

BIG ISLAND LAKE CREE NATION

Pierceland, Saskatchewan

March 31, 2016

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## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Big Island Lake Cree Nation are the responsibility of management and have been approved by 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 of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Swanson Gryba & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Big Island Lake Cree Nation and meet when required.

On behalf of Big Island Lake Cree Nation:

Roland Ochuschayoo  
Chief



# Swanson Gryba & Company

Chartered Professional Accountants



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## INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Big Island Lake Cree Nation:

We have audited the accompanying consolidated financial statements of Big Island Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, changes 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 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

The first nation entered into various funding agreements which require the repayment of surpluses, based on defined eligible expenses. There were deficiencies in the accounting records and internal controls and accordingly, we were unable to obtain sufficient appropriate audit evidence to support accuracy, completeness and occurrence assertions of recorded expenses in the proper programs.

As explained in Note 13 to the financial statements, there is repayable funding recorded resulting from a "Forensic Review of Specific Issues and Allegations Report" relating to fiscal 2010 and 2012. We have been unable to verify the settlement amount recorded of \$447,000 with the funding agency (AANDC), and accordingly the actual settled repayable amount may differ by a material amount up to the maximum amount per Note 13.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effect of the limitations in scope noted in the preceding paragraphs.

Canadian public sector accounting standards require budget information be reported per PS 1201, "Consolidated Financial Statement Presentation". Budgets were not prepared for the Education, Capital and Lands, Reserves & Trust programs, representing approximately 50% of the revenue and expenses.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matters referred to in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Big Island Lake Cree Nation as at March 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

September 9, 2016  
North Battleford, Saskatchewan

Chartered Professional Accountants

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Financial Position  
March 31, 2016

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 431,070	\$ 104,260
Accounts receivable (Note 3)	77,570	134,060
Due from government and government organizations (Note 4)	431,523	261,469
Ottawa Trust (Note 5)	1,552,983	2,567,390
Portfolio Investments (Note 6)	300,000	300,000
Investment in government business enterprise (Note 7)	257,259	257,259
	<u>3,050,405</u>	<u>3,624,438</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	787,989	448,051
Due to government and government organizations (Note 8)	747,408	224,470
Deferred revenue (Note 9)	387,413	119,263
Long-term debt (Notes 10)	4,492,833	2,234,211
	<u>6,415,643</u>	<u>3,025,995</u>
<b>NET SURPLUS / (DEBT)</b>	<b>(3,365,238)</b>	<b>598,443</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 11)	23,648,899	21,157,860
Prepaid expense	27,639	
	<u>23,676,538</u>	<u>21,157,860</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 20,311,300</b>	<b>\$ 21,756,303</b>
Contingent liabilities (Note 13)		
Contractual obligations (Note 14)		

Approved on behalf of the Council:


 \_\_\_\_\_ Chief


 \_\_\_\_\_ Councillor

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

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Operations  
for the year ended March 31, 2016

	Budget 2016 (Note 15)	2016	2015 (Note 16)
<b>REVENUE</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 3,213,499	\$ 7,133,968	\$ 7,482,082
Health Canada	500,000	536,805	521,800
Canada Mortgage and Housing Corporation	168,000	155,232	159,514
Provincial Government	88,530		
Other:			
First Nations Trust - Gaming	750,000	378,309	384,009
Ottawa Trust		165,592	421,573
Rental/Leases	180,000	236,135	260,502
Oil and Gas	1,500	28,820	40,669
Federation of Saskatchewan Indian Nations	25,000	114,500	114,500
Saskatchewan Institute of Indian Technologies		161,642	164,307
Grants and Donations	52,000	22,646	41,778
Insurance proceeds			5,110
Other	102,900	454,720	512,527
	<u>5,081,429</u>	<u>9,388,369</u>	<u>10,108,371</u>
<b>EXPENSES</b>			
Education		5,011,751	4,685,786
Social Development	2,154,961	2,485,348	2,123,546
Community Infrastructure	1,370,934	907,760	1,460,744
Band Government	1,109,612	1,000,056	355,508
Capital		728,858	208,133
Lands, Revenues and Trust		80,001	124,999
Health	525,953	497,586	505,634
Other	84,000	122,012	159,249
	<u>5,245,460</u>	<u>10,833,372</u>	<u>9,623,599</u>
CURRENT SURPLUS (DEFICIT)	\$ <u>(164,031)</u>	(1,445,003)	484,772
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		<u>21,756,303</u>	<u>21,271,531</u>
ACCUMULATED SURPLUS AT END OF YEAR		<u>\$ 20,311,300</u>	<u>\$ 21,756,303</u>

