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DOYLE & COMPANY
CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300. Fax (780) 452-2335

July 28, 2016

Indigenous and Northern Affairs Canada

630 Canada Place, 9700 Jasper Avenue

EDMONTON, Alberta T5J 4G2

Attention: Ms. Tammy Malcolm-Landry, Field Services Officer

Dear Ms. Malcolm-Landry:

Re: Loon River First Nation

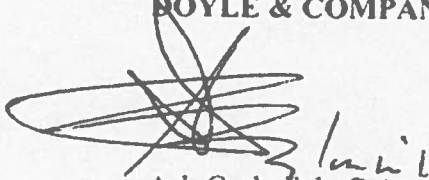
Please find enclosed, for publication, under the First Nation Financial Transparency Act (FNFTA)

1. A copy, for your use, of the audited Financial Statements for the year ended March 31, 2016.
2. A copy, for your use, of the Schedule of Salaries, Honoraria, Travel and other Remuneration for Elected or Appointed Officials for the year ended March 31, 2016.

Should you have any questions regarding the foregoing, please do not hesitate to contact this office.

Yours truly,

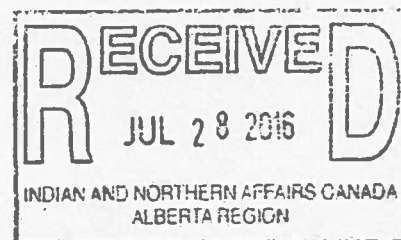
DOYLE & COMPANY



A.J. Grykuliak, C.A.

AJG/lk

Enclosures



LOON RIVER FIRST NATION

Financial Statements

For The Year Ended March 31, 2016

LOON RIVER FIRST NATION

Financial Statements

For The Year Ended March 31, 2016

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Loon River First Nation Box 189 Red Earth Creek, AB T0G 1X0

PH: (780)649-3883 Fax: (780) 649-3873

LOON RIVER FIRST NATION

MARCH 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Loon River First Nation are the responsibility of management and have been approved by the Chief and Administrator on behalf of First Nation.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The financial statements have been audited by Doyle & Company in accordance with Canadian Auditing Standards on behalf of the members. Doyle & Company have full and free access to the Council.

Chief

Band Manager

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITORS' REPORT

To the Chief and Council
Loon River First Nation

We have audited the accompanying financial statements of Loon River First Nation, which comprise the Statement of Financial Position as at March 31, 2016 and the Change in Accumulated Surplus, Statements of Operations, Change in Net Financial Assets and the Statement of 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

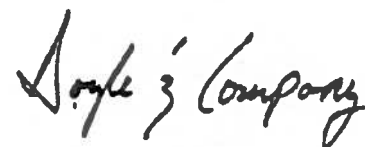
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the The Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Edmonton, Alberta
July 22, 2016




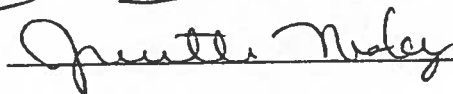
Chartered Accountants

LOON RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	6,657,727	6,784,515
Accounts Receivable (Note 3)	2,470,484	1,510,894
RBC Investment Account (Note 4)	754,598	603,834
Economic Development Loans	218,023	270,136
Investment In First Nation Owned Companies (Note 5)	9,208,067	10,816,613
Trust Account - Capital	12,625,743	18,939,864
Trust Account - Revenue	3,699,625	3,557,340
	35,634,267	42,483,196
LIABILITIES		
Accounts Payable (Note 8)	2,018,922	493,215
Deferred Revenue (Note 9)	6,695,691	5,059,149
Long Term Debt (Note 10)	4,450,845	4,982,790
	13,165,458	10,535,154
NET FINANCIAL ASSETS (DEBT)	22,468,809	31,948,042
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 7)	42,832,214	36,864,694
Prepaid Expenses	75,630	91,077
Deferred Costs	26,657	6,448
Settlement Capital Account Funds (Note 6)	27,577,374	29,126,931
Settlement Revenue Account Funds	-	329
	70,511,875	66,089,479
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	49,077,942	46,413,057
EQUITY IN SETTLEMENT TRUST ACCOUNTS	27,577,374	29,127,260
EQUITY IN TRUST FUNDS	16,325,368	22,497,204
	92,980,684	98,037,521

