

Little Red River Cree Nation
Consolidated Financial Statements
March 31, 2016

Little Red River Cree Nation

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For the year ended March 31, 2016

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Little Red River Cree Nation

P.O. Box 30 John D'or Prairie, T0H 3X0 Phone: 780 759 - 3912 Facsimile: 780 759 - 3780

Management's Responsibility

To the Members of Little Red River Cree Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council of the Little Red River Cree Nation is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 26, 2016

Original signed by: _____

Administrator

Independent Auditors' Report

To the Members of Little Red River Cree Nation:

We have audited the accompanying consolidated financial statements of Little Red River Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, accumulated surplus, change in net debt, cash flows and the related schedules for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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.

Auditors' 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

The First Nation has not been provided with sufficient financial information for some of its business entities to enable it to record its equity in those entities. As a result, the investment in First Nation business entities, advances from First Nation business entities, net debt, and accumulated surplus for the year ended March 31, 2016 may be understated or overstated.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Little Red River Cree Nation as at March 31, 2016 and the results of its operations, change in net debt and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Leduc, Alberta

July 26, 2016

MNP LLP

Chartered Professional Accountants

MNP
LLP



Little Red River Cree Nation

P.O. Box 30 John D'or Prairie, T0H 3X0 Phone: 780 759 - 3912 Facsimile: 780 759 - 3780

Approved at a meeting of Chief and Council on July 26, 2016

Original signed by:

Chief Gus Loonskin

Original signed by:

Councilor Arthur Laboucan

Original signed by:

Councilor John Blesse

Original signed by:

Councilor Jessie St. Arnault

Councilor Delmer D'or

Original signed by:

Councilor Carmen Alook

Original signed by:

Councilor Hubert D'or

Original signed by:

Councilor Henry Grandjambe

Councilor Lorne Tallcree

Councilor Chilouis Wapoose

Little Red River Cree Nation

Consolidated Statement of Financial Position

As at March 31, 2016

	2016	2015 (Restated)
Financial assets		
Current		
Cash (Note 2)	6,364,129	1,711,646
Accounts receivable - Indigenous and Northern Affairs Canada	1,581,071	2,045,263
Accounts receivable - other	1,088,658	974,566
Term deposits	100,585	99,787
	9,134,443	4,831,262
Investment in First Nation business entities (Note 3)	8,012,412	7,768,472
Funds held in trust (Note 4)	1,432,695	1,395,452
Short term deposits - restricted (Note 5)	317,705	313,977
Investment in UFA Cooperative Ltd.	26,183	26,183
Total financial assets	18,923,438	14,335,346
Liabilities		
Current		
Accounts payable and accruals	6,673,620	8,192,290
Deferred revenue (Note 6)	7,058,739	2,747,639
Advances from First Nation business entities (Note 7)	4,555,455	3,781,758
Current portion of long-term debt (Note 8)	237,488	346,323
	18,525,302	15,068,010
Long-term debt (Note 8)	1,174,874	1,278,072
Total liabilities	19,700,176	16,346,082
Net debt	(776,738)	(2,010,736)
Contingent liabilities (Note 9)		
Non-financial assets		
Tangible capital assets (Note 10) (Schedule 1)	43,731,246	42,450,303
Inventory for First Nation use	220,776	106,829
Prepaid expenses	502,282	473,855
Total non-financial assets	44,454,304	43,030,987
Accumulated surplus (Note 16)	43,677,566	41,020,251
Approved by a quorum of Chief and Council		

