

**Driftpile First Nation**

**Consolidated Financial Statements**

**March 31, 2016**

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**Driftpile First Nation****Consolidated Financial Statements**

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**March 31, 2016****Page****Management's Responsibility for Financial Reporting** 3**Independent Auditor's Report** 4**Financial Statements**

Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Debt	7
Consolidated Statement of Cash Flow	8
Notes to Consolidated Financial Statements	9 - 23

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## Driftpile First Nation

### Management's Responsibility for Financial Reporting

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March 31, 2016

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The accompanying consolidated financial statements of Driftpile First Nation are the responsibility of management and have been approved by the 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 Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

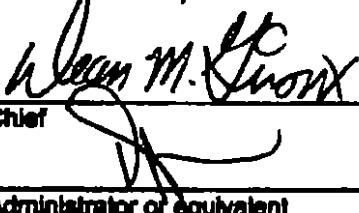
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

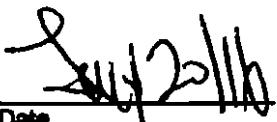
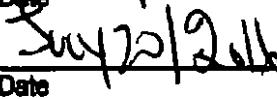
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The 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 auditor's report.

The external auditors, Crowe MacKay LLP, 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 Driftpile First Nation and meet when required.

On behalf of Driftpile First Nation:

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
Administrator or equivalent

  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date



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## Independent Auditor's Report

### To the Members of Driftpile First Nation

We have audited the accompanying consolidated financial statements of Driftpile First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt, cash flows and the related schedules for the year 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 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 First Nation'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 First Nation'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 financial position of Driftpile First Nation as at March 31, 2016, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
July 15, 2016

*Crowe MacKay LLP*  
Chartered Professional Accountants

# Driftpile First Nation

## Consolidated Statement of Financial Position

March 31	2016	2015
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### Financial Assets

Cash (Note 2)	\$ 576,581	\$ 414,368
Accounts receivable (Note 3)	706,227	485,617
Investments (Note 4)	5,838	55,988
Investment in and advances to Driftpile Entity (Note 5)	1,476,614	1,112,284
Cash held in trust (Note 6)	128,583	151,962
Ottawa Trust Funds (Note 7)	1,142,173	1,160,920
	<hr/> 4,033,886	<hr/> 3,371,027

### Liabilities

Accounts payable and accrued liabilities (Note 8)	692,273	954,233
Deferred revenue (Note 9)	607,377	353,265
Long-term debt (Note 10)	3,180,714	4,025,132
	<hr/> 4,480,364	<hr/> 5,332,630
<b>Net debt</b>	<b>(446,368)</b>	<b>(1,861,603)</b>

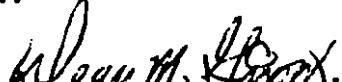
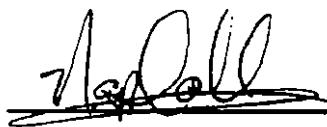
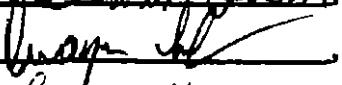
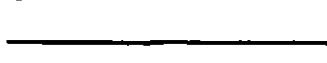
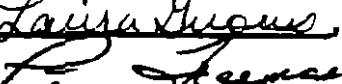
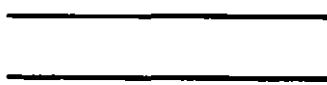
### Non-financial Assets

Capital assets (Note 11)	30,829,297	31,849,757
Prepaid expenses	65,318	92,540
	<hr/> 30,894,815	<hr/> 31,942,297

<b>Accumulated Surplus (Note 13)</b>	<b>\$ 30,448,247</b>	<b>\$ 29,980,694</b>
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### Contingent Liabilities (Note 14)

Approved on behalf of the Driftpile First Nation

 Sean M. Stump, Chief	 Greg Pollock, Councillor
 Wayne J. Stump, Councillor	 Councillor
 Laura Stevens, Councillor	 Councillor
 Linda Stevens, Councillor	 Councillor
 Councillor	 Councillor