Approved by the First Nation:

 Chief

 Band Manager

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN TLE EQUITY ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2016

SETTLEMENT CAPITAL ACCOUNT NET ASSETS

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Investment Income	900,000	995,147	1,158,293
EXPENDITURES			
Trust and Management Fees	210,000	209,174	212,620
Transfer to Settlement Revenue Account	520,000	787,576	592,616
	730,000	996,750	805,236
REVENUE LESS EXPENDITURES	170,000	(1,603)	353,057
UNREALIZED GAIN (LOSS) IN MARKET VALUE	-	(1,547,954)	943,650
(DEFICIT) SURPLUS FOR THE YEAR	-	(1,549,557)	1,296,707
NET ASSETS - BEGINNING OF YEAR		29,126,931	27,830,224
NET ASSETS - END OF YEAR		27,577,374	29,126,931

SETTLEMENT REVENUE ACCOUNT NET ASSETS

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Transfer from Settlement Capital Account	520,000	787,576	592,616
EXPENDITURES			
Transfer to the Operating Accounts	520,000	787,905	592,616
SURPLUS (DEFICIT) FOR THE YEAR	-	(329)	-
NET ASSETS - BEGINNING OF YEAR	-	329	329
NET ASSETS - END OF YEAR	-	-	329

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN TRUST FUND ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2016

				Capital \$	Revenue \$	Total \$
BALANCES - BEGINNING OF YEAR				18,939,864	3,557,340	22,497,204
REVENUE						
				-	428,520	428,520
				2,781,391	411,662	3,193,053
				21,721,255	4,397,522	26,118,777
BCR Number	Date Funds Released	Purpose of Expenditure				
15/16-001	Jun 9/15	Administration (A)		486,931	-	486,931
15/16-001	Jun 9/15	Chief & Council (A)		908,266	-	908,266
15/16-001	Jun 9/15	Employment Officer (A)		44,581	-	44,581
15/16-001	Jun 9/15	Training Centre (A)		20,000	-	20,000
15/16-001	Jun 9/15	Finance (A)		279,568	-	279,568
15/16-001	Jun 9/15	Medical Emergencies (A)		-	30,000	30,000
15/16-001	Jun 9/15	Elders (A)		-	124,160	124,160
15/16-001	Jun 9/15	Bussing (B)		-	97,863	97,863
15/16-001	Jun 9/15	Public Works Admin. (C)		1,032,329	-	1,032,329
15/16-001	Jun 9/15	Operations & Maintenance (C)		484,428	-	484,428
15/16-001	Jun 9/15	Fire Protection (C)		198,100	-	198,100
15/16-001	Jun 9/15	Sewage & Lift Station (C)		75,586	-	75,586
15/16-001	Jun 9/15	Water Treatment Plant (C)		100,983	-	100,983
15/16-001	Jun 9/15	Waste Transfer Site (C)		130,000	-	130,000
15/16-001	Jun 9/15	Consultation (D)		70,000	-	70,000
15/16-001	Jun 9/15	Housing Administration (E)		159,075	-	159,075
15/16-001	Jun 9/15	Assisted Living (F)		-	30,590	30,590
15/16-001	Jun 9/15	Summer Students (G)		-	55,401	55,401
15/16-001	Jun 9/15	Youth (G)		-	120,000	120,000
15/16-001	Jun 9/15	Daycare (H)		-	239,883	239,883
14/15-015	Apr 24/15	Residential Subdivision (I)		2,430,000	-	2,430,000
15/16-032	Feb 19/16	Intersection Dev. Costs (J)		2,675,665	-	2,675,665
				9,095,512	697,897	9,793,409
BALANCES - END OF YEAR				12,625,743	3,699,625	16,325,368
Location of Band Funds in Programs:						
(A) - Administration				1,739,346	154,160	1,893,506
(B) - Education				-	97,863	97,863
(C) - Public Works				2,021,426	-	2,021,426
(D) - Consultation				70,000	-	70,000
(E) - Capital Housing and Maintenance Operations				159,075	-	159,075
(F) - Social Development - Programs				-	30,590	30,590
(G) - Youth and Summer Employment Programs				-	175,401	175,401
(H) - Daycare				-	239,883	239,883
(I) - Capital Projects				2,430,000	-	2,430,000
(J) - Loon River Truck Stop				2,675,665	-	2,675,665
				9,095,512	697,897	9,793,409

