

Saulteau First Nations
Consolidated Financial Statements
For the year ended March 31, 2016

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For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting


The accompanying consolidated financial statements of Saulteau First Nations are the responsibility of management and have been approved by the Chief and another Band Councilor on behalf of the Band Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Chief and Council of Saulteau First Nations are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Saulteau First Nations and meet when required.

On Behalf of Saulteau First Nations:



Chief



Band Councilor

Independent Auditor's Report

To the Members Saulteau First Nations

We have audited the accompanying consolidated financial statements of Saulteau First Nations, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



Opinion

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

BDO CANADA LLP



Chartered Professional Accountants

Penticton, British Columbia
August 26, 2016

Saulteau First Nations Consolidated Statement of Financial Position

March 31	2016	(Restated) 2015
Financial assets		
Cash (Note 3)	\$ 5,629,063	\$ 4,210,483
Short-term investments (Note 3)	5,661,298	-
Accounts receivable (Note 4)	1,275,672	1,507,696
Long-term investments (Note 7)	8,804,747	5,643,377
Inventories for resale (Note 5)	20,021	14,369
	<u>21,390,801</u>	<u>11,375,925</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,503,958	881,687
Deferred revenue (Note 11)	99,072	99,072
Long-term debt (Note 15)	2,372,775	2,650,696
	<u>3,975,805</u>	<u>3,631,455</u>
Net financial assets	<u>17,414,996</u>	<u>7,744,470</u>
Non-financial assets		
Prepaid expenses	414,232	265,970
Tangible capital assets (Note 9)	16,562,952	13,504,996
	<u>16,977,184</u>	<u>13,770,966</u>
Accumulated surplus	<u>\$ 34,392,180</u>	<u>\$ 21,515,436</u>

Approved on behalf of Chief & Council

Saulteau First Nations

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget	2016	(Restated) 2015
Revenue			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 3,966,904	\$ 5,065,976	\$ 2,636,714
Canada Mortgage and Housing Corporation	-	24,679	36,123
Government of Canada	-	-	140,326
First Nations Health Authority	889,687	889,178	837,236
Provincial Government:			
Province of British Columbia	128,550	6,620,521	557,136
BC Hydro	500,970	887,919	277,750
Rental Income	-	392,955	389,296
Interest	-	42,927	37,743
North East Native Advancing Society	-	55,308	23,719
BC Oil and Gas Commission	2,852,055	775,104	1,747,000
Other:			
Administration	-	-	28,859
Donation	-	33,189	25,021
First Nations Education Steering Committee	49,547	70,292	58,520
Industries	545,750	-	31,480
Wind energy royalties	324,079	77,676	-
Reimbursements	-	122,543	77,239
Retail Operations	-	125,455	112,422
Spectra Energy	-	45,000	26,833
Capacity development and negotiation	-	1,440,360	-
Other land use and miscellaneous contracts	1,818,127	2,794,832	4,089,750
	\$ 11,075,669	\$ 19,463,914	\$ 11,133,167

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Saulteau First Nations

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget	2016	(Restated) 2015
Expenditures (Note 21)			
Administration	\$ 2,766,436	\$ 2,847,927	\$ 3,025,763
Economic development	3,041,476	2,150,781	2,177,732
Education	960,096	936,463	984,991
Enterprise Fund	-	9,209	7,570
Family and Social Development	755,534	578,217	530,270
Health services	574,636	854,119	759,771
Housing	-	1,052,759	1,151,075
Public works	732,522	642,291	926,837
Recreation and culture	-	422,467	150,619
	<u>8,830,700</u>	<u>9,494,233</u>	<u>9,714,628</u>
Excess of revenue for the year	2,244,969	9,969,681	1,418,539
Net income (loss) from government business entities		<u>2,907,063</u>	<u>(647,662)</u>
Annual surplus		<u>12,876,744</u>	<u>770,877</u>
Accumulated surplus, beginning of year		21,340,425	20,684,881
Prior period adjustment (Note 2)		<u>175,011</u>	<u>59,678</u>
Accumulated surplus at beginning of year, restated		<u>21,515,436</u>	<u>20,744,559</u>
Accumulated surplus, end of year		<u>\$ 34,392,180</u>	<u>\$ 21,515,436</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Saulteau First Nations

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2016	(Restated) 2015
Annual surplus	\$ 2,244,969	\$ 12,876,744	\$ 770,877
Tangible capital assets:			
Acquisition of tangible capital assets	(2,125,451)	(3,632,743)	(234,826)
Amortization of tangible capital assets	-	533,963	506,732
Loss on sale of tangible capital assets	-	4,427	-
Write off of tangible capital assets, net	-	57,160	435,037
Adjustment to tangible capital assets, net	-	(20,763)	-
	119,518	9,818,788	1,477,820
Acquisition of prepaid expenses		(271,518)	(244,784)
Use of prepaid expenses		123,256	196,672
		(148,262)	(48,112)
Net change in net financial assets		9,670,526	1,429,708
Net financial assets, beginning of year		7,744,470	6,314,762
Net financial assets, end of year		\$ 17,414,996	\$ 7,744,470