# Driftpile First Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
Indigenous and Northern Affairs Canada (INAC)	\$ 8,920,609	\$ 9,698,772	\$ 8,638,910
Lesser Slave Lake Indian Regional Council (LSLIRC)	518,141	518,071	660,937
Health Canada	1,961,679	2,116,932	2,149,217
First Nation Development Funds	-	770,002	788,969
CMHC subsidy	55,000	58,288	55,531
Net Income (loss) from DFN Entity (Note 5)	-	220,436	(339,610)
Trust Funds - Interest revenue	-	34,088	40,589
Trust Funds - Resource revenue	-	64,166	26,466
Other income	990,931	1,618,291	1,101,174
Transfers (to) from other programs	(100,591)	-	-
	<b>12,345,769</b>	<b>15,099,046</b>	<b>13,122,183</b>
<b>Expenses (Note 19)</b>			
Band Government	1,433,789	1,714,728	1,671,242
Education	3,949,592	4,180,239	3,959,563
Health	1,832,101	1,996,241	2,146,691
Social Services	1,728,931	1,638,557	1,641,968
Housing	755,000	712,522	631,886
Community Services	114,886	100,351	109,870
Economic Development	703,812	880,142	703,402
Public Works	1,895,947	1,378,550	1,477,121
Other	-	114,328	268,058
Amortization	-	1,915,835	1,973,857
	<b>12,414,058</b>	<b>14,631,493</b>	<b>14,583,658</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>-</b>	<b>467,553</b>	<b>(1,461,475)</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>29,980,694</b>	<b>31,442,169</b>
<b>Accumulated surplus, end of year</b>	<b>\$ -</b>	<b>\$ 30,448,247</b>	<b>\$ 29,980,694</b>

## Driftpile First Nation

### Consolidated Statement of Change in Net Debt

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Excess (deficiency) of revenue over expenses</b>	\$ -	\$ 467,553	\$ (1,461,475)
Acquisition of tangible capital assets	(1,853,223)	(1,853,226)	(1,438,966)
Amortization of tangible capital assets	1,915,835	1,915,835	1,973,857
Disposal of capital assets	957,851	957,851	62,150
	<b>1,020,463</b>	<b>1,020,460</b>	<b>597,047</b>
<b>Use (acquisition) of prepaid asset</b>	<b>27,222</b>	<b>27,222</b>	<b>(19,181)</b>
<b>Increase (decrease) in net financial assets</b>	<b>1,047,685</b>	<b>1,515,235</b>	<b>(883,611)</b>
<b>Net debt, beginning of year</b>	<b>-</b>	<b>(1,961,603)</b>	<b>(1,077,992)</b>
<b>Net debt, end of year</b>	<b>\$ -</b>	<b>\$ (446,368)</b>	<b>\$ (1,961,603)</b>

# Driftpile First Nation

## Consolidated Statement of Cash Flow

For the year ended March 31, 2016	2016	2015
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 467,553	\$ (1,461,475)
Items not affecting cash		
Amortization of capital assets	1,915,835	1,973,857
	2,383,388	512,382
Change in non-cash operating working capital		
Accounts receivable	(219,710)	299,102
Prepaid expenses	27,220	(19,184)
Accounts payable and accrued liabilities	(261,958)	(175,656)
Deferred revenue	254,112	(18,584)
	2,183,052	598,060
<b>Financing activities</b>		
Repayment of long-term debt	(831,276)	(809,864)
Proceeds of long-term debt	806,704	1,235,310
Loan transferred to Driftpile Entity	(819,846)	-
	(844,418)	425,446
<b>Investing activities</b>		
Disposal of investments	73,539	23,390
Disposal of capital assets	957,851	62,150
Investment in First Nation controlled entities	(363,329)	234,560
Ottawa Trust Funds	8,746	(67,055)
Purchase of capital assets	(1,853,226)	(1,438,965)
	(1,176,419)	(1,185,920)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>162,215</b>	<b>(162,414)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>414,366</b>	<b>576,780</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 576,581</b>	<b>\$ 414,366</b>

# Driftpile First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

#### (a) Reporting entity principles of financial reporting

The Driftpile First Nation reporting entity includes the Driftpile First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Driftpile First Nation.

First Nation business enterprises, that are owned or controlled by the Driftpile First Nation Council and that are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method, in accordance with the Public Sector Accounting recommendations

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 with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis includes the following:

1. Driftpile First Nation Enterprises Inc.

All inter-entity balances have been eliminated on consolidation.