The accompanying notes are an integral part of these financial statements

Little Red River Cree Nation

Consolidated Statement of Operations

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015 (Restated)</i>
Revenue				
Indigenous and Northern Affairs Canada		34,073,170	47,891,643	37,344,359
Health Canada		3,371,921	3,495,643	3,261,409
First Nations Development Fund		-	1,158,661	1,182,742
Service Canada		892,440	916,128	892,440
Canada Mortgage and Housing Corporation		-	37,549	37,549
North Peace Tribal Council		-	501,740	424,940
IRS personal credits		-	339,000	-
Other		25,500	350,843	190,458
Barge fees		75,000	293,169	27,075
Child tax benefits		-	297,309	494,505
Treaty 8 First Nations of Alberta		195,531	260,982	185,020
Askee Development Corporation		-	250,000	-
Province of Alberta		134,269	174,998	988,313
Alberta Remote Area Heating Allowances		125,000	159,237	263,624
Rental income		76,680	129,067	117,580
Little Red River Wildland Firefighters Inc		100,000	100,000	100,000
Tuition fees		70,000	91,774	62,645
Rental of teacherages		117,500	88,818	64,352
Farm land rent		85,000	85,000	85,000
CALP grant		-	54,777	54,777
User fees		45,000	50,985	210,244
Little Red River Forestry Limited		250,000	-	250,000
Sales and recoveries		-	-	37,681
Prior year funding adjustments		-	(127,138)	-
Transfer from deferred revenue		-	2,747,639	2,426,834
Transfer to deferred revenue		-	(7,058,739)	(2,747,639)
		39,637,011	52,289,085	45,953,908
Expenses				
Administration Segment	3	3,757,381	4,533,510	3,875,026
Economic Development Segment	4	207,504	962,247	1,308,648
Environment Segment	5	134,269	152,769	141,584
Health Services Segment	6	3,215,886	3,241,618	3,419,757
Community Services Segment	7	10,289,591	10,572,623	10,706,779
Community Infrastructure Segment	8	7,258,662	12,686,602	13,067,966
Board of Education Segment	10	9,335,909	11,066,000	10,094,590
Mamawi Awasis Society Segment	11	5,477,454	6,980,444	6,042,292
Total expenses		39,676,656	50,195,813	48,656,642
Surplus (deficit) before other items		(39,645)	2,093,272	(2,702,734)

Continued on next page

Little Red River Cree Nation **Consolidated Statement of Operations**

For the year ended March 31, 2016

	2016 Budget	2016	2015 (Restated)
Surplus (deficit) before other items <i>(Continued from previous page)</i>	(39,645)	2,093,272	(2,702,734)
Other income (expense)			
Results of corporate operations for the year <i>(Note 3)</i>	-	243,940	2,624,819
Change in trust funds during the year <i>(Note 4)</i>	-	37,243	45,859
Gain (loss) on disposal of tangible capital assets	-	7,251	(4,116)
	-	288,434	2,666,562
Surplus (deficit) before transfers	(39,645)	2,381,706	(36,172)
Transfers between programs and to/from deferred expenses	305,691	275,609	(285,007)
Surplus (deficit)	266,046	2,657,315	(321,179)

Little Red River Cree Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	40,727,897	41,341,430
Corrections of errors in prior period consolidated financial statements <i>(Note 17)</i>	292,354	-
Accumulated surplus, beginning of year, as restated	41,020,251	41,341,430
Surplus (deficit)	2,657,315	(321,179)
Accumulated surplus, end of year ended	43,677,566	41,020,251

Little Red River Cree Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2016

	2016 Budget	2016	2015 (Restated)
Surplus (deficit)	266,046	2,657,315	(321,179)
Purchases of tangible capital assets	-	(5,156,449)	(2,263,570)
Amortization of tangible capital assets	-	3,875,506	4,300,724
Gain (loss) on disposal of tangible capital assets	-	(7,251)	4,116
Proceeds of disposal of tangible capital assets	-	7,251	600
Acquisition of supplies inventories	-	(113,947)	-
Acquisition of prepaid expenses	-	(28,427)	-
Consumption of supplies inventories	-	-	195,259
Use of prepaid expenses	-	-	255,527
Change in net debt	266,046	1,233,998	2,171,477
Net debt, beginning of year	(2,010,737)	(2,010,736)	(4,182,213)
Net debt, end of year	(1,744,691)	(776,738)	(2,010,736)