Segment Disclosure (Note 17)

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

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Changes in Net Debt  
for the year ended March 31, 2016

	Budget (Note 15)	<u>2016</u>	<u>2015</u>
CURRENT SURPLUS (DEFICIT)	\$ (164,031)	\$ (1,445,003)	\$ 484,772
Amortization of tangible capital assets		881,758	929,666
Acquisition of tangible capital assets		(3,372,797)	(242,172)
Prepaid expenses		(27,639)	
CHANGE IN NET FINANCIAL ASSETS (DEBT)	(164,031)	(3,963,681)	1,172,266
NET ASSETS (DEBT) AT BEGINNING OF YEAR	598,443	598,443	(573,823)
NET ASSETS (DEBT) AT END OF YEAR	\$ 434,412	\$ (3,365,238)	\$ 598,443

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

BIG ISLAND LAKE CREE NATIONConsolidated Statement of Cash Flows  
for the year ended March 31, 2016

	<u>2016</u>	<u>2015</u>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Current surplus (deficit)	\$ (1,445,003)	\$ 484,772
Add (deduct) items not affecting cash		
Tangible capital asset amortization	881,758	929,666
Write down of investments		64,079
Net change in non-cash working capital balances related to operations*	989,823	(485,922)
Adjustment for capital/investing transactions included in operations		
Ottawa Trust revenue	(165,593)	(421,573)
	<u>260,985</u>	<u>571,022</u>
 <b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(3,372,797)</u>	<u>(242,172)</u>
 <b>CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Transfer from Ottawa Trust	<u>1,180,000</u>	<u>125,000</u>
 <b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	2,708,953	
Retirement of long-term debt	<u>(450,331)</u>	<u>(616,929)</u>
 <b>CASH PROVIDED (USED) IN THE YEAR</b>	<u>326,810</u>	<u>(163,079)</u>
 <b>CASH (INDEBTEDNESS) AT BEGINNING OF YEAR</b>	<u>104,260</u>	<u>267,339</u>
 <b>CASH (INDEBTEDNESS) AT END OF YEAR</b>	<u>\$ 431,070</u>	<u>\$ 104,260</u>
 <b>* NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>		
Decrease (increase) in accounts receivable	\$ (113,564)	\$ 294,818
Decrease (increase) in prepaid expenses	(27,639)	
Increase (decrease) in accounts payable	862,876	(710,584)
Increase (decrease) in deferred revenue	268,150	(70,156)
	<u>\$ 989,823</u>	<u>\$ (485,922)</u>
 <b>NOTE: Interest paid</b>	<u>\$ 79,543</u>	<u>\$ 104,865</u>

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

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 1. Summary of Significant Accounting Policies

## (a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

## (b) First Nation reporting entity

Big Island Lake Cree Nation reporting entity includes all related entities that are either owned or controlled by the First Nation.

Big Island Lake Cree Nation owns a minority interest, 300,000 units (shares) of Algaenius, LLC. This investment is classified as a portfolio investment and is recorded at cost and as a result the related income is recorded in the accounts when received.

Big Island Lake Cree Nation wholly owns Pee-Wey Holdings Ltd. This investment is classified as a government business enterprises and as a result accounted for under the modified equity method. Inter-organizational transactions are eliminated upon consolidation.