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Saulteau First Nations Consolidated Statement of Cash Flows

For the year ended March 31	2016	(Restated) 2015
Operating activities		
Annual surplus	\$ 12,876,744	\$ 770,877
Items not affecting cash:		
Amortization	533,963	506,732
Bad debts	104,293	174,853
Loss on disposal of tangible capital assets	4,427	-
	<u>13,519,427</u>	<u>1,452,462</u>
Changes in operating balances		
Decrease (increase) in accounts receivable	127,731	(1,258,376)
Decrease (increase) in prepaid expenses	(148,262)	(48,112)
Increase in accounts payable and accrued liabilities	622,271	202,036
Decrease in deferred revenue	-	(50,320)
Increase in inventory	(5,652)	(4,780)
	<u>14,115,515</u>	<u>292,910</u>
Capital activities		
Purchase of tangible capital assets	(3,632,743)	(234,826)
Adjustment to tangible capital assets	(20,763)	-
Write off of tangible capital assets	57,160	435,037
	<u>(3,596,346)</u>	<u>200,211</u>
Investing activities		
Investments in short-term investments	(5,661,298)	-
Net increase in band owned investment	(3,161,370)	(535,381)
	<u>(8,822,668)</u>	<u>(535,381)</u>
Financing activities		
Proceeds from long-term debt	-	57,337
Repayment of long-term debt	(277,921)	(266,675)
	<u>(277,921)</u>	<u>(209,338)</u>
Decrease in cash for the year	1,418,580	(251,598)
Cash, beginning of year	4,210,483	4,462,081
Cash, end of year (Note 3)	\$ 5,629,063	\$ 4,210,483

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies

Nature of Business	<p>Saulteau First Nations provides services and support to its band members.</p> <p>Saulteau First Nations is an Indian Band and, as such, is exempt from income tax under section 87 of the Indian Act.</p>
Basis of Accounting	<p>These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.</p>
Reporting Entity	<p>The Saulteau First Nations reporting entity includes the Saulteau First Nations government and all related entities that are controlled by the First Nation.</p>
Principles of Consolidation	<p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business entities, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only Saulteau First Nations investment in the government business entities and the First Nation's portion of the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entities that are different from those of Saulteau First Nations and inter-organizational balances and transactions are not eliminated.</p>
Long-term Investments	<p>Long-term investments in entities which are not wholly owned or controlled by the First Nation are recorded at cost. The First Nation's investment in the following government business enterprises, are recorded on a modified equity basis:</p> <ul style="list-style-type: none">- 4 Evergreen Resources Limited Partnership- Six Nations Ventures Limited Partnership- Three Nations Ventures Limited Partnership- Saulteau Camp Services Limited Partnership- Saulteau Camp Services (GP) Limited- 4 Evergreen Harvesting Incorporated- Twin Sisters Native Plants Nursery Limited Partnership- Saulteau Resource Ventures Limited- Saulteau Ventures Limited Partnership

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies (continued)

Long-term investments (continued)

The modified equity method of reporting includes the investment, equity, and net income of the government business enterprise. The First Nation's investment in the following entities which are not controlled, are recorded at cost:

- First Nations Pipeline Limited Partnership
- Little Prairie Community Forest Incorporated
- Kihew-Sas Ventures Ltd.

Asset Classification

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

Cash

Cash includes cash on hand and balances with banks.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Tangible Capital Assets

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

Buildings and improvements	25-50 years
Automotive equipment	10 years
Engineering structures	15-25 years
Machinery and equipment	3-20 years

One-half of the annual amortization is recorded in the year of asset acquisition.

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies (continued)

Inventories for resale	Inventories of supplies and goods for resale are recorded at the lower of cost and net realizable value.
Net Financial Assets	The Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its liabilities less its financial assets. Net financial assets is comprised of two components: non-financial assets and accumulated surplus.
Revenue Recognition	<p>Revenue in the Operating Fund is recognized as it becomes receivable under the terms of applicable funding agreements. Revenue received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.</p> <p>Revenue in the Enterprise Fund is recognized when ownership of products are transferred to a third party or services are provided, and collection is reasonably assured.</p> <p>Revenue from rental and other income is recognized when services are provided, and collection is reasonably assured. When payments are received in advance of contracted services, the Band records this as deferred revenue.</p> <p>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 consolidated statement of operations as the stipulation liabilities are settled.</p>
Financial Instruments	<p>The Band carries a number of financial instruments. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments.</p> <p>The fair values of these financial instruments approximate their carrying values, unless otherwise noted.</p>