Little Red River Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	56,945,757	46,980,537
Cash paid to suppliers	(25,500,724)	(24,498,701)
Cash paid to employees	(20,547,241)	(19,318,804)
Interest paid	(156,525)	(154,036)
	10,741,267	3,008,996
Financing activities		
Repayment of long-term debt	(212,033)	(236,070)
Capital activities		
Purchases of tangible capital assets	(5,884,002)	(1,621,039)
Proceeds of disposal of tangible capital assets	7,251	600
	(5,876,751)	(1,620,439)
Increase in cash resources	4,652,483	1,152,487
Cash resources, beginning of year	1,711,646	559,159
Cash resources, end of year	6,364,129	1,711,646

The accompanying notes are an integral part of these financial statements

Little Red River Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Significant accounting policies

The consolidated financial statements of the Little Red River Cree Nation (the "First Nation") are the representations of management, and are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada and are consistent with accounting policies set out by the Department of Indigenous and Northern Affairs Canada ("INAC"). Significant aspects of the accounting policies adopted by the First Nation are as follows:

Reporting entity

These consolidated financial statements include the Little Red River Cree Nation, Little Red River Board of Education, Little Red River Cree Nation Mamawi Awasis Society and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Little Red River Cree Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method as outlined in Note 3. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable under the terms of applicable funding agreements; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from current estimates.

Accounts receivable are stated after evaluation as to their collectibility. Investment in First Nation business entities are stated after evaluation as to valuation and collectibility of advances. Amortization is based on the estimated useful lives of tangible capital assets. Inventory is based on the lower of cost and net realizable value. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

Provision for site rehabilitation

The *Alberta Environmental Protection Act* sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. Liabilities are recorded when environmental claims or remedial efforts are probable and the costs can be reasonably estimated. Expenses that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed. The Little Red River Cree Nation is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations. The First Nation has yet to determine the amounts of such obligations.

Little Red River Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Significant accounting policies *(Continued from previous page)*

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

At year-end there was no liability for contaminated sites.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that can be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory for First Nation use, and prepaid expenses.

i. Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized over their expected useful lives using the following rates and methods:

	Method	Rate
Buildings	straight-line	5 %
Buildings - Mamawi Awasis	declining balance	4 %
Equipment	straight-line	10 %
Equipment - Board of Education	declining balance	10 %
Water and sewer services	straight-line	5 %
Teacherages	declining balance	5 %
Automotive and other equipment	straight-line	10-20 %
Automotive - Education	declining balance	30 %
Furniture and fixtures	declining balance	30 %
Computer equipment	declining balance	30 %
Roads	straight-line	10 years
Street lights	straight-line	30 years
Wireless infrastructure	straight-line	5 %

ii. Inventory for First Nation use

Inventory held for consumption consists of gravel and maintenance supplies, and is recorded at the lower of cost and replacement cost.

iii. Prepaid expenses

Prepaid expenses include propane costs incurred during March which will be expensed in the following fiscal year, and pre-payments on goods and services which will be utilized in the following fiscal year.

1. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in income for the year ended; impairment of tangible capital assets is reflected in equity in tangible capital assets when impairment occurs. Prices for similar items are used to measure fair value of long-lived assets.

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Other sources of revenue are recorded when received or receivable.

Segments

The First Nation conducts its business through seven reportable segments: administration, economic development, environment, community services, community infrastructure, education and Mamawi Awasis Society. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above. Inter-segment transfers are recorded at their exchange amount.

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of consolidated financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board ("PSAB") issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, consolidated financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statements.

2. Cash

Peace Hills Trust - cash management agreement allows for a revolving loan up to \$1,000,000 bearing interest at prime plus 2%. Monthly extensions in excess of \$1,000,000 are approved by Peace Hills Trust, bear interest at 24% per annum, and are secured by a redirection of funding from Indigenous and Northern Affairs Canada. At March 31, 2016, the balance of the revolving loan was \$982,301 (2015 - \$1,206,906). Prime was 3.75% at year-end.