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

	2016				2015	
	Operating Net Assets	Equity in Business Enterprises	Capital Assets	Equity in Business Loans	Total	Total
	\$	\$	\$	\$	\$	\$
BALANCE - BEGINNING OF YEAR	1,034,170	10,816,613	34,291,938	270,136	46,413,057	41,369,505
Excess of Revenues Over Expenditure	2,664,885	-	-	-	2,664,885	5,045,301
Net Advances to Business Enterprise	(3,261,366)	3,261,366	-	-	-	-
Net Earnings in Business Enterprises	4,870,012	(4,870,012)	-	-	-	-
CMHC loan advances during the year	89,284	-	(89,284)	-	-	-
Loan Principal Repayments During the Year	(121,229)	-	121,229	-	-	-
Capital Asset Acquisitions	(7,682,364)	-	7,682,364	-	-	-
Decrease in Economic Development Loans	52,113	-	-	(52,113)	-	-
Annual Amortization Expense	1,714,844	-	(1,714,844)	-	-	-
Change in Accumulated Surplus	(1,673,821)	(1,608,646)	5,999,465	(52,113)	2,664,885	5,045,301
BALANCE - END OF YEAR	(639,451)	9,207,967	40,291,403	218,023	49,077,942	46,414,806

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Kee Tas Kee Now Tribal Council (KTC)	4,392,867	7,644,050	5,885,919
Health Canada	1,036,288	1,132,585	876,829
Band Trust Funds	4,687,744	9,793,409	10,291,743
Transfers-Settlement Revenue Account	520,000	612,079	592,616
First Nation Development Fund	-	355,010	614,154
First Nation Management and Economic Development	1,194,022	3,896,905	4,740,926
Other	234,269	639,706	769,217
Contributions Carried Forward From Prior Year	-	5,059,149	3,066,794
Contributions Carried Forward To Next Year	-	(6,695,691)	(5,059,149)
	12,065,190	22,437,202	21,779,049
OPERATING EXPENSES			
Administration	3,763,530	3,616,285	4,234,289
Education	2,359,038	2,733,832	2,515,153
Public Works	2,416,105	2,589,662	2,971,051
First Nations and Inuit Health Program	1,112,031	1,139,997	832,443
Capital Housing and Maintenance Operations	544,207	508,286	641,340
Social Services Programs	844,550	835,225	716,051
Social Services Administration	102,978	104,863	104,354
Aboriginal Skills and Employment Training Strategy	118,928	119,575	109,920
Early Childhood Intervention	-	46,631	46,150
Consultation Unit	264,269	417,189	338,335
Youth	192,402	224,522	127,960
Daycare	347,152	312,260	335,698
Capital Projects, Highway 88, and Canada North Camps	-	343,807	415,286
First Nation Development Fund	-	195,327	432,696
	12,065,190	13,187,461	13,820,726
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSE BEFORE OTHER	-	9,249,741	7,958,323
OTHER			
Net earnings (Loss) in First Nation Owned Companies	-	(4,870,012)	(1,300,290)
Amortization	-	(1,714,844)	(1,612,732)
	-	(6,584,856)	(2,913,022)
SURPLUS (DEFICIT) FOR THE YEAR	-	2,664,885	5,045,301