## (c) Principles of consolidation

All controlled entities are fully consolidated on a line by line basis except for the 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 Big Island Lake Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes to equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Big Island Lake Cree Nation.

## (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

## (e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets.



BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 1. Summary of Significant Accounting Policies (continued)

## (f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. Tangible capital assets are reported at net book value.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Big Island Lake Cree Nation's incremental cost of borrowing.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and 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.

Amortization is calculated on the reducing balance basis at 25% on equipment, 10% on community infrastructure and 5% on buildings, social housing and other assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Big Island Lake Cree 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 a fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

## (g) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

## (h) Revenue Recognition

Revenues are recognized in the year in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.

BIG ISLAND LAKE CREE NATION

## Notes to the Consolidated Financial Statements

March 31, 2016

## 1. Summary of Significant Accounting Policies (continued)

## (h) Revenue Recognition (continued)

Contributions from other sources are deferred when restrictions are placed on their use by the 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) Measurement Uncertainty

In preparing the financial statements for the government of Big Island Lake Cree Nation, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. The main estimates used in preparing these financial statements include the allowance for doubtful accounts in amount of \$147,119 (2015 - \$64,730) and amortization of tangible capital assets in amount of \$881,758 (2015 - \$929,666). Actual results could differ significantly from these estimates.

## 2. Cash and Cash Equivalents

	<u>2016</u>	<u>2015</u>
Externally restricted (Canada Mortgage and Housing Corporation) \$	61,890	\$ 113,423
Internally restricted (Education and Major Capital)	256,979	282,064
Unrestricted (Bank overdraft)	<u>112,201</u>	<u>(291,227)</u>
	<u>\$ 431,070</u>	<u>\$ 104,260</u>

## Externally Restricted

Under the terms of agreements with Canada Mortgage and Housing Corporation (CMHC), Big Island Lake Cree 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 Replacement Reserve Fund.

Under the terms of agreements with Canada Mortgage and Housing Corporation, Big Island Lake Cree Nation must set aside operating surpluses. 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 Subsidy Surplus Reserve Fund.

As of March 31, 2016, the accounts were underfunded by \$679,612 (2015 - \$559,236).

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 3. Accounts Receivable

	<u>2016</u>	<u>2015</u>
First Nation members	\$ 60,458	\$ 62,120
Deposit on housing purchase	89,900	89,900
Non members	74,331	46,770
Less allowance for doubtful accounts	<u>(147,119)</u>	<u>(64,730)</u>
	<u>\$ 77,570</u>	<u>\$ 134,060</u>

Accounts receivable (First Nation members) includes advances to Chief and Council in the amount of \$5,489 (2015 - former chief and council \$46,750)

Allowance for doubtful accounts include advances to former chief and council in the amount of \$46,750, \$89,900 for an estimated loss on the advance to purchase 2 housing units for the First Nation's members and \$10,469 for a contracting job not deemed as collectible.

## 4. Due from Government and Government Organizations

	<u>2016</u>	<u>2015</u>
Aboriginal Affairs and Northern Development Canada	\$ 73,853	\$ 95,975
Canada Mortgage and Housing Corporation	272,920	118,679
Health Canada	43,750	
First Nation & Inuit Health Branch		2,065
Federation of Saskatchewan Indian Nations	<u>41,000</u>	<u>44,750</u>
	<u>\$ 431,523</u>	<u>\$ 261,469</u>

## 5. Ottawa Trust (Capital and Revenue)

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held 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.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2016 Balance</u>	<u>2015 Balance</u>
Capital	\$ 2,534,437	\$ 69,089	\$ 1,100,000	\$ 1,503,526	\$ 2,534,437
Revenue	<u>32,953</u>	<u>96,504</u>	<u>80,000</u>	<u>49,457</u>	<u>32,953</u>
Fund Total	<u>\$ 2,567,390</u>	<u>\$ 165,593</u>	<u>\$ 1,180,000</u>	<u>\$ 1,552,983</u>	<u>\$ 2,567,390</u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 6. Portfolio Investments

	<u>2016</u>	<u>2015</u>
Algaenius	\$ <u>300,000</u>	\$ <u>300,000</u>

During the year, an agreement was signed with a design and manufacturing modular structure entity to acquire all shares at a total price of \$500,000. The disposal of the shares would represent the final progress payment on the construction of 25 homes. This share title transfer is scheduled to occur subsequent to the year end.