Included in this balance is \$753,837 (2015 - \$653,876) of remaining proceeds of advances from the First Nations Development Fund, to be used for projects which have been applied for and approved. This is restricted by the Province of Alberta for this use.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Investments in First Nation business entities

The First Nation has investments in the following entities:

					2016
	<i>Initial investment</i>	<i>Advances to (from)</i>	<i>Cumulative share of earnings (loss)</i>	<i>Write-down of investment by related entities</i>	<i>Total investment</i>
Wholly-owned Businesses:					
Little Red River Forestry Limited	201	-	(3,681,100)	-	(3,680,899)
Askee Development Corporation	100	-	7,398,935	-	7,399,035
Fifth Meridian Market Ltd	100	-	(2,235,891)	-	(2,235,791)
Little Red River Wildland Firefighters Inc	1	-	(79,196)	-	(79,195)
849244 Alberta Ltd	1	-	(757,864)	-	(757,863)
	403	-	644,884	-	645,287
Partnerships:					
Caribou Hills Limited Partnership	100	10,000	3,994,721	-	4,004,821
Write-down of investments	-	-	-	3,362,304	3,362,304
	503	10,000	4,639,605	3,362,304	8,012,412

					2015
	<i>Initial investment</i>	<i>Advances to (from)</i>	<i>Cumulative share of earnings (loss)</i>	<i>Write-down of investment by related entities</i>	<i>Total investment</i>
Wholly-owned Businesses:					
Little Red River Forestry Limited	201	-	(3,681,100)	-	(3,680,899)
Askee Development Corporation	100	-	7,398,935	-	7,399,035
Fifth Meridian Market Ltd	100	-	(2,235,891)	-	(2,235,791)
Little Red River Wildland Firefighters Inc	1	-	(383,227)	-	(383,226)
849244 Alberta Ltd	1	-	(697,773)	-	(697,772)
	403	-	400,944	-	401,347
Partnerships:					
Caribou Hills Limited Partnership	100	10,000	3,994,721	-	4,004,821
Write-down of investments	-	-	-	3,362,304	3,362,304
	503	10,000	4,395,665	3,362,304	7,768,472

Insufficient financial information was provided in order for the First Nation to properly record it's equity in the results of Little Red River Forestry Limited, Askee Development Corporation, Fifth Meridian Market Ltd, and Caribou Hills Limited Partnership. Therefore, only the results of Little Red River Wildland Firefighters Inc and 849244 Alberta Ltd have been recorded in these consolidated financial statements.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Investment in First Nation business entities *(Continued from previous page)*

Summary financial information for each First Nation business enterprise for which sufficient records were provided, accounted for using the modified equity method, for their respective year ended-end is as follows:

	<i>Little Red River Wildland Firefighters Inc As at December 31, 2015</i>	<i>849244 Alberta Ltd As at January 31, 2016</i>
Assets		
Current assets	1,214,904	91,518
Long-term assets	247,014	398,031
Total assets	1,461,918	489,549
Liabilities		
Current liabilities	679,090	5,522
Advances to related entities	862,024	1,241,891
Total liabilities	1,541,114	1,247,413
Accumulated deficit	(79,196)	(757,864)
Total revenue	10,590,055	-
Total expenses	10,276,127	60,093
	313,928	(60,093)
Income taxes	(9,895)	-
	304,033	(60,093)

The First Nation's investment in Caribou Hills Limited Partnership is held by Mikkwa Seepee Enterprises Ltd. (the general partner) and the Little Red River Cree Nation Business Trust (the limited partner).

849244 Alberta Ltd. ceased active retail operations in September 2012.

4. Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets and revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

	<i>Capital trust</i>	<i>Revenue trust</i>	<i>Total</i>
Balance, beginning of year	152,042	1,243,410	1,395,452
Additions	-	37,243	37,243
Balance, end of year	152,042	1,280,653	1,432,695

5. Short term deposits - restricted

Term deposits are internally restricted in use by the First Nation in accordance with the agreement regarding the trust with the Department of Indigenous and Northern Affairs Canada. The deposits bear interest at rates between 0.25% and 1.70% and mature between April 2016 and February 2017.