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED MARCH 31, 2016

	2016 \$	2015 \$
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	2,664,885	5,045,301
Acquisition of Tangible Capital Assets	(7,682,364)	(4,961,886)
Decrease (Increase) in Prepaid Expenses and Deferred Costs	(4,762)	98,722
Amortization of Tangible Capital Assets	1,714,844	1,612,732
Increase (Decrease) in Trust and Investment Accounts	(6,171,836)	(2,663,290)
	(12,144,118)	(5,913,722)
INCREASE IN NET ASSETS	(9,479,233)	(868,421)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	31,948,042	32,816,463
NET FINANCIAL ASSETS, END OF YEAR	22,468,809	31,948,042

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 \$	2015 \$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies and operations for the year	23,114,154	24,030,789
Cash paid to suppliers and employees	(11,597,130)	(13,693,760)
Interest paid	(168,137)	(47,148)
	<u>11,348,887</u>	<u>10,289,881</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Long term debt obtained	89,284	2,845,671
Principal repayments of long term debt	(621,229)	(117,757)
	<u>(531,945)</u>	<u>2,727,914</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advances from (to) First Nation Enterprises	(3,261,366)	(3,714,799)
Purchase of capital assets	(7,682,364)	(4,961,886)
	<u>(10,943,730)</u>	<u>(8,676,685)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	<u>(126,788)</u>	<u>4,341,110</u>
CASH - Beginning of year	<u>6,784,515</u>	<u>2,443,405</u>
CASH - End of year	<u>6,657,727</u>	<u>6,784,515</u>

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
SCHEDULE 1- INDIVIDUAL PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2016

	Tribal Council Funds	Band Trust Funds	Other Revenue	Deferred Revenue From Prior Year	Deferred Revenue To Next Year	Total Revenue	Operating Expenditures	Capital Expenditures and Loan Principal Repayments	Total Expenditures	Net Transfer In/Out	Current Year's Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	655,455	1,893,506	612,079	-	-	3,161,040	3,616,285	-	3,616,285	455,245	-
Education	2,137,193	97,863	-	-	-	2,235,056	2,733,832	-	2,733,832	498,776	-
First Nation Management and Economic Development	-	-	3,896,905	13,841	-	3,910,746	-	-	-	(2,416,367)	1,494,379
Public Works	864,384	2,021,426	-	-	(396,148)	2,589,662	2,589,662	-	2,589,662	-	-
First Nations and Inuit Health Program	-	-	1,132,585	36,181	(77,000)	1,091,766	1,139,997	-	1,139,997	-	(48,231)
Capital Housing and Maintenance Operations	192,599	159,075	-	-	-	495,601	508,286	121,229	629,515	133,914	-
Social Development - Programs	900,008	30,590	143,927	-	-	930,598	835,225	-	835,225	(95,373)	-
Aboriginal Skills and Employment	102,910	-	-	-	-	102,910	104,863	-	104,863	1,953	-
Training Strategy (A.S.E.T.S)	-	-	-	-	-	-	-	-	-	-	-
Early Childhood Intervention	119,575	-	-	-	-	119,575	119,575	-	119,575	-	-
Consultation Unit	-	70,000	46,150	-	-	46,150	46,631	-	46,631	481	-
Youth and Summer Employment	21,093	175,401	134,269	-	-	204,269	417,189	-	417,189	212,920	-
Daycare	107,269	239,803	-	-	-	196,494	224,522	-	224,522	28,028	-
Capital Projects	1,625,344	2,430,000	315,360	393,376	(34,892)	3,122,600	312,260	-	312,260	-	-
First Nation Development Fund	-	-	226,069	(1,930,409)	(34,892)	2,833,671	343,807	2,678,529	3,022,336	188,665	-
Highway 88	-	-	355,010	226,069	(385,732)	195,327	195,327	-	195,327	-	-
Canada North Camps	-	-	-	548,998	(363,442)	185,556	-	1,177,314	1,177,314	991,758	-
Loon River Truck Stop	918,220	2,675,665	-	3,840,684	-	3,840,684	-	3,826,521	3,826,521	(3,840,684)	-
	-	-	-	(3,608,048)	-	(14,163)	-	-	-	-	-
	7,641,050	9,793,409	6,636,285	5,059,149	(6,695,691)	22,437,202	13,187,461	7,803,593	20,991,054	-	1,446,148