## 7. Investments in Government Business Enterprise

	<u>2016</u>	<u>2015</u>
Pee-Wey Holding Inc.	\$ <u>257,259</u>	\$ <u>257,259</u>

Pee-Wey Holdings Inc. is an investment that Big Island Lake Cree Nation has made to obtain parcels of land that can be utilized to produce hay for First Nation members who have horses. Big Island Lake Cree Nation pays the property taxes on the parcels of land. There are no financial transactions for this entity.

## 8. Accounts payable and accrued liabilities / Due to government and government organizations

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued liabilities		
Trade payables	\$ 533,361	\$ 340,772
Accrued salaries and benefits payable	233,021	105,347
Other accrued liabilities	<u>21,607</u>	<u>1,932</u>
	\$ <u>787,989</u>	\$ <u>448,051</u>
Due to government and government organizations		
Aboriginal Affairs and Northern Development Canada	717,818	155,428
Health Canada	<u>29,590</u>	<u>69,042</u>
	\$ <u>747,408</u>	\$ <u>224,470</u>

BIG ISLAND LAKE CREE NATION

## Notes to the Consolidated Financial Statements

March 31, 2016

## 8. Accounts Payable and Accrued Liabilities / Due to government and government organizations (continued)

As a result of AANDC year end program reconciliation for the 2015 fiscal year, the basic needs allocation exceeded eligible expenses in the amount of \$63,790 which will be payable. During the 2016 fiscal year, the First Nation has made payments totalling \$42,528 bringing the balance to \$21,262.

As a result of AANDC year end program reconciliation for the 2016 fiscal year, the basic needs allocation exceeded eligible expenses in the amount of \$110,047 which will be repayable.

As a result of AANDC year end program reconciliation for the 2016 fiscal year, the basic needs allocation exceeded eligible expenses in the amount of \$123,562 which will be repayable.

As a result of AANDC year end program reconciliation for the 2016 fiscal year, the assisted living allocation exceeded eligible expenses in the amount of \$1,236 which will be repayable.

As a result of AANDC year end program reconciliation for the 2016 fiscal year, the statutory band employee benefits program exceeded eligible expenses in the amount of \$6,772 which will be repayable.

As a result of a forensic audit done relating to the 2010 to 2012 fiscal years, there is an amount to be repayable relating to basic needs in the amount of \$447,000. There are no agreed repayment terms to date.

During the 2016 fiscal year, \$7,939 is determined to be payable to AANDC due to funding not expended for national child benefit program.

During the 2014 fiscal year, Health Canada prepared an audit to Big Island Lake Cree Nations for the period April 1, 2011 to March 31, 2012, resulting in an account payable of \$78,905. As at March 31, 2016, the First Nation has made payments totaling \$49,315 bringing the balance to \$29,590.

## 9. Deferred Revenue

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>2016 Total</u>	<u>2015 Total</u>
Heath Canada		\$ 175,000	\$ 50	\$ 174,950	
AANDC	\$ 26,359	100,000	6,800	119,559	\$ 26,359
Other	92,904			92,904	92,904
	<u>\$ 119,263</u>	<u>\$ 275,000</u>	<u>\$ 6,850</u>	<u>\$ 387,413</u>	<u>\$ 119,263</u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 10. Long-Term Debt

