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

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Contents

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Management's Responsibility for Financial Reporting

March 31, 2016

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

The 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 First Nation 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 Serpent River First Nation and meet when required.

Elaine Johnston
_______________ Chief

_______________ Director of Operations

Independent Auditor's Report

To the Chief and Council of Serpent River First Nation

We have audited the accompanying consolidated financial statements of the Serpent River First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, change in net debt 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Serpent River First Nation as at March 31, 2016 and the consolidated results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
July 25, 2016

Serpent River First Nation
Consolidated Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash (Note 2)	**$ 3,395,885**	$ 4,780,741
Accounts receivable (Note 3)	**1,615,167**	2,263,279
Inventory for resale	**161,480**	90,909
Investment in government business partnership (Note 4)	**6,201**	6,201
Portfolio investments (Note 5)	**1**	1
Trust Funds held by Federal Government (Note 6)	**200,320**	196,159
	5,379,054	7,337,290
Liabilities		
Bank indebtedness (Note 7)	**41,851**	49,889
Accounts payable and accrued liabilities (Note 8)	**1,993,975**	2,953,213
Due to funders (Note 9)	**12,967**	41,439
Deferred revenue (Note 10)	**402,123**	1,549,193
Long term debt (Note 11)	**3,903,017**	4,385,109
	6,353,933	8,978,843
Net debt	**(974,879)**	(1,641,553)
Non-financial assets		
Tangible capital assets (Schedule 1)	**23,579,065**	21,474,004
Prepaid expenses and inventory of supplies	**30,161**	32,451
	23,609,226	21,506,455
Accumulated surplus, end of year (Note 12)	**$ 22,634,347**	$ 19,864,902

On behalf of Council:

Claire Johnston ______ Chief

______ Director of Operations

Serpent River First Nation
Consolidated Statement of Operations

For the year ended March 31	Budget	2016	2015
Revenue			
Indigenous Affairs	$ 3,215,032	**$ 5,217,949**	$ 8,579,782
Province of Ontario	996,548	**1,116,259**	1,062,460
Government of Canada	825,782	**1,490,051**	1,151,551
OFNLP	746,076	**770,352**	764,923
North Shore Tribal Council	313,290	**805,630**	746,226
Interest	-	**12,629**	30,151
Rental	16,200	**657,479**	686,776
Residence, parent and user fees	103,145	**92,853**	77,057
Other revenue	4,132,488	**3,153,230**	3,121,379
Government of Canada Trust Funds	-	**4,161**	12,233
	10,348,561	**13,320,593**	16,232,538
Deferred revenue, beginning of year	-	**1,549,193**	3,600,451
Deferred revenue, end of year	-	**(402,123)**	(1,549,193)
Due from (to) funders	-	**(14,468)**	(3,596)
Recovery of prior years	-	**28,943**	(23,531)
	10,348,561	**14,482,138**	18,256,669
Expenses			
Niigaaniin project	190,889	**552,267**	561,357
Domicile	733,686	**770,971**	622,275
Community wellness	1,049,536	**1,294,711**	1,166,754
First Nation support funding	764,460	**364,473**	565,550
Community infrastructure	1,204,112	**1,217,563**	737,499
Education	2,034,817	**2,198,781**	2,194,632
Capital programs	264,042	**179,072**	398,576
Daycare	444,703	**441,414**	469,477
Other subsidized programs	1,359,972	**855,039**	1,146,069
First Nation operated enterprises	506,314	**1,162,726**	1,133,140
Economic Development Corporation	3,436,517	**2,675,676**	3,098,823
	11,989,048	**11,712,693**	12,094,152
Annual surplus (deficit)	(1,640,487)	**2,769,445**	6,162,517
Accumulated surplus, beginning of year	19,864,902	**19,864,902**	13,702,385
Accumulated surplus, end of year	$ 18,224,415	**$ 22,634,347**	$ 19,864,902

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

Serpent River First Nation
Consolidated Statement of Change in Net Debt

For the year ended March 31	Budget	2016	2015
Annual surplus	$ (1,640,487)	$ **2,769,445**	$ 6,162,517
Acquisition of tangible capital assets	(59,292)	**(3,409,957)**	(7,094,234)
Amortization of tangible capital assets	1,220,376	**1,304,896**	1,027,203
Prepaid expenses and inventory of supplies	-	**2,290**	150,503
Net change in net debt	(479,403)	**666,674**	245,989
Net debt, beginning of year	(1,641,553)	**(1,641,553)**	(1,887,542)
Net debt, end of year	$ (2,120,956)	$ **(974,879)**	$ (1,641,553)