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
SCHEDULE 2 - CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
Salaries, wages and benefits	5,197,748	5,391,320	5,037,599
Contracted and general services	2,908,785	3,769,594	3,919,745
Materials, goods and utilities	3,546,657	3,604,466	4,216,850
Bank charges and interest	132,000	130,381	65,732
Per Capita Distribution	300,000	291,700	580,800
	12,085,190	13,187,461	13,820,726

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	Buildings & Improvements	Vehicles & Equipment	Roads, Street & Bridges	Water & Sewer	Band & CMHC Housing	Highway 88 Project	2016	2015
							\$	\$
COST:								
Balance, Beginning of Year	15,855,949	2,125,322	3,482,064	7,412,283	20,528,718	8,510,318	57,914,654	52,952,769
Acquisition of tangible capital assets	6,076,098	105,205	-	143,620	180,128	1,177,314	7,682,365	4,961,886
Disposal of tangible capital assets	-	(40,679)	-	-	-	-	(40,679)	-
Balance, End of Year	21,932,047	2,189,848	3,482,064	7,555,903	20,708,846	9,687,632	65,556,340	57,914,655
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	8,715,673	1,177,829	1,503,312	2,735,660	6,917,487	-	21,049,961	19,437,229
Current year amortization	550,480	294,049	99,180	257,917	513,218	-	1,714,844	1,612,732
Accumulated amortization on disposals	-	(40,679)	-	-	-	-	(40,679)	-
Balance, End of Year	9,266,153	1,431,199	1,602,492	2,993,577	7,430,705	-	22,724,126	21,049,961
NET BOOK VALUE	12,665,894	758,649	1,879,572	4,562,326	13,278,141	9,687,632	42,832,214	36,864,694

The accompanying notes form part of these financial statements.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

1. SCOPE OF FINANCIAL STATEMENTS

These financial statements include the combined operations of Loon River First Nation and the Loon River Company A, Loon River Company B, Loon River Company C, Loon River Company D, Loon River Company E, Loon River Company F, Loon River Company G, Loon River Company H, Loon River Company I, which are owned and controlled by Loon River First Nation and are not dependent on the First Nation for their continuing operations, are included in these financial statements using the modified equity method.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Loon River First Nation are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Alberta. Significant aspects of the accounting policies adopted by Loon River First Nation are as follows:

(a) Tangible capital Assets

Tangible capital assets are recorded at cost which includes all amounts that directly attributable to acquisition, construction, development and betterment of the asset.

(b) Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings and leasehold improvement	25-40
Vehicle and equipment	5-10
Roads, streets, and bridges	20-40
Water and sewer	10-50
Band housing	40
CMHC housing	40
Rental units	40

The Highway 88 project and residential subdivision is an asset under construction and will not be amortized until construction is complete.

(c) Revenue Recognition

Revenue is recorded in the period specified in the funding agreements entered into with Government Agencies and other organizations. Assistance received in advance of making the related expenditure and restricted by the funding agency is deferred.

(d) Settlement Capital Account and RBC Investment Account Investments

Settlement Capital Account and RBC Investment Account investments are recorded at market value.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, investments in affiliated companies, RBC investment account, economic development loans, capital account and revenue account funds, bank indebtedness, accounts payable and long-term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair market value of these financial instruments approximates their carrying values.