Little Red River Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Deferred revenue

Deferred revenue consists of funds received for specific purposes which were not completed at the end of the fiscal year. The major categories are:

	<i>Opening</i>	<i>Funding received</i>	<i>Recognized as revenue</i>	<i>Closing</i>
INAC - School modernization	-	6,618,000	(2,657,842)	3,960,158
INAC - Fox Lake access project	-	2,987,800	(1,887,733)	1,100,067
Loans to Native Claimants	66,591	-	(66,591)	-
Training strategy	113,406	-	(113,406)	-
First Nations Development Fund	1,068,747	1,158,661	(1,371,515)	855,893
Fox Lake Northern Store	1,195,313	-	(93,750)	1,101,563
Health Canada - Health centre funding	314	-	(314)	-
Province of Alberta - disaster readiness	293,921	-	(291,488)	2,433
Family literacy	3,510	-	(3,510)	-
Government of Alberta	-	15,000	-	15,000
Community Adult Learning Program	5,837	54,777	(36,989)	23,625
	2,747,639	10,834,238	(6,523,138)	7,058,739

7. Advances from First Nation business entities

	<i>2016</i>	<i>2015</i>
Caribou Hills Limited Partnership	577,286	577,286
Little Red River Forestry Limited	2,701,985	2,752,970
Little Red River Wildland Firefighters Inc.	199,944	52,054
849244 Alberta Ltd.	55,549	55,549
Fifth Meridian Market Ltd.	18,407	10,823
Mikkwa Seepee Enterprises Ltd.	673,251	554,043
Askee Development Corporation	329,033	(220,967)
	4,555,455	3,781,758

The above amounts are unsecured, have no fixed terms of repayment, and occurred in the normal course of business. They are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Little Red River Cree Nation
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8. Long-term debt

	2016	2015
Peace Hills Trust loan, repayable in monthly instalments of \$10,921 including interest at 6%, until May 2019, amortized over 10 years. Security consists of a GIC with a value of \$202,378 (2015 - \$198,995), a Band Council Resolution, insurance showing first loss payee as Peace Hills Trust Company, and teacherages with a net book value of \$1,006,288 (2015 - \$1,065,093).	827,421	906,242
CMHC construction loan repayable in monthly instalments of \$2,635 including interest at 1.65%, until June 2017. Security consists of a charge over two four-plexes with a net book value of \$620,283 (2015 - \$676,673).	450,641	474,619
Askee Development Corporation loan (a wholly owned subsidiary of the First Nation), repayable after third-party construction loans relating to the Fox Lake Northern Store are paid, with unspecified interest and repayment terms.	134,300	134,300
Peace Hills Trust operating loan, repayable in monthly instalments of \$7,068 including interest at 7.25%, repaid during the year.	-	56,062
Peace Hills Trust loan, repayable in monthly instalments of \$5,610 including interest at 7.25%, repaid during the year.	-	53,172
	1,412,362	1,624,395
Less: less: current portion	237,488	346,323
	1,174,874	1,278,072

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2017	237,488
2018	108,454
2019	114,027
2020	119,926
2021	126,169

9. Contingent liabilities

Lawsuits

In the normal conduct of operations, there are pending claims by and against the First Nation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information of legal counsel, final determination of these other litigations will not materially affect the Nation's consolidated financial position or results of operations.

Indigenous and Northern Affairs Canada

The Nation has received the following advances from the Loans to Native Claimants program: 2000 - \$15,000, 2001 - \$80,850, 2008 - \$177,215, 2010 - \$226,096, and 2011 - \$74,475 for a total of \$573,636 (2015 - \$573,636). The loans are repayable on the earlier of March 31, 2020 or the date on which the claim is settled. If the claim is not settled by March 31, 2020, the repayment date will be extended by five years. As repayment will be made from future claim proceeds, the amount is a contingent liability.