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

2. Prior Period Adjustment

The management of Twin Sisters Native Plants Nursery Limited Partnership (which Saulteau First Nations has a 50% partnership interest in) adjusted their 2014 and 2015 financial statements for purchases and advances made by its partners which had not been reported previously. Accordingly, the changes that relate to Saulteau First Nations were adjusted through Saulteau's long term investment and accumulated surplus accounts. The 2014 and 2015 errors and subsequent adjustments to Saulteau First Nation's financial statements are as follows:

As at March 31, 2014, the advances to Twin Sisters Native Plants Nursery Limited Partnership (LP) were understated by \$88,896 and the net income allocated from the LP was overstated by \$29,218. The adjustments required were an increase in the 2014 long term investment account by \$88,896, and an increase in the April 1, 2014 opening accumulated surplus by \$88,896. Furthermore, an adjustment was made to reduce the long term investment account and reduce the April 1, 2014 opening accumulated surplus account by \$29,218. The effect of the March 31, 2014 errors resulted in a net increase of the April 1, 2014 opening accumulated surplus balance of \$59,678.

As at March 31, 2015, the advances to the LP were understated by \$125,001 and the net income allocated from the LP was overstated by \$9,668. The adjustments required were an increase in the 2015 long term investment account of \$125,001, and a decrease of the March 31, 2015 comparative expenditures of \$125,001. Furthermore, an adjustment was made to reduce the long term investment account and reduce the net income (loss) from government business entities by \$9,668. The effect of the March 31, 2015 errors resulted in a further net increase of the April 1, 2015 opening accumulated surplus balance of \$115,333.

The net effect on the 2016 accumulated surplus is \$175,011 which is the cumulative amount of the 2014 adjustment of \$59,678 and the 2015 adjustment of \$115,333.

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

3. Cash and Short-term Investments

	2016	2015
Cash	\$ 5,629,063	\$ 4,210,483
GICs	5,661,298	-
	<u>\$ 11,290,361</u>	<u>\$ 4,210,483</u>
Externally Restricted		
Ottawa Trust Funds - Revenue (Note 6)	\$ 42,787	\$ 42,787
Ottawa Trust Funds - Capital (Note 6)	374,038	369,712
Replacement reserve	577,445	580,621
Funds held in trust	67,805	67,805
	<u>1,062,075</u>	<u>1,060,925</u>
Internally Restricted		
Community Benefit Fund	215,738	179,551
Pemmican Days	-	21,482
Extended Care Fund	-	14,793
	<u>215,738</u>	<u>215,826</u>
Unrestricted		
Operating	9,965,218	2,416,018
Social Housing	47,329	217,160
Capital	1	300,554
	<u>10,012,548</u>	<u>2,933,732</u>
	<u>\$ 11,290,361</u>	<u>\$ 4,210,483</u>

Replacement Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the Replacement Reserve account is to be credited annually in an amount as specified by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

Community Benefits Fund

This fund was established for the purpose of collecting monies for future projects which would benefit the members of the Saulteau First Nations. In the current year, the Pemmican Days fund and Extended Care Fund were transferred into the Community Benefits Fund bank account. The Pemmican Days fund was established for the purpose of collecting monies for the annual Pemmican Days event. The Extended Care fund was established for the purpose of building a new elders' care home.

Trust Funds

These funds are held in trust with Donovan & Company for the purpose of supporting the negotiation of an impact benefit agreement with Peace River Coal related to mining activities.

Saulteau First Nations Notes to Financial Statements

March 31, 2016

4. Accounts Receivable

	2016	2015
Trade	\$ 898,590	\$ 212,160
Oil and Gas Commission	44,187	1,197,000
Accrued receivables	33,681	119,121
Province of BC	300,000	20,000
First Nations Health Authority	-	5,000
CMHC Social housing rent	207,914	201,049
Band housing rent	1,312,608	1,170,070
Member receivables	14,944	23,867
	2,811,924	2,948,267
Less: Allowance for doubtful accounts	(43,313)	(62,035)
Less: Allowance for doubtful band member rent accounts	(1,274,534)	(1,162,747)
Less: Allowance for doubtful social housing rent accounts	(203,461)	(198,209)
Less: Allowance for doubtful band member receivables	(14,944)	(17,580)
Net accounts receivable	\$ 1,275,672	\$ 1,507,696

5. Inventories for Resale

	2016	2015
Smokes and snacks	\$ 20,021	\$ 14,369

6. Trust Funds Held by Federal Government

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Revenue	\$ 42,787	\$ -	\$ -	\$ 42,787
Capital	369,711	4,327	-	374,038
	\$ 412,498	\$ 4,327	\$ -	\$ 416,825