	<u>2016</u>	<u>2015</u>
CMHC Loan - Phase 1	\$ 10,849	\$ 29,173
CMHC Loan - Phase 3	133,534	144,406
CMHC Loan - Phase 4	70,881	75,608
CMHC Loan - Phase 5	192,234	205,007
CMHC Loan - Phase 6	119,232	131,581
CMHC Loan - Phase 7	974,926	1,039,844
First Nations Bank of Canada loan - Phase 2	107,225	138,542
First Nations Bank of Canada # 1		95,050
First Nations Bank of Canada loan #2		100,000
First Nations Bank of Canada loan #3	175,000	275,000
First Nations Bank of Canada loan #4	2,149,716	
First Nations Bank of Canada loan #5	559,236	
	<u>\$ 4,492,833</u>	<u>\$ 2,234,211</u>

The CMHC loans are guaranteed by Affairs and Northern Development Canada. The loans are repayable in monthly instalments of \$1,559, \$1,100, \$538, \$1,251, \$1,147 and \$7,024 including interest. Interest on the loans are at 1.85%, 1.67%, 1.62%, 1.12%, 1.05% and 1.92% respectively.

The First Nations Bank loan - Phase 2 is guaranteed by Affairs and Northern Development Canada. The loan is repayable in monthly instalment of \$3,149 including interest. Interest on the loan is at 5.18%.

The First Nations bank of Canada loans are secured by a general security agreement covering all assets of the first nations. The loans are repayable in quarterly instalments of \$62,500, \$39,792 and \$13,980 plus monthly interest. Interest on the loans are at 5.20%, 5.45% and 5.73% respectively.

The total principal repayments due on long-term debt in each of the next five years are as follows:

2017	\$ 502,193
2018	359,719
2019	363,428
2020	331,568
2021	330,653

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
March 31, 2016

## 11. Tangible Capital Assets

	Beginning	Additions/	End	Beg	Current	End	2016	2015
	<u>Cost</u>	<u>Disposals</u>	<u>Cost</u>	<u>Accum</u>	<u>Amort</u>	<u>Accum</u>	<u>Net</u>	<u>Net</u>
Buildings	\$ 9,904,513		\$ 9,904,513	\$ 5,522,237	\$ 218,271	\$ 5,740,508	\$ 4,164,005	\$ 4,382,276
Automotive	1,743,216	\$ 30,310	1,773,526	1,607,546	45,248	1,652,794	120,732	135,670
Equipment	1,211,032	23,000	1,234,032	806,820	81,743	888,563	345,469	404,212
Roads	3,462,843		3,462,843	661,624	70,030	731,654	2,731,189	2,801,219
Community Infrastructure	10,841,841	68,268	10,910,109	2,722,133	202,993	2,925,126	7,984,983	8,119,708
Social housing-CMHC	9,666,309	3,251,219	12,917,528	4,351,534	263,473	4,615,007	8,302,521	5,314,775
	<u>\$ 36,829,754</u>	<u>\$ 3,372,797</u>	<u>\$ 40,202,551</u>	<u>\$ 15,671,894</u>	<u>\$ 881,758</u>	<u>\$ 16,553,652</u>	<u>\$ 23,648,899</u>	<u>\$ 21,157,860</u>

## 12. Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximates fair value due to the relatively short-term maturities of these instruments.

## Credit Risk

The First Nation in the normal course of operations derives revenues from the rental of farmland and certain residential housing. It is exposed to credit risk from its tenants.

## Line of Credit

The First Nation general band operating line of credit and the Pierceland Credit Union education account have an authorized line of credit of \$225,000 and \$90,000, at interest rates of 4.95% and 8.10% respectively.

BIG ISLAND LAKE CREE NATION

## Notes to the Consolidated Financial Statements

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## 13. Contingent Liabilities

Big Island Lake Cree 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, Big Island Lake Cree 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 Big Island Cree Nation's financial statements.

During 2014 fiscal year there was a Forensic Review of Specific Issues and Allegations report prepared for the period April 1, 2009 to March 31, 2012, relating to the social development basic/special needs program. The report identified \$983,914 in funding that was allegedly not used for its intended purpose. The First Nation has recorded \$447,000 as repayable funding.