#### (b) Cash

Cash consists of funds held with financial institutions, and cheques issued in excess of funds held on deposit.

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### (c) Capital assets

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

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 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 Driftpile First Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	10-40 years straight line
Automotive equipment	5 years straight line
Equipment	5 years straight line

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

Contributed capital assets are recorded as revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

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.

### (d) Revenue recognition

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

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.

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### (e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements, together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

### (f) 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### (g) Investments

The investment in Driftpile First Nation Enterprises Inc. is recorded using the modified equity method of accounting. All other investments are recorded at cost.

## 2. Cash

	2016	2015
Externally restricted cash		
CMHC	\$ 114,172	\$ 113,418
First Nation Development Funds	<u>176,726</u>	<u>601,192</u>
	<u>290,898</u>	<u>714,610</u>
Unrestricted cash		
General bank accounts	<u>285,682</u>	<u>(300,244)</u>
	<u><b>\$ 576,581</b></u>	<u><b>\$ 414,366</b></u>

## 3. Accounts receivable

	2016	2015
First Nation Development Funds	\$ 195,061	\$ 194,166
LSLIRC	148,608	119,003
INAC	104,132	68,057
Members	131,630	31,833
Other	584,505	468,947
	<u>1,163,936</u>	<u>882,006</u>
Allowance for doubtful accounts	<u>(458,709)</u>	<u>(396,489)</u>
	<u><b>\$ 705,227</b></u>	<u><b>\$ 485,517</b></u>

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 4. Investments

	2016	2015
United Farmers of Alberta Co-operative Limited, at cost	\$ 5,064	\$ 5,064
Co-op shares, at cost	672	672
Riverboat Inc. shares, at cost	100	100
1210104 Alberta Ltd. shares, at cost	2	2
Lesser Slave Lake Limited Partnership, at cost	-	100
Lesser Slave Lake Management Services Ltd., at cost	-	50
<u>Wanska Treaty Energy Alliance Limited Partnership, at cost</u>	<u>-</u>	<u>50,000</u>
	<b>\$ 5,838</b>	<b>\$ 55,988</b>

The investment in Lesser Slave Lake Limited Partnership, Lesser Slave Lake Management Services Ltd. and Wanska Treaty Energy Alliance Limited Partnership were disposed of during the year for proceeds of \$25,076.

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 5. Investment in and advances to Driftpile Entity

#### Driftpile First Nation Enterprises Inc.

##### Statement of Financial Position - March 31, 2016

	2016	2015
Cash	\$ 120,366	\$ 271,789
Accounts receivable	505,580	231,210
Investment	56,423	56,385
Property and equipment	<u>2,190,198</u>	<u>1,323,473</u>
 Total assets	 <u>\$ 2,872,567</u>	 <u>\$ 1,882,857</u>
 Accounts payable	 \$ 368,676	 \$ 145,766
Unearned revenue	-	151,952
Current portion of long-term debt	274,375	178,673
Current portion of capital lease obligation	90,315	58,354
Due to related party	289,221	146,326
Long-term debt	451,530	63,096
Capital lease obligation	<u>212,057</u>	<u>172,732</u>
 Total liabilities	 <u>1,686,174</u>	 <u>916,899</u>
 Equity	 <u>1,186,393</u>	 <u>965,958</u>
 Total liabilities and equity	 <u>\$ 2,872,567</u>	 <u>\$ 1,882,857</u>

##### Statement of Operations - March 31, 2016

	2016	2015
Revenue	\$ 2,554,777	\$ 1,764,140
Expenses	<u>2,334,341</u>	<u>2,103,750</u>
 Net Income (Loss)	 <u>\$ 220,436</u>	 <u>\$ (339,610)</u>

	2016	2015
Advances to (from) Driftpile First Nation Entities	\$ 289,221	\$ 146,326
Accumulated earnings	<u>1,186,393</u>	<u>965,958</u>
 Investment in and advances to Driftpile First Nation Enterprises Inc.	 <u>\$ 1,475,614</u>	 <u>\$ 1,112,284</u>

# Driftpile First Nation

## Notes to Consolidated Financial Statements

**March 31, 2016**

### 6. Cash held in trust

The Nation has entered into an agreement in which funds held in a lawyers trust account are released to the Nation when certain milestones have been achieved between the Nation and a third party company. At March 31, 2016, \$128,563 (2015: \$151,952) was held in trust.