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Saulteau First Nations

Notes to Consolidated Financial Statements

March 31, 2016

7. Long-term Investments

	2016	(Restated) 2015
4 Evergreen Resources Limited Partnership (99.99%)	\$ 3,714,004	\$ 1,368,320
Six Nations Ventures Limited Partnership (16.66%)	394,500	367,590
Three Nations Ventures Limited Partnership (33.33%)	205,147	131,597
Twin Sisters Native Plants Nursery Limited Partnership (49.99%)	448,961	432,059
Saulteau Camp Services Limited Partnership (99.99%)	1,656,724	2,416,122
Saulteau Camp Services GP Limited (100%)	1,204,254	925,739
4 Evergreen Harvesting Incorporated (100%)	947	947
Saulteau Ventures Limited Partnership (99.99%)	1,179,092	-
Saulteau Resource Ventures GP Limited (100%)	115	-
First Nations Pipeline Limited Partnership (6.66%), at cost	1,000	1,000
Little Prairie Community Forest Inc. (33.33%), at cost	3	3
	<u>\$ 8,804,747</u>	<u>\$ 5,643,377</u>

4 Evergreen Resources Limited Partnership

The principal purpose of 4 Evergreen Resources Limited Partnership is providing contract services for the oil and gas, timber and road construction industries.

Six Nations Ventures Limited Partnership

Six Nations Ventures Limited Partnership is a partnership of Blueberry River First Nations, Doig River First Nation, Halfway River First Nation, Prophet River First Nation, Saulteau First Nations, West Moberly First Nations and Six Nations Ventures Inc. This partnership operates a log sort yard on a contract basis in Fort St. John, British Columbia.

Three Nations Ventures Limited Partnership

Three Nations Ventures Limited Partnership is a limited partnership of the Saulteau First Nations, Blueberry First Nations, West Moberly First Nations, and Three Nations Ventures Inc. This partnership operates predominantly in the forestry sector; as well, it operates a log sort yard.

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

7. Long-term Investments (continued)

Twin Sisters Native Plants Nursery Limited Partnership

Twin Sisters Native Plants Nursery Limited Partnership is a limited partnership of the Saulteau First Nations. The principal purpose is to provide plant growing and seed collecting services.

Saulteau Camp Services Limited Partnership

Saulteau Camp Services Limited Partnership is a limited partnership of the Saulteau First Nations. The principal purpose is administering the leasing of remote camps.

Saulteau Ventures Limited Partnership

Saulteau Ventures Limited Partnership is a limited partnership of the Saulteau First Nations. The principal purpose is identifying and participating in opportunities available to the Saulteau First Nations for the supply of goods and services.

Little Prairie Community Forest Incorporated

Little Prairie Community Forest Incorporated operates a community forest under a twenty-five year agreement with the Ministry of Forest, Lands and Natural Resource Operations, in accordance with Section 43.51 (1) (b) of the Forest Act and Section 6 of the Community Tenures Regulation.

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

7. Long-term Investments (continued)

	2016							(Restated) 2015	
	4 Evergreen Resources Limited Partnership	Six Nations Ventures Limited Partnership	Three Nations Ventures Limited Partnership	Saulteau Camp Services Limited Partnership	Twin Sisters Native Plants Nursery Limited Partnership	Saulteau Camp Services (GP) Limited	Saulteau Ventures Limited Partnership	Saulteau Resource Ventures Limited	
	As at Mar. 31 2016	As at Dec. 31 2015	As at Dec. 31 2015	As at Mar. 31 2016	As at Mar. 31 2016	As at Mar. 31 2016	As at Mar. 31 2016	As at Mar. 31 2016	Total
Assets									
Current	\$ 3,810,143	\$ 1,299,143	\$ 369,413	\$ 1,746,524	\$ 476,654	\$ 1,201,894	\$ 1,180,411	\$ 187,052	\$ 10,271,234
Non-current	2,623,947	1,262,011	258,207	-	601,313	154	-	119	4,745,751
	6,434,090	2,561,154	627,620	1,746,524	1,077,967	1,202,048	1,180,411	187,171	15,016,985
Liabilities									
Current	2,219,666	202,801	16,559	89,646	128,834	-	-	18	2,657,524
Non-current	500,151	-	-	126,191	442,809	1,204,255	-	187,037	2,460,443
	2,719,817	202,801	16,559	215,837	571,643	1,204,255	-	187,055	5,117,967
Equity									
	3,714,273	2,358,353	611,061	1,530,687	506,324	(2,207)	1,180,411	116	9,899,018
	6,434,090	2,561,154	627,620	1,746,524	1,077,967	1,202,048	1,180,411	187,171	15,016,985
Revenue	14,719,956	1,974,199	2,006,329	337,069	593,668	-	1,179,375	138	20,810,734
Expenditures	12,374,037	1,812,741	1,785,677	1,090,429	523,674	801	165	23	17,587,547
Total income (loss)	2,345,919	161,458	220,652	(753,360)	69,994	(801)	1,179,210	115	3,223,187
Allocation	\$ 2,345,684	\$ 26,910	\$ 73,550	\$ (753,285)	\$ 34,997	\$ -	\$ 1,179,092	\$ 115	\$ 2,907,063
									\$ (647,662)