## 14. Contractual Obligations

The nature of Big Island Lake Cree Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	<u>2016</u>	<u>2015</u>
Housing	\$1,239,679	
Capital projects		\$ 26,359
	<u>\$1,239,679</u>	<u>\$ 26,359</u>

## 15. Budgeted Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

## 16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.



BIG ISLAND LAKE CREE NATION

## Notes to the Consolidated Financial Statements

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## 17. Segment Disclosure

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by segment. The segments of the First Nation and the services they provide be each are as follows:

- Education - provides a variety of services for students from nursery school to a complete grade 12 that meets all provincial criteria with a cultural influence that reflects the First Nation's identity. Services also include access to post secondary level opportunities, nutrition program, student counselling, Cree language and cultural program and a community school program.
- Social Development - provides various initiatives such as special needs, basic needs and service delivery.
- Community Infrastructure - provides for operating and maintaining basic community facilities and services such as waste water systems, roads, fire prevention, etc. Services also include ensuring the community facilities and services meet recognized standards and are comparable to services in nearby communities.
- Band Government - handles the finances and administration of the First Nation including support to Chief and Council and all other departments to ensure the efficient and effective operations of the First Nation.
- Capital - Capital projects including new housing, infrastructure upgrades, and is responsible for larger maintenance projects that are non-recurring in nature and requires both capital funding and Band funding.
- Lands, Revenue and Trusts - includes activities for the development of the First Nation's land and revenue from its trusts.
- Other - a variety of different programs that vary based on own source revenue or specific criteria as determined by the funding agency.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as those described in Note 2. Inter-segment transfers are recorded at their exchange amount.

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 17. Segment Disclosure (continued)

	Education		Social Development		Community Infrastructure	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Federal Government	\$ 3,972,804	\$ 4,181,550	\$ 2,033,996	\$ 2,115,167	\$ 698,008	\$ 697,447
Other	642,419	665,156			159,131	174,515
Total Revenues	<u>4,615,223</u>	<u>4,846,706</u>	<u>2,033,996</u>	<u>2,115,167</u>	<u>857,139</u>	<u>871,962</u>
Administration and training	312,123	391,532	18,365	11,765	82,234	77,753
Amortization	8,934	43,052			152,149	678,604
Assistance	519,304	378,207	447,000	8,506	68,578	
Bank charges and interest	3,563	1,411			32,994	41,629
Basic/special needs			1,916,343	2,000,124		
Capital asset purchases	15,000	15,000			(68,268)	
Honorarium and travel	54,017	31,640	5,121	12,852	10,881	6,910
Insurance	16,487	21,861			47,546	45,409
Office supplies	55,604	72,724	750	1,447	63,274	64,401
Other	271,773	210,576			8,870	64,366
Professional fees	12,477	3,218			95,796	200,829
Repairs and maintenance	215,221	141,984		12,860	20,239	33,502
Utilities, telephone and property tax	134,758	138,757	1,531	75,992	393,467	247,341
Wages, contracts and employee benefits	<u>3,392,490</u>	<u>3,235,818</u>	<u>96,238</u>			
Total Expenses	<u>5,011,751</u>	<u>4,685,780</u>	<u>2,485,348</u>	<u>2,123,546</u>	<u>907,760</u>	<u>1,460,744</u>
Annual Surplus (Deficit)	<u>\$ (396,528)</u>	<u>\$ 160,926</u>	<u>\$ (451,352)</u>	<u>\$ (8,379)</u>	<u>\$ (50,621)</u>	<u>\$ (588,782)</u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 17. Segment Disclosure (continued)