In April of 2016, the Nation received a complete and full payout of the balance held in trust under an amended agreement with the corresponding third party.

### 7. Ottawa Trust Funds

The Ottawa Trust Funds include funds held by the Government of Canada for the use and benefit of the Driftpile First Nation. These funds are accounted for as received and the release of such funds is subject to Ministerial approval.

	March 31, 2015	Income	Withdrawals	March 31, 2016
Ottawa funds held in trust - Capital	\$ 1,055,567	\$ 11	\$ -	\$ 1,055,578
Ottawa funds held in trust - Revenue	95,353	98,242	(107,000)	86,595
	\$ 1,150,920	\$ 98,253	\$ (107,000)	\$ 1,142,173

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

### 8. Accounts payable and accrued liabilities

	2016	2015
Trade payables	\$ 586,368	\$ 850,223
Accrued liabilities	105,905	104,010
	\$ 692,273	\$ 954,233

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 9. Deferred Revenue

Deferred revenue represents funds received that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been fulfilled.

	March 31, 2015	Funding received	Revenue recognized	March 31, 2016
INAC	\$ 339,590	\$ 9,647,838	\$ (9,698,772)	\$ 288,656
LSLIRC	13,675	644,919	(518,071)	140,523
Health Canada	-	2,166,567	(2,116,932)	49,635
Other	-	3,018,410	(2,889,847)	128,563
	<b>\$ 353,265</b>	<b>\$ 15,477,734</b>	<b>\$ (15,223,622)</b>	<b>\$ 607,377</b>

### 10. Long-term debt

	2016	2015
Peace Hills Trust mortgage loan payable in monthly payments of \$1,669 with interest at 5.19% repaid during the current year.	\$ -	\$ 19,640
CMHC mortgage bearing interest at 1.92%, repayable in monthly instalments of \$1,192 maturing April 2019. Secured by a ministerial guarantee.	165,770	176,809
TD Bank mortgage loan payable in monthly payments of \$1,854 with interest at 6.19% due in September 2017, secured by capital assets.	28,178	48,253
CMHC mortgage bearing interest at 1.64%, repayable in monthly instalments of \$1,068 maturing February 2017. Secured by a ministerial guarantee.	179,817	189,624
CMHC mortgage bearing interest at 1.01%, repayable in monthly instalments of \$2,440 maturing February 2021. Secured by a ministerial guarantee.	645,515	162,216
John Deere Credit Company loan, repayable in blended monthly instalments of \$6,523 including interest at 3.90%, maturing September 2016, and secured by equipment.	38,701	113,878
John Deere Credit Company loan, repayable in blended monthly instalments of \$2,408 including interest at 4.25%, maturing October 2018, and secured by equipment.	70,311	95,720
Travelers Leasing Ltd. loan, repayable in blended monthly instalments of \$6,290 including interest at 2.06%, maturing October 2018, secured by equipment. Subsequent to the year end, the outstanding balance was repaid.	255,656	-

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 10. Long-term debt, continued

	2016	2015
Native Claims loan, secured by a promissory note, payable on the earlier of March 31, 2017, or the date the claim is settled. The note is interest free unless the Nation defaults on the note, or the note matures.	36,931	36,931
ATB term loan payable in quarterly payments of \$175,000, including interest at 4.20%. Secured by capital assets and a guarantee by Lesser Slave Lake Indian Regional Council.	1,721,089	2,362,215
Ermineskin loan payable in monthly payments of \$19,668, including interest at 8%. Secured by a guarantee from the Nation. During the year, the loan was transferred to a company owned by the Nation.	-	819,846
Ford Credit Canada loan, repayable in blended monthly instalments of \$997 including interest at 4.39%, maturing October 2019, and secured by equipment.	38,746	-
	<b>\$ 3,180,714</b>	<b>\$ 4,025,132</b>

Principal portion of long-term debt due within the next five years:

2017	\$ 1,073,024
2018	755,293
2019	489,921
2020	51,832
2021 and thereafter	810,644
	<b>\$ 3,180,714</b>