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

Serpent River First Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Operating transactions		
Annual surplus	$ **2,769,445**	$ 6,162,517
Item not involving cash		
Amortization	**1,304,896**	1,027,203
	4,074,341	7,189,720
Changes in non-cash working capital balances		
Accounts receivable	**648,112**	(595,094)
Inventory for resale	**(70,571)**	24,449
Funds held in trust with Government of Canada	**(4,161)**	(12,233)
Accounts payable	**(959,239)**	2,417,119
Deferred revenue	**(1,147,070)**	(2,051,258)
Due to/from funders	**(28,472)**	13,005
Prepaid expenses and inventory of supplies	**2,290**	150,503
	2,515,230	7,136,211
Capital transactions		
Acquisition of tangible capital assets	**(3,409,957)**	(7,094,234)
Financing transactions		
Advances of long term debt	**152,113**	160,125
Repayment of long term debt	**(634,204)**	(554,539)
Demand loan	**(8,038)**	(7,728)
	(490,129)	(402,142)
Net change in cash and equivalents	**(1,384,856)**	(360,165)
Cash and cash equivalents, beginning of year	**4,780,741**	5,140,906
Cash and cash equivalents, end of year	$ **3,395,885**	$ 4,780,741
Supplemental Information		
Interest paid	$ **112,820**	$ 137,806
Interest received	$ **12,629**	$ 30,151

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

1. Summary of significant accounting policies

Accounting Principles

These consolidated financial statements of the Serpent River First Nation have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.

Basis of Consolidation

These financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

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, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Serpent River First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are not eliminated.

Organizations consolidated include:
- Serpent River First Nation Economic Development Corporation
- Serpent River First Nation Non-Profit Housing

Serpent River First Nation has invested for a 50% investment in M'Anishnabek Industries Limited Partnership. The First Nation accounts for its investment in this government business partnership using the modified equity method.

Portfolio Investments

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

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 20 years
Buildings	25 to 40 years
Housing	25 years
Machinery and equipment	10 to 20 years
Vehicles	5 years
Furniture and equipment	4 to 10 years
Power generating station	30 to 50 years
Infrastructure	10 to 100 years

1. Summary of significant accounting policies *(continued)*

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

Revenue Recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is 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 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.

Use of Estimates

The preparation of financial statements in conformity 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.

2. Cash

The First Nation has a Bank of Nova Scotia line of credit limit of $750,000 at prime plus 1%. $200,000 of this has been carved-out to be utilized by Serpent River First Nation Economic Development Corporation, of which $95,981 was outstanding at March 31, 2016.

The First Nation has a Bank of Montreal demand loan limit of $1,500,000 at prime plus 1%. On March 31, 2016, nothing was drawn on the line of credit.

3. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	**$ 372,063**	$ 1,346,883
Province of Ontario	**109,812**	82,258
Health Canada	**82,573**	27,101
CMHC	**308,534**	43,833
North Shore Tribal Council / Niigaaniin	**170,061**	328,360
Due from members	**959,106**	876,368
Other	**522,426**	358,951
	2,524,575	3,063,754
Less: allowance for doubtfuls	**(909,408)**	(800,475)
	$ 1,615,167	$ 2,263,279

4. Investment - Government Business Partnership

The First Nation has invested for a 50% partnership interest in M'Anishnabek Industries Limited Partnership for the purpose of exploring business opportunities related to a quarry and rail spur.

The investment at March 31, 2016 consists of the following:

	2016	2015
M'Anishnabek Industries Limited Partnership		
Limited partner unit (1 of 2 units issued)	**$ 1**	1
First Nation's share of earnings	**6,200**	6,200
	$ 6,201	$ 6,201

Financial information for M'Anishnabek Industries Limited Partnership for its March 31 fiscal year-end is not available as the partnership has been inactive since 2014.

5. Portfolio investments

	2016	2015
M'Anishnabek Industries General Partner Limited		
Common share (51 of 100 shares issued)	**$ 1**	$ 1

6. Trust Funds held by Federal Government

	March 31, 2015	Additions 2016	Withdrawals 2016	**March 31, 2016**
Revenue	$ 89,788	$ 4,161	$ -	**$ 93,949**
Capital	106,371	-	-	**106,371**
	$ 196,159	$ 4,161	$ -	**$ 200,320**

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 Section 63 to 69 of the Indian Act.