(f) Measurement Uncertainty

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Trust Funds

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

A fund basis of accounting is followed. Related revenue and expenditures are grouped into funds, based upon their use.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

3. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
Accounts receivable consists of:		
Accounts receivable - KTC	1,931,512	784,907
First Nation Development Fund	118,115	228,437
Staff member advances	47,103	47,072
Industry	249,290	116,411
G.S.T. recoverable	210,859	150,907
Accounts receivable - Other	138,605	458,160
	2,695,484	1,785,894
Less: Allowance for doubtful accounts	225,000	275,000
	2,470,484	1,510,894

4. RBC INVESTMENT ACCOUNT

The RBC Investment Account consists of funds that are managed by RBC Dominion Securities Inc. These funds are recorded at market value.

The contents of this account are as follows:

	2016		2015	
	Cost	Market Value March 31/16	Cost	Market Value March 31/15
	\$	\$	\$	\$
Cash	5,374	5,374	27,427	27,427
Common shares and mutual funds	628,861	749,224	420,682	576,407
	634,235	754,598	448,109	603,834

Shares and mutual funds are held in companies listed on stock exchanges.

The fair market value of the stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

5. INVESTMENT IN FIRST NATION OWNED COMPANIES

	March 31 2016 \$	March 31 2015 \$
(a) Loon River Company A		
Investment in shares at cost		
100 Class A shares - 100% ownership	10	10
Advances to (from)	8,468,852	7,703,742
Accumulated net (losses) earnings	(5,814,689)	(1,635,975)
	2,654,173	6,067,777
(b) Loon River Company B		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	7,728,114	6,642,284
Management fees receivable	-	-
Accumulated net (losses) earnings	(3,127,483)	(2,178,443)
	4,600,731	4,463,941
(c) Loon River Company C		
Investment in shares at cost		
100 Class A shares - 100% ownership	1	1
Advances to (from)	(179,177)	(221,816)
Accumulated net (losses) earnings	796,798	557,369
	617,622	335,554
(d) Loon River Company D		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	486,860	241,435
Accumulated net (losses) earnings	(245,933)	(169,685)
	241,027	71,850

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

5.. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

	March 31 2016 \$	March 31 2015 \$
(e) Loon River Company E		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	38,614	67,489
Accumulated net (losses) earnings	58,055	30,328
	96,769	97,917
(f) Loon River Company F		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	90,000	21,241
Accumulated net (losses) earnings	(165,607)	(243,267)
	(75,507)	(221,926)
(g) Loon River Company G		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	100
Advances to (from)	382,905	1,400
Accumulated net (losses) earnings	(10,590)	-
	372,415	1,500
(h) Loon River Company H		
Investment in shares at cost		
100 Class A shares - 100% ownership	100	-
Advances to (from)	700,974	-
Accumulated net (losses) earnings	(237)	-
	700,837	-
TOTAL	9,208,067	10,816,613

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

5. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

March 31, 2016 unaudited financial information for Loon River Company A is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	4,701,189	4,467,054
Liabilities	11,203,627	9,718,488
Revenue	6,936,689	7,636,262
Net earnings (loss) for the period	(944,701)	(1,281,263)

March 31, 2016 unaudited financial information for Loon River Company B is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	5,734,221	6,591,673
Liabilities	9,685,274	9,427,684
Revenue	5,491,134	8,671,553
Net earnings for the year	(1,721,757)	(2,260,332)

March 31, 2016 unaudited financial information for Loon River Company C is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	917,076	640,158
Liabilities	120,277	82,789
Revenue	405,667	829,177
Net earnings (loss) for the year	239,431	209,199

March 31, 2016 unaudited financial information for Loon River Company D is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	568,285	374,483
Liabilities	814,118	544,068
Revenue	12,129	20,660
Net earnings (loss) for the year	(76,248)	(104,263)

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

5. INVESTMENT IN FIRST NATION OWNED COMPANIES (continued)

March 31, 2016 unaudited financial information for Loon River Company E is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	133,514	502,614
Liabilities	121,908	509,503
Revenue	310,327	545,063
Net earnings (loss) for the year	(16,716)	30,328

March 31, 2016 unaudited financial information for Loon River Company F is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	2,107,430	1,353,886
Liabilities	2,272,937	1,597,053
Revenue	3,024,678	2,661,752
Net earnings (loss) for the year	77,660	(243,267)