**Driftpile First Nation**

**Notes to Consolidated Financial Statements**

**March 31, 2016**

**11. Capital Assets**

	Cost				Accumulated amortization				2016 Net Book Value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 47,532,544	\$ 536,011	\$ (939,151)	\$ 47,129,404	\$ 5,970,663	\$ 1,577,880	\$ -	\$ 17,548,543	\$ 29,580,861
Automotive equipment	2,544,806	1,199,492	(35,000)	3,709,298	2,306,292	281,087	(26,500)	2,560,879	1,148,419
Equipment	1,649,586	117,722	(19,500)	1,747,808	1,600,224	56,867	(9,300)	1,647,791	100,017
	<b>\$ 51,726,936</b>	<b>\$ 1,853,225</b>	<b>\$ (993,651)</b>	<b>\$ 52,586,510</b>	<b>\$ 9,877,179</b>	<b>\$ 1,915,834</b>	<b>\$ (35,800)</b>	<b>\$ 21,757,213</b>	<b>\$ 30,829,297</b>

	Cost				Accumulated amortization				2015 Net Book Value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Buildings	\$ 46,368,662	\$ 1,167,032	\$ (3,150)	\$ 47,532,544	\$ 4,402,330	\$ 1,568,333	\$ -	\$ 5,970,663	\$ 31,561,881
Automotive equipment	2,409,573	233,233	(98,000)	2,544,806	2,177,261	195,031	(66,000)	2,306,292	238,514
Equipment	1,645,886	38,700	(35,000)	1,649,586	1,397,731	210,493	(8,000)	1,600,224	49,362
	<b>\$ 50,424,121</b>	<b>\$ 1,438,965</b>	<b>\$ (136,150)</b>	<b>\$ 51,726,936</b>	<b>\$ 7,977,322</b>	<b>\$ 1,973,857</b>	<b>\$ (74,000)</b>	<b>\$ 9,877,179</b>	<b>\$ 31,849,757</b>

# Driftpile First Nation

## Notes to Consolidated Financial Statements

**March 31, 2016**

### **12. CMHC Replacement Reserve**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are to be credited to interest first and then to the principal. At the year-end date the reserve is under funded by \$27,160 (2015 - \$58,350).

### **13. Accumulated surplus**

	<b>2016</b>	<b>2015</b>
Operating Fund	\$ (739,763)	\$ (352,006)
Enterprise Funds - Driftpile Entities	1,475,614	1,112,284
Capital Asset Fund	27,685,514	27,861,557
Investment Fund	5,838	55,988
Trust Funds	1,270,736	1,302,872
Settlement Fund	750,308	-
	<b>\$ 30,448,247</b>	<b>\$ 29,980,695</b>

### **14. Contingent liabilities**

Government contributions related to the projects of the organization are subject to conditions regarding the expenditure of funds. The organization's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

### **15. Economic Dependence**

Driftpile First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada and Health Canada.

### **16. Employment retirement plan**

Driftpile First Nation has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 1.95% and 6.9% of their gross pay, with the Nation making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2016 were \$48,223 (2015 - \$46,200)

### **17. Budget**

Budgeted figures are unaudited and have been provided by management and have been approved by Chief and Council.

# Driftpile First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 18. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

### 19. Expenses by Object

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Expenses</b>			
Administration fees	\$ -	\$ -	\$ 50,117
Amortization	-	1,915,835	1,973,857
Bad debts	-	31,181	118,468
Community events	42,686	286,153	255,415
Education allowance	380,042	384,148	383,378
Equipment rental	-	7,886	5,674
FNDF Housing	-	-	114,707
Fixed expenses	15,000	115,456	48,050
Health care expenses	1,463,355	1,425,685	1,501,434
Human resources development	189,821	82,043	158,922
Insurance	54,500	129,136	140,206
Interest and bank charges	4,500	1,532	4,573
Interest on long-term debt	15,000	113,125	207,189
Materials and supplies	263,429	290,276	232,832
Meeting and travel expenses	391,464	460,565	432,190
Office	161,027	220,635	159,753
Professional fees	214,769	305,835	168,690
Program costs	19,500	364,735	29,258
Repairs and maintenance	803,272	703,430	632,816
Set expenses	1,082,183	820,513	939,595
Social assistance	952,560	690,357	671,149
Training	34,306	85,219	33,364
Tuition fees	1,340,000	1,760,342	1,341,550
Utilities and telephone	1,423,627	456,276	545,286
Vehicle operation and maintenance	177,613	129,686	180,822
Wages and benefits	3,375,403	3,851,444	4,254,363
	12,404,057	14,631,493	14,583,658
<b>Map total</b>	<b>12,414,058</b>	<b>14,631,493</b>	<b>14,583,658</b>
<b>Variance</b>	<b>\$ (10,001)</b>	<b>\$ -</b>	<b>\$ -</b>