7. Bank indebtedness

	2016	2015
Bank loans (BMO Bank prime + 0.5%), due on demand, secured by house	**$ 41,851**	$ 49,889

8. Accounts payable and accrued liabilities

	2016	2015
Trade payables	$ 1,345,680	$ 2,141,433
Elementary and Secondary tuition payables	648,295	750,479
Accrued wages and employee benefits payable	-	61,301
	$ 1,993,975	$ 2,953,213

9. Due to funders

	2016	2015
Indigenous Affairs	$ (23,540)	$ 1,002
Province of Ontario	36,507	33,570
Union of Ontario Indians	-	6,867
	$ 12,967	$ 41,439

10. Deferred revenue and government transfers

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31, 2016
Indigenous Affairs	$ 1,475,289	$ 5,217,949	$ 6,423,792	$ 269,446
Health Canada	14,903	922,088	897,153	39,838
CMHC	-	567,963	567,963	-
Province of Ontario	33,441	1,116,259	1,116,068	33,632
North Shore Tribal Council	10,671	805,630	798,262	18,039
Other	14,889	4,720,704	4,694,425	41,168
	$ 1,549,193	$ 13,350,593	$ 14,497,663	$ 402,123

Deferred revenue is broken down by program as follows:

	2016	2015
Community Wellness - Health Transfers	$ 38,438	$ 14,903
Community Wellness - Healthy Babies Healthy Children	10,256	12,466
Community Wellness - Community Support	12,162	-
Community Wellness - Diabetes	1,400	-
Community Wellness - Minobimodziwin	33,632	33,441
Capital Programs - Capital Water Project	269,446	1,465,609
Daycare - Federal Childcare	18,039	-
Other Subsidized - Cultural Program	-	2,423
Other Subsidized - SATF	-	10,671
Lands & Resources	18,750	9,680
	$ 402,123	$ 1,549,193

11. Long term debt

	2016	2015
Bank of Nova Scotia		
3.99% mortgage, due in monthly instalments of $1,040 including principal and interest, maturing June 1, 2017, secured by Government of Canada guarantee	$ **48,755**	$ 59,084
3.59% mortgage due in monthly instalments of $2,200 including principal and interest, secured by Government of Canada guarantee, repaid during the year	**-**	23,776
4.19% mortgage due in monthly instalments of $2,715 including principal and interest, maturing January 1, 2017, secured by Government of Canada guarantee	**26,649**	57,431
3.99% mortgage due in monthly instalments of $2,671 including principal and interest, maturing February 1, 2018, secured by Government of Canada guarantee	**59,071**	88,158
3.09% mortgage due in monthly instalments of $3,018 including principal and interest, maturing June 1, 2016, secured by Government of Canada guarantee	**136,178**	166,562
3.09% mortgage due in monthly instalments of $1,296 including principal and interest, maturing March 1, 2020, secured by Government of Canada guarantee	**65,281**	78,422
3.54% mortgage due in monthly instalments of $2,084 including principal and interest, maturing March 1, 2017, secured by Government of Canada guarantee	**135,142**	155,025
Prime plus 1.50% mortgage due in monthly payments of $6,600 principal plus interest, maturing July 28, 2016, secured by general security agreement	**739,200**	818,400
Canada Mortgage and Housing Corporation		
1.92% mortgage due in monthly instalments of $3,613 including principal and interest, maturing July 1, 2019, secured by Government of Canada guarantee	**139,924**	180,474
0.99% mortgage due in monthly instalments of $2,934 including principal and interest, maturing March 1, 2020	**138,041**	-
1.39% mortgage due in monthly instalments of $2,016 including principal and interest, maturing June 1, 2020, secured by Government of Canada guarantee	**204,618**	225,973
1.01% mortgage due in monthly instalments of $2,596 including principal and interest, maturing February 1, 2021, secured by Government of Canada guarantee	**289,193**	315,636