March 31, 2016 unaudited financial information for Loon River Company G is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	373,209	-
Liabilities	383,699	-
Net earnings (loss) for the year	(10,590)	-

March 31, 2016 unaudited financial information for Loon River Company H is as follows:

	March 31 2016 (9 Months) \$	March 31 2015 \$
Assets	1,400,836	-
Liabilities	1,400,973	-
Net earnings (loss) for the year	(237)	-

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

6. SETTLEMENT CAPITAL AND REVENUE ACCOUNT FUNDS

As a result of the Loon River Cree Treaty Settlement Agreement (TSA)(1998) with the Government of Canada, a Settlement Capital Account was established in the amount of approximately \$21,500,000. The purpose of these funds is to provide the First Nation with investments that will result in a source of income for its current and all future generations.

To manage and protect these funds on behalf of the First Nation a Banking Agreement was signed as part of the Treaty Settlement Agreement. This Banking Agreement restricts the use of the Settlement capital account to the following:

1. the purchase of authorized investments
2. a one time per capita distribution up to a maximum of \$1,200,000
3. a loan of up to \$10,000,000 to Loon River Energy Corp. for the acquisition of oil and gas interests on the Loon River Territory.

On April 1 each year 80% of the annual return on the Settlement Capital Account will be paid to a special Settlement Revenue Account. Expenditures from this Revenue Account can be made for items that are of benefit to the First Nation and approved by the membership through the budget process and approved by Band Council Resolution.

After April 1, 2004 additional expenditures can be made out of the Settlement Capital Account where a BCR is prepared, approval from 75% of the eligible voters is obtained by special referendum and the expenditure does not exceed 10% of the market value of the Settlement Capital Account.

The Settlement Capital Account funds are managed by RBC Dominion Securities Inc. The contents of this account are as follows:

	2016		2015	
	Cost	Market Value March 31/16	Cost	Market Value March 31/15
	\$	\$	\$	\$
Cash and short term notes	6,655,079	6,655,079	142,828	142,828
Fixed income bonds	8,672,625	9,506,788	14,854,244	16,126,997
Equity investments	8,106,581	11,415,507	8,411,656	12,857,106
	23,434,285	27,577,374	23,408,728	29,126,931

Fixed income bonds consist of corporate and provincial bonds that bear interest at rates from 1.84% to 7.77%. Shares are held in companies listed on stock exchanges.

The Trust is exposed to the risk that fair market values of fixed income bonds may fluctuate due to fluctuations in interest rates. The fair market value of the Trust's stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market.

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

7. TANGIBLE CAPITAL ASSETS

	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Buildings and leasehold	21,932,046	9,266,153	12,665,893	7,140,277
Vehicle and equipment	2,189,848	1,431,199	758,649	947,493
Roads, streets and bridges	3,482,064	1,602,492	1,879,572	1,978,752
Water and sewer	7,555,903	2,993,577	4,562,326	4,676,623
Band housing	15,869,116	6,125,469	9,743,647	9,955,744
CMHC housing	3,964,730	749,786	3,214,944	3,314,062
Rental Units	875,000	555,450	319,550	341,425
Highway 88 Project	9,687,633	-	9,687,633	8,510,318
	65,556,340	22,724,126	42,832,214	36,864,694

8. ACCOUNTS PAYABLE

	2016	2015
	\$	\$
Accounts Payable consist of:		
Trade accounts payable to related parties	366,228	-
Payroll liabilities	41,161	52,316
Trade accounts payable and accruals - other	1,611,533	440,899
	2,018,922	493,215