## Driftpile First Nation

### Notes to Consolidated Financial Statements

March 31, 2016

#### 20. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. as follows:

	Band	Government		Education		Health		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2015 Actual
<b>Revenues</b>								
INAC	\$ 826,672	\$ 826,672	\$ 811,792	\$ 3,876,592	\$ 3,814,113	\$ 3,819,707	\$ -	\$ 125,100
LSLIRC	-	-	7,270	-	-	-	-	94,777
Health Canada	-	-	-	-	-	-	1,961,679	2,116,932
Transfers (to) from other programs	495,117	546,207	513,504	(65,000)	(1)	(50,221)	(159,826)	2,149,217
Other revenue	112,000	324,355	258,870	(17,000)	163,666	190,077	30,248	(79,322)
<b>Total revenue</b>	<b>1,433,789</b>	<b>1,697,234</b>	<b>1,591,436</b>	<b>3,794,592</b>	<b>3,977,778</b>	<b>3,959,563</b>	<b>1,832,101</b>	<b>2,175,856</b>
<b>Expenses</b>								
Wages and benefits	962,720	907,450	749,722	305,687	969,031	1,052,198	335,469	436,402
Meeting and travel expenses	154,000	202,111	215,655	52,700	66,925	85,375	58,039	42,363
Office	43,969	65,203	61,600	38,150	25,055	17,858	-	55,440
Program expenses	-	-	-	-	-	-	1,435,592	1,398,751
Repairs and maintenance	8,000	17,601	11,191	82,000	63,855	85,112	-	1,453,511
Tuition fees	-	-	-	1,340,000	1,760,342	1,341,550	-	-
Utilities and telephone	44,100	57,721	92,640	1,037,900	123,676	162,910	-	-
Other expenses	221,000	464,642	540,434	938,155	1,171,355	1,214,560	3,001	118,725
<b>Total expenses</b>	<b>1,433,789</b>	<b>1,714,728</b>	<b>1,671,242</b>	<b>3,794,592</b>	<b>4,180,239</b>	<b>3,959,563</b>	<b>1,832,101</b>	<b>1,996,241</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (17,494)</b>	<b>\$ (79,806)</b>	<b>\$ -</b>	<b>\$ (202,461)</b>	<b>\$ -</b>	<b>\$ 179,615</b>	<b>\$ 64,445</b>

## Driftpile First Nation

### Notes to Consolidated Financial Statements

March 31, 2016

#### 20. Segmented information, continued

	Social Services			Housing			Community Services		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>									
INAC	\$ 2,016,399	\$ 2,030,341	\$ 2,173,303	\$ 650,000	\$ 719,398	\$ 613,858	\$ -	\$ 113,598	\$ 98,501
LSLIRC									\$ 99,923
Transfers (to) from other programs	(570,882)	(351,473)	(695,110)		5,199	17,527			5,494
Other revenue	283,414	20,725	163,775	105,000	101,197	162,629	3,000	1,850	4,453
<b>Total revenue</b>	<b>1,728,931</b>	<b>1,699,593</b>	<b>1,641,968</b>	<b>755,000</b>	<b>825,794</b>	<b>794,014</b>	<b>116,598</b>	<b>100,351</b>	<b>109,870</b>
<b>Expenses</b>									
Wages and benefits	515,137	521,710	571,628	310,000	159,921	215,072	65,168	71,772	68,250
Meeting and travel expenses	48,225	23,305	25,762	10,000	9,510	4,082	3,500	954	6,178
Office	27,908	26,964	15,069	5,000	18,981	1,297	6,000	6,585	4,336
Health Care expenses	27,763	25,590	46,753					1,344	1,170
Repairs and maintenance	50,086	24,141	35,932	345,000	414,483	338,560			
Utilities and telephone	5,550	6,152	17,318	25,000	41,205	25,322	9,000	11,015	11,966
Other expenses	1,054,262	1,010,695	929,506	60,000	68,422	47,553	32,930	8,681	17,970
<b>Total expenses</b>	<b>1,728,931</b>	<b>1,638,557</b>	<b>1,641,968</b>	<b>755,000</b>	<b>712,522</b>	<b>631,886</b>	<b>116,598</b>	<b>100,351</b>	<b>109,870</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 61,036</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,272</b>	<b>\$ 162,128</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Driftpile First Nation