11. Long term debt (continued)

	2016	2015
1.80% mortgage due in monthly instalments of $2,740 including principal and interest, maturing October 1, 2016, secured by Government of Canada guarantee	**$ 309,965**	$ 337,526
1.62% mortgage due in monthly instalments of $2,773 including principal and interest, maturing March 1, 2018, secured by Government of Canada guarantee	**360,572**	388,309
1.64% mortgage due in monthly instalments of $4,194 including principal and interest, maturing February 1, 2017, secured by Government of Canada guarantee	**279,838**	325,634
1.85% mortgage due in monthly instalments of $1,259 including principal and interest, maturing August 1, 2019, secured by Government of Canada guarantee	**233,923**	244,981
1.11% mortgage due in monthly instalments of $2,294 including principal and interest, maturing April 1, 2021, secured by Government of Canada guarantee	**495,294**	514,904
Royal Bank of Canada		
3.02% mortgage due in monthly instalments of $1,798 including principal and interest, maturing August 18, 2018, secured by Government of Canada guarantee	**137,389**	154,516
Other		
Waubetek Business Development Corporation mortgage, repayable $3,522 monthly including principal and interest at prime + 3%, maturing November 2018	**103,984**	138,923
Capital lease payable, $6,500 monthly payments, secured by machinery and equipment, repaid during the year	**-**	111,375
	$ 3,903,017	$ 4,385,109

Assuming refinancing of mortgages under similar terms, principal payments due within the next five years are approximately as follows:

Year	Amount
2017	$ 622,880
2018	473,953
2019	438,336
2020	389,259
2021	672,624
Thereafter	1,305,965
	$ 3,903,017

Subsequent to year-end the First Nation obtained a credit facility with The Bank of Nova Scotia for a $730,000 non-revolving term loan for financing of equity in the water treatment and distribution system project.

12. Accumulated surplus

	2016	2015
Reserves set aside for specific purposes by the First Nation		
Non-Profit Housing replacement reserve	**$ 454,950**	$ 445,239
Casino & gaming	**2,310,680**	2,009,716
Health transfers replacement reserve (MAR)	**26,008**	26,008
Health transfers	**13,044**	13,044
Quality of life	**2,095**	2,095
School bus	**8,583**	7,518
Band support funding	**289,098**	439
Niigaaniin	**11,100**	-
Education	**131,497**	100,917
Road maintenance	**63,986**	84,842
Water	**17,871**	17,871
Fire protection	**58,348**	51,003
Capital plan	**19,712**	19,712
Office complex	**31,387**	31,387
Food bank	**26,402**	21,991
Library	**20,824**	29,453
Lands research	**67,729**	67,729
Daycare	**26,157**	199
Reserves	**3,579,471**	2,929,163
Equity in tangible capital assets	**19,676,048**	17,088,895
Equity in government business partnerships	**6,201**	6,201
Funds held in trust	**200,320**	196,159
Members' equity (deficit)	**(827,693)**	(355,516)
	$ 22,634,347	$ 19,864,902

	2016	2015
Allocation of annual surplus (deficit):		
Reserves	**$ 650,308**	$ 17,817
Equity in tangible capital assets	**2,587,153**	6,461,448
Members' equity	**(472,177)**	(328,981)
Funds held in trust	**4,161**	12,233
	$ 2,769,445	$ 6,162,517

13. Pension plan costs

Employees are eligible to participate in a Registered Pension Plan, administered by London Life, with contribution levels determined by formula. Employer contributions totalled $72,304 (2015 - $68,405) during the current period and were fully expensed.

14. Contingencies

(a) The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of $2,400,000 under the First Nation on Reserve Loan Program for qualified members of Serpent River First Nation. As of March 31, 2016 the First Nation has not guaranteed any loans under this agreement.

(b) Serpent River First Nation has guaranteed a Bank of Montreal loan for $113,932 of which $45,037 was outstanding at March 31, 2016, on behalf of a First Nation member.

(c) The First Nation has provided a guarantee in the amount of $311,750 in favour of the Bank of Montreal on behalf of Robinson Huron Treaty Ojibewa (Anishinabe). This represents 4.3% of the total loan of $7,250,000 being guaranteed by 21 participating First Nation Communities that are settlors and beneficiaries of the Robinson Huron Treaty Trust.

15. Funding reconciliation

INAC funding per confirmation	$ 5,217,949
INAC funding per the financial statements	$ 5,217,949

16. Segmented information

The Serpent River First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Niigaaniin
The Niigaaniin (social assistance) department is responsible for administering assistance payments as well as providing services directed towards members.

18. Segmented information (continued)

Administration
The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

Community infrastructure
The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection and community buildings.

Education
The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Capital
This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Medical and other health services
The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long term care (Domicile), medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Enterprises
Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income, economic development and other projects from time to time.

