	18,100	-	-	1,189,719
Utilities	47,639	42,452	1,871	48,539	-	16,818	506	157,825
Wages and benefits	314,075	495,027	150,323	291,820	72,025	193,904	-	1,517,174
Replacement reserve expenditures	-	-	-	-	-	-	3,489	3,489
Administration	(132,108)	34,902	7,925	20,066	2,050	33,483	-	(33,682)
	\$ 879,284	\$ 793,515	\$ 328,075	\$ 1,835,814	\$ 123,512	\$ 421,094	\$ 362,548	\$ 4,743,842

Seine River First Nation

Notes to Consolidated Financial Statements

21. Segmented Information (cont'd)

For the year ended March 31, 2015	Balance Forward	Land & Flood Claims	Public Works	Social Services	Ontario First Nations Limited Partnership	Projects	2015 Total
Revenue							
Federal government transfers	\$ 2,760,040	\$ -	\$ 324,114	\$ 203,846	\$ -	\$ 197,649	\$ 3,485,649
Provincial government transfers	154,379	151,002	-	779,512	-	-	1,084,893
Ontario First Nations Limited Partnership	-	-	-	-	584,905	-	584,905
Other	3,564,220	-	-	-	-	-	3,564,220
Rent	216,935	-	-	-	-	-	216,935
	<u>\$ 6,695,574</u>	<u>\$ 151,002</u>	<u>\$ 324,114</u>	<u>\$ 983,358</u>	<u>\$ 584,905</u>	<u>\$ 197,649</u>	<u>\$ 8,936,602</u>
Expenses							
Amortization	\$ 334,463	\$ 4,391	\$ 17,288	\$ -	\$ -	\$ 535,390	\$ 891,532
Audit	95,000	-	-	-	-	-	95,000
Bad debt	73,059	-	-	-	-	-	73,059
Insurance	71,577	-	-	-	-	-	71,577
Interest expense	68,852	-	-	-	-	-	68,852
Maintenance	58,620	-	16,395	1,505	-	628	77,148
Meetings	51,942	4,810	2,938	35,590	-	450	95,730
Office supplies	26,287	-	135	-	-	-	26,422
Professional services	77,445	139,763	-	-	-	576	217,784
Program expenses	696,998	22,957	99,556	38,678	258,479	66,311	1,182,979
Service charges	4,533	-	-	-	-	-	4,533
Social assistance	11,951	-	-	686,586	-	-	698,537
Training	25,254	-	3,797	3,376	-	-	32,427
Travel	313,336	24,787	14,929	21,177	-	9,130	383,359
Tuition	1,189,719	-	-	-	-	-	1,189,719
Utilities	157,825	-	122,368	3,000	-	31	283,224
Wages and benefits	1,517,174	39,695	144,986	158,168	-	121,580	1,981,603
Replacement reserve expenditures	3,489	-	-	-	-	-	3,489
Administration	(33,582)	19,642	3,040	11,000	-	-	-
	<u>\$ 4,743,842</u>	<u>\$ 256,045</u>	<u>\$ 425,432</u>	<u>\$ 959,080</u>	<u>\$ 258,479</u>	<u>\$ 734,096</u>	<u>\$ 7,376,974</u>