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

9. DEFERRED REVENUE			
		2016	2015
		\$	\$
Deferred revenue consists of:			
Health Canada			
- Public health nursing service delivery and support service services clerk		77,000	-
- Operations and maintenance		-	100
- HIV		-	5,000
- Aboriginal diabetes		-	200
- Support		-	30,881
		77,000	36,181
Capital Trust Funds			
- Public Works funding not spent as at March 31		296,148	-
- Daycare funding not spent as at March 31		34,892	-
- Capital Project funding not spent as at March 31			
Bridge Repairs		46,894	46,894
Highway 88 Project		363,442	548,998
Canada North Camps		-	3,840,684
School bus and public works water trucks		-	152,315
Residential Subdivision		1,761,963	-
Loon River Company H		3,608,048	-
		6,111,387	4,588,891
Capital Projects			
- Treaty 7 - Continuing Care Elders Project		86,547	50,547
- Government of Alberta - Governance Restructure Project		35,005	-
- KTC - Lift Station Upgrade		-	143,620
		121,552	194,167
First Nation Development Fund			
- Project 10470 (Bridge deck replacement)		26,725	26,725
- Project 11492 (House Renovations)		22,316	199,344
- Project 12145 (Clarence Jaycox School Improvements)		15,745	-
- Project 12146 (Wellness Building Renovations)		15,642	-
- Project 12147 (Outdoor Rink Upgrades)		115,975	-
- Project 12148 (New Ball Diamond)		100,000	-
- Project 12149 (Water treatment plant pilot project)		89,349	-
		385,752	226,069
Other			
-Harvest operator training contributions to be carried forward		-	13,841
TOTAL DEFERRED REVENUE		6,695,691	5,059,149

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

10. LONG-TERM DEBT	2016 \$	2015 \$
Long-term debt consists of the following:		
Prime +1% CIBC demand instalment loan repayable at \$500,000 annually plus interest due September 2020	2,000,000	2,500,000
1.85% CMHC mortgage repayable at \$1,288 per month due August 2034	438,280	345,671
1.67% CMHC mortgage repayable at \$2,530 per month due June 2028	336,763	361,330
1.67% CMHC mortgage repayable at \$6,958 per month due June 2028	926,085	993,646
1.85% CMHC mortgage repayable at \$1,408 per month due August 2034	244,888	255,945
2.63% CMHC mortgage repayable at \$1,391 per month due August 2034	241,684	252,597
2.68% CMHC mortgage repayable at \$1,424 per month due February 2036	263,145	273,601
	4,450,845	4,982,790
Less current portion of long-term debt	2,571,507	3,021,920
	1,879,338	1,960,870

The CIBC demand instalment loans are secured by a BCR authorizing the borrowing and a letter of agreement assigning interest income from the Settlement Capital Accounts being managed by CIBC Retail Markets and all present and after acquired personal property.

The construction loans are secured by Ministerial Guarantees. The First Nation has entered into five year agreements with Canada Mortgage and Housing Corporation to subsidize the average interest rates to the extent required to reduce the effective net interest rate to 2%.

Interest paid on long-term debt amounted to \$168,137 during the year.

Future principal repayments on long-term debt are estimated as follows:
\$

2017	571,507
2018	586,615
2019	605,523
2020	625,089
2021	355,711
2022 and thereafter	1,706,400
	4,450,845

LOON RIVER FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

11. RELATED PARTY TRANSACTIONS

During the year the First Nation contracted its subsidiary companies, Loon River Company A, Loon River Company B, and Loon River Company E, to perform construction, housing, trucking and other services. The total amount billed to the First Nation for these services was \$2,006,290 (2015 - \$1,758,251).

Loon River Company A, Loon River Company B, and Loon River Company E, paid management fees and operations support costs and royalties during the year to Loon River First Nation in the amount of \$2,118,661 (2015 - \$2,996,866).

During the year Loon River Company C, a subsidiary company, paid distributions to Loon River First Nation totaling \$0 (2015 - \$425,000).

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

12. CONTINGENT LIABILITIES

As at March 31, 2016 the First Nation has guaranteed a bank loans in the amount of \$940,371 for Loon River Company B.

A statement of claim has been filed against the First Nation, Loon River Company A, and Loon River Company B, for wrongful dismissal, breach of contract and other allegations. Losses, if any, as a result of these claims are unknown.