Other services
The First Nation provides a wide array of other services, including youth employment projects, library, daycare, housing activities, lands research and others.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see the Consolidated Schedule of Segment Disclosure - Service (Schedule 2).

17. Budget

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by the First Nation with adjustments as follows:

Budget deficit for the year	$ (479,403)
Add:	
Capital expenditures	59,292
Less:	
Amortization	(1,220,376)
Budget deficit per statement of operations	$ (1,640,487)

Serpent River First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2016

	Land	Land Improvements	Building	Housing	Machinery and Equipment	Vehicles	Furniture and Equipment	Power Generating Station	Infrastructure	Construction in Progress	Total
Cost, beginning of year	$ 1	$ 549,502	$ 10,275,578	$ 11,685,736	$ 784,767	$ 505,915	$ 695,493	$ 352,986	$ 4,215,344	$ 8,778,080	$ 37,843,402
Additions	-	86,621	-	-	4,875	50,665	12,897	-	3,254,899	-	3,409,957
Disposals	-	-	-	-	-	(27,414)	(14,657)	-	-	-	(42,071)
Capitalized construction	-	-	-	-	-	-	-	-	8,778,080	(8,778,080)	-
Cost, end of year	1	636,123	10,275,578	11,685,736	789,642	529,166	693,733	352,986	16,248,323	-	41,211,288
Accumulated amortization, beginning of year	-	237,745	3,466,789	8,343,860	340,522	411,613	399,611	188,259	2,980,999	-	16,369,398
Amortization	-	43,204	270,011	399,124	44,669	79,788	54,954	11,766	401,380	-	1,304,896
Disposals	-	-	-	-	-	(27,414)	(14,657)	-	-	-	(42,071)
Accumulated amortization, end of year	-	280,949	3,736,800	8,742,984	385,191	463,987	439,908	200,025	3,382,379	-	17,632,223
Net carrying amount, end of year	$ 1	$ 355,174	$ 6,538,778	$ 2,942,752	$ 404,451	$ 65,179	$ 253,825	$ 152,961	$ 12,865,944	$ -	$ 23,579,065

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

Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended March 31, 2015 (comparative figures)

	Land	Land Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Furniture and Equipment	Power Generating Station	Infrastructure	Construction in Progress	Total
Cost, beginning of year	$ 1	$ 368,812	$ 10,275,578	$ 11,685,736	$ 624,642	$ 476,649	$ 705,224	$ 352,986	$ 4,215,344	$ 2,070,613	$ 30,775,585
Additions	-	40,108	-	-	160,125	29,266	16,686	-	-	6,848,049	7,094,234
Disposals	-	-	-	-	-	-	(26,417)	-	-	-	(26,417)
Capitalized construction	-	140,582	-	-	-	-	-	-	-	(140,582)	-
Cost, end of year	1	549,502	10,275,578	11,685,736	784,767	505,915	695,493	352,986	4,215,344	8,778,080	37,843,402
Accumulated amortization, beginning of year	-	203,204	3,165,114	7,928,906	296,503	341,959	369,092	176,492	2,887,342	-	15,368,612
Amortization	-	34,541	301,675	414,954	44,019	69,654	56,936	11,767	93,657	-	1,027,203
Disposals	-	-	-	-	-	-	(26,417)	-	-	-	(26,417)
Accumulated amortization, end of year	-	237,745	3,466,789	8,343,860	340,522	411,613	399,611	188,259	2,980,999	-	16,369,398
Net carrying amount, end of year	$ 1	$ 311,757	$ 6,808,789	$ 3,341,876	$ 444,245	$ 94,302	$ 295,882	$ 164,727	$ 1,234,345	$ 8,778,080	$ 21,474,004