	Band Government		Capital		Lands, Revenue and Trusts	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Federal Government	\$ 474,639	\$ 474,323	\$ 6,800	\$ 70,156	\$ 165,593	\$ 421,573
Other	<u>540,343</u>	<u>599,679</u>	<u>120</u>	<u>394</u>		
Total Revenues	<u>1,014,982</u>	<u>1,074,002</u>	<u>6,920</u>	<u>70,550</u>	<u>165,593</u>	<u>421,573</u>
Administration and training	<u>(354,697)</u>	<u>(393,044)</u>	<u>5,000</u>			
Amortization			<u>720,675</u>	<u>208,011</u>		
Assistance	<u>128,027</u>	<u>(346,780)</u>	<u>1,318</u>		<u>79,761</u>	<u>75,005</u>
Bad debts	<u>93,158</u>	<u>70,775</u>				
Bank charges and interest	<u>92,725</u>	<u>71,312</u>	<u>65</u>	<u>122</u>		
Basic/special needs	<u>23,980</u>	<u>88,377</u>				
Honorarium and travel	<u>145,689</u>	<u>39,354</u>				
Other	<u>67,426</u>	<u>121,156</u>	<u>600</u>			
Professional fees	<u>49,920</u>	<u>78,321</u>				
Repairs and maintenance	<u>5,488</u>	<u>(9,356)</u>				
Utilities, telephone and property tax	<u>82,971</u>	<u>32,229</u>	<u>1,200</u>			
Wages, contracts and employee benefits	<u>665,369</u>	<u>603,164</u>			<u>240</u>	<u>49,994</u>
Total Expenses	<u>1,000,056</u>	<u>355,508</u>	<u>728,858</u>	<u>208,133</u>	<u>80,001</u>	<u>124,999</u>
Annual Surplus (Deficit)	<u>\$ 14,926</u>	<u>\$ 718,494</u>	<u>\$ (721,938)</u>	<u>\$ (137,583)</u>	<u>\$ 85,592</u>	<u>\$ 296,574</u>

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 17. Segment Disclosure (continued)

	Health		Other		Consolidated	
	2016	(Note 16) 2015	2016	(Note 16) 2015	2016	2015
Federal Government	\$ 536,805	\$ 521,800	\$ 102,953	\$ 102,953	\$ 7,991,598	\$ 8,584,969
Other	25,938	32,485	28,820	51,169	1,396,771	1,523,402
Total Revenues	562,743	554,285	131,773	154,122	9,388,369	10,108,371
Administration and training	17,547	1,442	14,170	20,247	94,742	109,695
Amortization					881,758	929,667
Assistance	18,813		300	682	1,263,101	107,114
Bad debts	50	14	44		93,158	70,775
Bank charges and interest					129,441	211,524
Basic/special needs				88,530	1,940,323	2,088,501
Capital asset purchases					(53,268)	15,000
Honorarium and travel	17,878	57,638	8,448	1,754	242,034	150,148
Insurance	121	1,902			64,154	69,172
Office supplies					55,604	72,724
Other	33,072	31,010	494	13,202	437,389	441,799
Professional fees	4,000	4,000			75,267	149,905
Repairs and maintenance		8,228			316,505	354,545
Utilities, telephone and property tax	15,034	15,701	(151)		255,582	220,189
Wages, contracts and employee benefits	391,071	385,699	98,707	34,834	5,037,582	4,632,841
Total Expenses	497,586	505,634	122,012	159,249	10,833,372	9,623,599
Annual Surplus (Deficit)	\$ 65,157	\$ 48,651	\$ 9,761	\$ (5,127)	\$ (1,445,003)	\$ 484,772

BIG ISLAND LAKE CREE NATIONNotes to the Consolidated Financial Statements  
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## 18. Expenses by Object

	<u>2016</u>	<u>2015</u>
Administration and training	\$ 95,471	\$ 109,695
Amortization	881,757	929,667
AANDC funding recovery	8,404	37,977
Assistance	1,194,639	107,114
Bad debt	93,158	167,043
Bank charges and interest	95,866	122,995
Basic/special needs	1,940,323	2,088,501
Honorarium and travel	241,303	150,148
Insurance	99,046	125,018
Other	123,064	152,194
Professional fees	90,267	109,059
Rental	58,371	75,467
Repairs and maintenance	314,812	332,323
Supplies	305,820	265,581
Utilities and telephone	253,488	217,976
Wages, contracts and employee benefits	5,037,583	4,632,841
	<u>\$ 10,833,372</u>	<u>\$ 9,623,599</u>