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

8. Related Party Transactions

During the year, Saulteau First Nations paid a total of \$61,010 (2015 - \$nil) in fees to 4 Evergreen Resources Limited Partnership for various contracted and consulting services and received \$2,875 (2015 - \$nil) for propane purchases. These transactions were conducted in the normal course of operations and were measured at the estimated carrying amount which approximates fair value.

During the year, Saulteau First Nations paid for certain expenses on behalf of Saulteau Camp Services Limited Partnership in the amount of \$85,081.18 (2015 - \$132,304). In addition, revenues relating to Saulteau First Nations in the amount of \$41,109.60 were deposited into the Saulteau Camp Services LP bank account in error. Saulteau Camp Services LP also transferred amounts owed to Saulteau First Nations in the amount of \$132,304.

During the year, Saulteau First Nations revenue in the amount of \$277,789 (2015 - \$924,128) was deposited into the Saulteau Camp Services GP Limited bank account in error.

During the year, Saulteau First Nations received dividend income of \$100,000 from Little Prairie Community Forest Inc.

During the year, Saulteau First Nations received donations of \$4,000 from Three Nations Ventures Limited Partnership.

During the year, Saulteau First Nations received donations of \$7,000 from Six Nations Ventures Limited Partnership.

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

9. Tangible Capital Assets

	2016				
	Buildings	Machinery and Equipment	Engineering Structures	Automotive	Total
Cost, beginning of year	\$16,344,243	\$ 238,246	\$ 4,558,649	\$ 228,721	\$ 21,369,859
Additions		-	3,632,743	-	3,632,743
Asset adjustment		-	-	59,322	59,322
Disposals				(12,650)	(12,650)
Write-downs	(129,925)	-	-	-	(129,925)
Cost, end of year	16,214,318	238,246	8,191,392	275,393	24,919,349
Accumulated amortization, beginning of year	4,524,864	71,317	3,188,347	80,335	7,864,863
Amortization	315,209	13,794	177,421	27,539	533,963
Asset adjustment	-	-	-	38,559	38,559
Disposals	-	-	-	(8,223)	(8,223)
Write-downs	(72,765)	-	-	-	(72,765)
Accumulated amortization, end of year	4,767,308	85,111	3,365,768	138,210	8,356,397
Net carrying amount, end of year	\$11,447,010	\$ 153,135	\$ 4,825,624	\$ 137,183	\$ 16,562,952

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

9. Tangible Capital Assets (continued)

					2015
	Buildings	Machinery and Equipment	Engineering Structures	Automotive	Total
Cost, beginning of year	\$16,795,796	\$ 171,779	\$ 4,494,294	\$ 124,717	\$21,586,586
Additions		66,467	64,355	104,004	234,826
Write-downs	(451,553)	-	-	-	(451,553)
Cost, end of year	16,344,243	238,246	4,558,649	228,721	21,369,859
Accumulated amortization, beginning of year	4,218,368	59,738	3,033,878	62,663	7,374,647
Amortization	323,012	11,579	154,469	17,672	506,732
Write-downs	(16,516)	-	-	-	(16,516)
Accumulated amortization, end of year	4,524,864	71,317	3,188,347	80,335	7,864,863
Net carrying amount, end of year	\$11,819,379	\$ 166,929	\$ 1,370,302	\$ 148,386	\$13,504,996

10. Accounts Payable and Accrued Liabilities

	2016	2015
Trade payables	\$ 1,151,591	\$ 438,370
Accrued liabilities	106,630	212,394
GST payable	37,965	137,682
Accrued salaries and employee benefits payable	132,222	-
WCB payable	513	2,102
Vacation payable and overtime	71,521	82,413
Other accounts payable	3,516	8,726
	\$ 1,503,958	\$ 881,687

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

11. Deferred Revenue

Deferred revenue represents funding received for programs that were not completed during the year.