### Notes to Consolidated Financial Statements

March 31, 2016

#### 20. Segmented Information, continued

	Economic Development			Public Works			Other	
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2015 Actual
<b>Revenues</b>								
INAC	\$ 165,000	\$ 155,111	\$ 165,369	\$ 1,385,946	\$ 1,502,829	\$ 1,054,881	-	\$ 650,308
LSLIRC	404,543	293,670	405,421	800	53,546	-	-	-
Transfers (to) from other programs	(97,505)	(1,658)	200,000	(23,106)	294,533	-	-	-
Other revenue	134,269	1,041,163	(205,340)	310,000	237,914	191,420	-	861,256
<b>Total revenue</b>	<b>703,812</b>	<b>1,392,439</b>	<b>363,792</b>	<b>1,895,946</b>	<b>1,718,437</b>	<b>1,594,380</b>	<b>-</b>	<b>1,511,564</b>
<b>Expenses</b>								
Wages and benefits	376,222	258,215	384,231	505,000	447,767	559,759	-	-
Meeting and travel expenses	46,000	44,862	26,143	19,000	14,183	13,555	-	-
Office	37,500	42,315	40,697	2,500	27,442	18,895	-	-
Repairs and maintenance	-	-	1,583	318,186	168,809	158,227	-	-
Utilities and telephone	5,000	2,042	6,378	297,077	212,698	228,752	-	-
Other expenses	239,090	532,708	244,370	754,183	507,651	497,933	-	114,328
<b>Total expenses</b>	<b>703,812</b>	<b>880,142</b>	<b>703,402</b>	<b>1,895,946</b>	<b>1,378,550</b>	<b>1,477,121</b>	<b>-</b>	<b>114,328</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 512,297</b>	<b>\$ (339,610)</b>	<b>-</b>	<b>\$ 339,887</b>	<b>\$ 117,259</b>	<b>-</b>	<b>\$ 1,397,236</b>
								<b>\$ 587,966</b>

## Driftpile First Nation

### Notes to Consolidated Financial Statements

March 31, 2016

#### 20. Segmented information, continued

	2016 Budget	Amortization		Consolidated totals		
		2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>						
INAC	\$ -	\$ -	\$ -	\$ 8,920,609	\$ 9,698,772	\$ 8,638,910
LSLIRC	-	-	-	518,141	518,071	660,937
Health Canada	-	-	-	1,981,679	2,116,932	2,149,217
FNDF	-	770,002	788,969	-	770,002	788,969
Transfers (to) from other programs	-	-	-	(100,591)	-	-
Other revenue	-	(770,002)	(788,969)	960,931	1,995,270	884,150
<b>Total revenue</b>	-	-	-	12,260,769	15,099,046	13,122,183
<b>Expenses</b>						
Wages and benefits	-	16,623	34,425	3,375,403	3,788,891	4,254,362
Meeting and travel expenses	-	5,747	-	391,464	409,980	432,190
Office	-	-	-	161,027	212,545	159,752
Health care expenses	-	-	-	1,463,355	1,425,685	1,501,434
Repairs and maintenance	-	-	2,211	803,272	688,889	632,816
Tuition fees	-	-	-	1,340,000	1,760,342	1,341,550
Utilities and telephone	-	-	-	1,423,627	454,509	545,286
Other expenses	-	1,893,465	1,937,221	3,302,621	5,890,672	5,716,268
<b>Total expenses</b>	-	1,915,835	1,973,857	12,260,769	14,631,493	14,583,658
<b>Annual surplus (deficit)</b>	\$ -	\$ (1,915,835)	\$ (1,973,857)	-	\$ 467,553	\$ (1,461,475)