Contingencies

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

10. Tangible capital assets

- (a) Roads include certain roads and bridges disclosed at a nominal amount.
- (b) The Nation holds works of art from community members contributed to the Nation and historical treasures of a cultural value, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.
- (c) The Nation does not consider housing, other than teacherages and CMHC housing, to be assets of the Nation and therefore these items are included in operations.
- (d) Tangible capital asset additions for the year ended March 31, 2016 include \$455,588 still in accounts payable at year-end (2015 - \$1,183,141). As a result, this amount is not included in the purchases of tangible capital assets on the consolidated statement of cash flows.
- (e) Included in tangible capital asset additions for the year is \$3,340,648 (2015 - \$1,270,105) of road work, \$999,918 (2015 - \$999,918) of water treatment lagoon work and \$2,327,826 (2015 - \$nil) of school upgrade work that are in progress at March 31, 2016 and are therefore not being amortized.

11. Economic dependence

The Nation receives substantially all of its funding through contribution arrangements with the Department of Indigenous and Northern Affairs Canada as administered under the conditions of the *Indian Act*. The ability of the Nation to continue operations is dependent upon funding from this body.

12. Pension plan

The Nation has established a defined contribution pension plan, in which all permanent full-time employees are required to participate. Pension contributions of either 3%, 5% or 8% are matched by the Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$662,903 (2015 - \$540,594).

Little Red River Cree Nation

Notes to the Consolidated Financial Statements

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13. CMHC reserves fund

Under conditions of agreements with the Canada Mortgage and Housing Corporation, the Nation is required to maintain certain reserves related to on-reserve housing projects estimated at \$215,332 (2015 - \$181,929). As at March 31, 2016, the Nation has funded \$134,283 (2015 - \$118,315) of the reserves.

14. Comparative figures

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

15. Budget information

The disclosed budget information has been approved by Chief and Council. Budgets for departments and projects not disclosed in the various schedules were not prepared by the Nation's management.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015 <i>(Restated)</i>
Unrestricted deficit	(10,911,488)	(8,983,872)
Unexpended funding: Economic development	90,638	8,388
Unexpended funding: Health	219,504	51,655
Unexpended funding: Social development	51,073	28,071
Unexpended funding: Post-secondary education	60,700	71,529
Unexpended funding: Schools O&M	1,281,052	-
Unexpended funding: Fire protection	75,962	-
Unexpended funding: Solid waste	234,699	-
Unexpended funding: Wastewater systems O&M one-time funding	-	140,717
Unexpended funding: Water systems O&M one-time funding	-	40,129
Unexpended funding: Schools O&M one-time funding	-	80,313
Unexpended funding: Instruction and Education Board	782,394	99,942
Unexpended funding: Mamawi Awasis prevention	1,764,117	1,354,411
Unexpended funding: Wentzel winter access road - capital	778	-
Unexpended funding: Roads and bridges (gravel) - capital	85,921	-
Unexpended funding: Airstrip repairs - capital	95,151	-
Equity in trust fund	1,432,695	1,395,452
Equity in enterprise fund	6,095,486	5,851,546
Equity in tangible capital assets	42,318,884	40,881,969
	43,677,566	41,020,250

Under the funding agreement with Indigenous and Northern Affairs Canada, surpluses in programs which receive fixed funding must be tracked; these are identified as "unexpended funding" above.

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17. Correction of errors

During the year, the First Nation determined that a recovery of INAC funding in the amount of \$481,083 was completed in the prior year. This recovery was not clearly identified on the confirmation from INAC and therefore was not adjusted correctly in 2015. This correction resulted in a decrease in 2015 INAC accounts receivable and an increase to 2015 INAC revenue on Schedule 9 - Board of Education Segment in the amount of \$481,083.

The First Nation also determined that accounts payable and accruals were understated in the prior year related to a pension payable transaction between the First Nation and the Board of Education Segment not being recorded correctly. This correction resulted in an increase to 2015 accounts payable and accruals and an increase to 2015 salaries and benefits on Schedule 9 - Board of Education Segment in the amount of \$188,729.

The cumulative effect of these corrections in the prior year is an increase in accounts payable and accruals of \$188,729, an increase in accounts receivable - INAC in the amount of \$481,083, an increase in accumulated surplus of \$292,354, and an increase in restricted surplus: unexpended funding - Instruction and Education Board of \$99,942.