	Balance, beginning of the year	Contributed	Recognized	Balance, end of the year
Peace River Coal Agreement	\$ 67,804	\$ -	\$ -	\$ 67,804
Elders Fund	14,793	-	-	14,793
Wildfire Protection	16,475	-	-	16,475
	<u>\$ 99,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,072</u>

12. Demand Loan

The First Nation has an authorized revolving loan with approval up to \$225,000, of which \$nil was drawn. These amounts bear interest at prime plus 1.25%. The First Nation also has a Visa credit card with approval up to \$25,000, of which \$269 (2015 - \$nil) was drawn at year end. The loans are secured by the assets of the Band and authorized through Band Council Resolution.

13. Contingencies

The Saulteau First Nations has been named as a defendant in two lawsuits arising in the ordinary course of operations. The Saulteau First Nations has contested both claims. Legal counsel for the Saulteau First Nations has advised that it is premature to make any evaluation of the possible outcome or possible settlement amounts of these claims. Consequently, no provision for the claims has been made in the financial statements.

14. Pension Plan

The Band and certain of its employees contribute to the Saulteau First Nations Pension Plan (the "Plan"). The Plan is a defined contribution plan. The Band administers the Plan through Manulife, including the payment of pension benefits on behalf of the employer and employees in accordance with the federal legislation. Contributions to the plan are based on fixed percentages of a participant's contributions up to a maximum amount per participant.

During the year, the Band paid \$94,505 (2015 - \$19,648) to the Plan on behalf of its employees.

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

15. Long-term Debt

	<u>2016</u>	<u>2015</u>
Capital Fund		
Royal Bank of Canada loan payable, bearing interest at 2.21% per annum, payable in monthly instalments of \$3,713, due 2020.	\$ 190,454	\$ 229,454
Royal Bank of Canada loan payable, bearing interest at 2.21% per annum payable in monthly instalments of \$4,065, due 2019.	167,724	211,546
Royal Bank of Canada loan payable, bearing interest at 2.21% per annum, payable in monthly instalments of \$3,604, due 2020.	191,371	229,047
Canadian Imperial Bank of Commerce loan payable, bearing interest at 6.70% per annum, payable in monthly instalments of \$337, due 2021.	24,043	26,408
Canadian Imperial Bank of Commerce loan payable, bearing interest at 5.34% per annum, payable in monthly instalments of \$291, due 2016.	33,975	35,799
Royal Bank of Canada loan payable, bearing interest at 3.25% per annum, payable in monthly instalments of \$6,622 after the amounts are fully withdrawn, due 2034.	1,276,732	1,314,043
Royal Bank of Canada loan payable, bearing interest at prime + 1% per annum, repayable in monthly instalments of \$5,590, due 2018.	103,201	165,113
Royal Bank of Canada loan payable, bearing interest at 2.80% per annum. repayable in monthly instalments of \$690, due 2031.	104,953	110,218
Toyota credit loan payable, bearing interest at 1.99% per annum, payable in monthly instalments of \$593, due December 2019.	25,695	32,230
Toyota credit loan payable, bearing interest at 0.99% per annum payable in monthly instalments of \$663, due March 2018.	17,076	23,493
	<u>2,135,224</u>	<u>2,377,351</u>

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

15. Long-term Debt (continued)

Total Capital Fund	2,135,224	2,377,351
Social Housing Fund		
Canada Housing Mortgage loan payable, bearing interest at 2.65% per annum, payable in monthly instalments of \$1,602, due 2026.	167,649	182,239
Canada Housing Mortgage loan payable, bearing interest at 1.92% per annum, payable in monthly instalments of \$1,892, due 2019.	69,902	91,106
	<u>237,551</u>	<u>273,345</u>
	2,372,775	2,650,696
Less: current portion	<u>(289,192)</u>	<u>(274,560)</u>
	<u>\$ 2,083,583</u>	<u>\$ 2,376,136</u>

All mortgages are secured by a ministerial guarantee from Indigenous and Northern Affairs Canada. Principal repayments on long-term debt for the next five years and thereafter are as follows, assuming mortgages are renewed on similar terms:

2017	\$ 289,192
2018	269,554
2019	229,558
2020	192,451
2021	122,251
Thereafter	<u>1,269,769</u>
	<u>\$ 2,372,775</u>

16. Loan Guarantees

Saulteau First Nations has guaranteed a line of credit for 4 Evergreen Resources Limited Partnership for up to \$1,000,000 with an interest rate of prime plus 1.25% per annum. At March 31, 2016, the balance owing was \$840,309.

In addition, Saulteau First Nations has guaranteed a line of credit for Twin Sisters Native Plants Nursery Limited Partnership in the amount of \$250,000 with an interest rate of prime + 2.3% per annum. At March 31, 2016, the balance owing was \$nil (2015 - \$nil).

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

17. Economic Dependence

Saulteau First Nations receives a major portion of its revenue from government funding resources. The nature and extent of this revenue is of such significance that the Band is economically dependent on this source of revenue.