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

Serpent River First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2016

	Niigaaniin	Administration	Community Infrastructure	Education	Capital	Medical	Enterprises	Other	Consolidated Total
Revenue									
Indigenous Affairs	$ -	$ 467,135	$ 322,338	$ 2,172,360	$ 2,050,577	$ 82,800	$ 42,000	$ 80,739	$ 5,217,949
Province of Ontario	-	-	35,088	-	-	583,809	-	497,362	1,116,259
Government of Canada	-	-	7,500	-	16,000	903,671	551,963	10,917	1,490,051
Rental and user fees	-	-	25,206	-	-	63,612	644,529	16,985	750,332
Interest and other	566,889	170,852	16,150	24,770	9,674	280,225	2,683,201	994,241	4,746,002
	566,889	637,987	406,282	2,197,130	2,076,251	1,914,117	3,921,693	1,600,244	13,320,593
Deferred revenue, beginning of year	-	-	-	-	1,465,609	60,810	-	22,774	1,549,193
Deferred revenue, end of year	-	-	-	-	(269,446)	(95,888)	-	(36,789)	(402,123)
Due (to) from funders	-	-	-	(6,262)	(1,850)	-	-	(6,356)	(14,468)
Recovery of prior years	-	-	-	34,223	-	(12,147)	-	6,867	28,943
	566,889	637,987	406,282	2,225,091	3,270,564	1,866,892	3,921,693	1,586,740	14,482,138
Expenses									
Salaries, wages and benefits	124,440	457,428	220,561	224,564	260,711	1,336,479	629,785	654,764	3,908,732
Materials, supplies and capital	108,575	200,533	279,735	391,764	72,043	365,201	2,154,228	106,993	3,679,072
Contracted services	800	157,467	84,497	182,353	14,150	70,434	167,380	44,096	721,177
Rents and financial expenses	7,750	(466,539)	46,314	30,000	13,133	122,841	174,357	25,139	(47,005)
External transfers and other	304,290	(20,000)	78,271	1,362,907	(187,905)	(14,000)	105,567	408,075	2,037,205
Travel and training	5,523	20,439	8,123	543	1,126	30,123	16,899	25,841	108,617
Amortization	889	15,145	500,062	6,650	5,814	154,605	590,185	31,545	1,304,895
	552,267	364,473	1,217,563	2,198,781	179,072	2,065,683	3,838,401	1,296,453	11,712,693
Excess (deficiency) of revenue over expenses	$ 14,622	$ 273,514	$ (811,281)	$ 26,310	$ 3,091,492	$ (198,791)	$ 83,292	$ 290,287	$ 2,769,445

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

Serpent River First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2015 (comparative figures)

	Niigaaniin	Administration	Community Infrastructure	Education	Capital	Medical	Enterprises	Other	Consolidated Total
Revenue									
Indigenous Affairs	$ -	$ 505,476	$ 395,544	$ 2,151,093	$ 5,334,165	$ 85,300	$ 42,000	$ 66,204	$ 8,579,782
Province of Ontario	-	-	35,088	-	-	537,053	-	490,319	1,062,460
Government of Canada	-	-	7,500	-	-	831,048	302,086	10,917	1,151,551
Rental and user fees	-	-	24,648	-	-	47,729	670,511	20,945	763,833
Interest and other	550,676	37,413	21,249	540	22,468	197,635	2,832,163	1,012,768	4,674,912
	550,676	542,889	484,029	2,151,633	5,356,633	1,698,765	3,846,760	1,601,153	16,232,538
Deferred revenue, beginning of year	6,852	-	17,384	-	3,352,555	31,729	102,479	89,452	3,600,451
Deferred revenue, end of year	-	-	-	-	(1,465,609)	(60,810)	-	(22,774)	(1,549,193)
Due (to) from funders	-	-	-	17,418	-	-	-	(21,014)	(3,596)
Recovery of prior years	-	-	-	-	-	(10,011)	-	(13,520)	(23,531)
	557,528	542,889	501,413	2,169,051	7,243,579	1,659,673	3,949,239	1,633,297	18,256,669
Expenses									
Salaries, wages and benefits	121,383	481,239	146,153	195,770	242,544	1,160,419	790,626	748,045	3,886,179
Materials, supplies and capital	111,557	133,450	211,079	376,542	18,466	386,352	2,581,599	133,565	3,952,610
Contracted services	800	148,814	113,635	184,513	2,508	49,106	120,874	67,271	687,521
Rents and financial expenses	7,750	(213,001)	51,623	36,283	24,592	101,157	159,866	17,900	186,170
External transfers and other	305,296	(25,000)	1,615	1,391,602	84,229	(94,886)	(71,501)	575,853	2,167,208
Travel and training	13,682	22,626	10,469	3,510	2,354	42,710	52,975	38,936	187,262
Amortization	889	17,422	202,925	6,412	23,883	144,171	597,524	33,976	1,027,202
	561,357	565,550	737,499	2,194,632	398,576	1,789,029	4,231,963	1,615,546	12,094,152
Excess (deficiency) of revenue over expenses	$ (3,829)	$ (22,661)	$ (236,086)	$ (25,581)	$ 6,845,003	$ (129,356)	$ (282,724)	$ 17,751	$ 6,162,517