18. Federal Assistance Payments

The Social Housing Fund receives federal assistance through CMHC, pursuant to Section 56.1 of the National Housing Act, to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2016 was \$24,679 (2015 - \$36,123).

19. Budget

The budget was not adopted by Chief and Council. It was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of administration fee revenue billed between programs to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget prepared by management with adjustments as follows:

	<u>March 31, 2016</u>
Budget deficit for the year	\$ (75,432)
Add:	
Capital expenditures	2,125,451
Admin expense	869,950
Less:	
Admin revenue	<u>(675,000)</u>
Budget surplus per statement of operations	<u>\$ 2,244,969</u>

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

20. Government Transfers

	Operating	Capital	2016 Total	Operating	Capital	2015 Total
Federal Government Transfers						
Indigenous and Northern Affairs Canada	2,227,033	2,838,943	5,065,976	2,102,988	533,726	2,636,714
First Nations Health Authority	889,178	-	889,178	837,236	-	837,236
Canada Mortgage and Housing Corporation	-	24,679	24,679	-	36,123	36,123
Treaty Land Entitlement	-	-	-	140,326	-	140,326
	3,116,211	2,863,622	5,979,833	3,080,550	569,849	3,650,399
Provincial Government Transfers	6,620,521	-	6,620,521	557,136	-	557,136
Total	\$ 9,736,732	\$ 2,863,622	\$ 12,600,354	\$ 3,637,686	\$ 569,849	\$ 4,207,535

Saulteau First Nations
Notes to Consolidated Financial Statements

March 31, 2016

21. Statement of Expenditures by Object

	2016	(Restated) 2015
Expenditures		
Advertising and recruitment	\$ 26,437	\$ 23,692
Amortization	533,964	506,732
Appliances	3,741	9,469
Bad debts	104,293	174,853
Bank charges	38,095	7,837
Community events	45,652	28,568
Contract services	1,598,826	1,752,715
Cost of retail operations	113,571	87,713
Direct social assistance	296,679	280,275
Donations	167,880	39,234
Equipment rental	36,489	37,200
Equipment purchases	21,176	4,378
Garbage collections	58,561	42,943
Honoraria	103,322	99,977
Insurance	116,607	107,607
Interest on long term debt	80,878	105,591
Meetings	86,344	84,877
Office and miscellaneous	79,096	82,790
Professional fees	1,470,231	1,063,207
Program resources	406,053	409,965
Property tax	1,702	9,266
Renovations, repairs and maintenance	254,412	560,145
Salaries and benefits	2,757,991	2,714,126
Septic tank services	39,873	-
Student allowance and transportation	435,753	448,183
Telephone	79,936	75,603
Travel and accommodation	235,075	270,772
Transportation	79,693	60,513
Utilities	66,026	60,687
Vehicles O&M	24,675	22,231
Workshops and training	69,615	108,442
Write off of capital asset	61,587	435,037
Total expenditures for the year	\$ 9,494,233	\$ 9,714,628

Saulteau First Nations Notes to Consolidated Financial Statements

March 31, 2016

22. Segmented Information

Saulteau First Nations is a First Nation organization that provides a wide range of services to its members including social, education, health, housing, public works and economic activities. For management reporting purposes, the Band's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives with special regulations, restrictions or limitations. Services are provided by programs and their activities are reported in these funds. Certain programs have been separately disclosed in the segmented information, along with the services they provide, are detailed in the Schedule of Segmented Financial Activities.

Administration

The Administration Services program provides administration support to other band operated programs and services.

Economic Development

The Economic Development program includes various general projects as well as land use activities.

Education

The Education program provides services to eligible First Nations students enrolled in elementary/secondary education programs and eligible post-secondary education programs.

Family and Social Development

The Family and Social Development program provides financial benefits and services to individuals and families, resident on reserve, who are in need.

Housing

The Housing program provides on-reserve housing to eligible members under the CMHC housing programs for First Nations.

Public Works

The Public Works program is responsible for the construction and maintenance of public spaces within the community.

Health Services

The Band provides health programs and services under an agreement with Health Canada/First Nations Health Authority, and the Province of British Columbia.

Enterprise Fund

The Enterprise Fund includes the operations of the government business entities of Saulteau First Nations as well as camp operations and oil and gas projects.

Recreation and Culture

The Recreation and Culture program includes the organization of community activities and cultural events.

Saulteau First Nations
Notes to Consolidated Financial Statements
Schedule of Segmented Financial Activities

March 31, 2016

22. Segmented Information (continued)

2016

	Administration	Economic Development	Education	Housing	Public Works	Health Services	Enterprise Fund	Recreation & Culture	Family & Social Development	Total
Revenue										
I.N.A.C.	\$ 688,798	\$ 329,515	\$ 779,738	\$ 190,405	\$ 2,608,469	\$ -	\$ -	\$ -	\$ 469,051	\$ 5,065,976
BC Hydro	-	887,919	-	-	-	-	-	-	-	887,919
C.M.H.C.	-	-	-	24,679	-	-	-	-	-	24,679
Government of Canada	-	-	-	-	-	-	-	-	-	-
First Nations Health Authority	-	-	-	-	-	889,178	-	-	-	889,178
Rental income	-	-	-	392,205	750	-	-	-	-	392,955
Interest	39,673	-	-	441	-	-	2,813	-	-	42,927
Investment income	-	77,676	-	-	-	-	2,907,063	-	-	2,984,739
N.E.N.A.S	-	-	20,000	-	-	-	-	35,308	-	55,308
Other	3,046,397	914,067	141,566	15,924	1,033	16,284	373,668	112,644	10,088	4,631,671
Oil and gas commissions	-	-	-	-	-	-	775,104	-	-	775,104
Province of B.C.	6,261,298	110,000	144,829	-	-	-	-	-	104,394	6,620,521
	10,036,166	2,319,177	1,086,133	623,654	2,610,252	905,462	4,058,648	147,952	583,533	22,370,977
Expenditures										
Amortization	14,801	-	-	199,688	296,924	22,550	-	-	-	533,963
Direct Assistance	-	-	406,458	-	-	-	-	-	296,679	703,137
Materials, supplies and utilities	170,062	29,532	136,177	29,520	40,161	159,139	-	100,157	50,298	715,046
Operations and maintenance	1,656,734	1,642,941	116,682	633,408	195,983	234,526	9,209	259,035	35,577	4,784,095
Salaries, wages and benefits	1,006,330	478,308	277,146	190,143	109,223	437,904	-	63,275	195,663	2,757,992
	2,847,927	2,150,781	936,463	1,052,759	642,291	854,119	9,209	422,467	578,217	9,494,233
Excess of revenue (expenditures) for the year	\$ 7,188,239	\$ 168,396	\$ 149,670	\$ (429,105)	\$ 1,967,961	\$ 51,343	\$ 4,049,439	\$ (274,515)	\$ 5,316	\$ 12,876,744

Saulteau First Nations
Notes to Consolidated Financial Statements
Schedule of Segmented Financial Activities

March 31, 2016

22. Segmented Information (continued)

(Restated)
2015

	Administration	Economic Development	Education	Housing	Public Works	Health Services	Enterprise Fund	Recreation & Culture	Family & Social Development	Total
Revenue										
A.A.N.D.C.	\$ 454,095	\$ 123,280	\$ 920,303	\$ 292,331	\$ 455,012	\$ -	\$ -	\$ -	\$ 391,693	\$ 2,636,714
BC Hydro	-	277,750	-	-	-	-	-	-	-	277,750
C.M.H.C.	-	-	-	36,123	-	-	-	-	-	36,123
Government of Canada	140,326	-	-	-	-	-	-	-	-	140,326
First Nations Health Authority	-	-	-	-	-	837,236	-	-	-	837,236
Rental income	-	-	-	387,496	1,800	-	-	-	-	389,296
Interest	37,081	-	-	144	-	-	518	-	-	37,743
Investment income	-	-	-	-	-	-	(647,662)	-	-	(647,662)
N.E.N.A.S	-	-	-	-	-	-	-	23,719	-	23,719
Other	1,035,496	2,570,663	139,019	45,282	2,333	45,970	414,315	154,304	42,742	4,450,124
Oil and gas commissions	-	-	-	-	-	-	1,747,000	-	-	1,747,000
Province of B.C.	435,000	10,000	-	-	-	7,291	-	-	104,845	557,136
	2,101,998	2,981,693	1,059,322	761,376	459,145	890,497	1,514,171	178,023	539,280	10,485,505
Expenditures										
Amortization	10,866	-	-	207,491	271,757	16,618	-	-	-	506,732
Direct Assistance	-	-	448,183	-	-	-	-	-	280,275	728,458
Materials, supplies and utilities	195,190	43,917	117,263	8,050	52,049	137,027	523	65,459	41,820	661,298
Operations and maintenance	1,734,089	1,681,208	102,726	847,796	476,662	166,534	7,047	59,525	28,427	5,104,014
Salaries, wages and benefits	1,085,618	452,607	316,819	87,738	126,369	439,592	-	25,635	179,748	2,714,126
	3,025,763	2,177,732	984,991	1,151,075	926,837	759,771	7,570	150,619	530,270	9,714,628
Excess of revenue (expenditures) for the year	\$ (923,765)	\$ 803,961	\$ 74,331	\$ (389,699)	\$ (467,692)	\$ 130,726	\$ 1,506,601	\$ 27,404	\$ 9,010	\$ 770,877