

**West Moberly First Nations  
Consolidated Financial Statements  
March 31, 2016**

# West Moberly First Nations

## CONTENTS

|  | <u>Page</u> |
|--|-------------|
| <b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>             |             |
| <b>INDEPENDENT AUDITORS' REPORT</b>                                    | <b>1</b>    |
| Consolidated Statement of Financial Position                           | 2           |
| Consolidated Statement of Financial Activities                         | 3           |
| Consolidated Statement of Change in Net Financial Assets               | 4           |
| Consolidated Statement of Cash Flows                                   | 5           |
| Consolidated Statement of Changes in Accumulated Surplus - Schedule 1  | 6           |
| Consolidated Statement of Tangible Capital Assets - Schedule 2         | 7           |
| Consolidated Statement of Financial Activities by Program - Schedule 3 | 8           |
| Consolidated Statement of Expenditures by Object - Schedule 4          | 9           |
| Notes to the Consolidated Financial Statements                         | 10 - 20     |



## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of the West Moberly First Nations are the responsibility of management and have been approved by the Chief and Council.

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 judgement. 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.

*Original Signed By:* \_\_\_\_\_ Chief      *Original Signed By:* \_\_\_\_\_ Councillor

*Original Signed By:* \_\_\_\_\_ Councillor      *Original Signed By:* \_\_\_\_\_ Councillor

## INDEPENDENT AUDITORS' REPORT

To the Chief and Council

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **West Moberly First Nations**, which comprise the statement of financial position as at March 31, 2016 and the statements of financial activities, change in net financial assets, statement of cash flows, tangible capital assets and statement of expenditures by object 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 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 preparations 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.

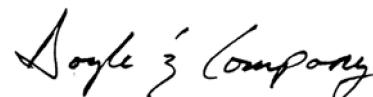
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the West Moberly First Nations 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.

August 17, 2016

Edmonton, Alberta



Chartered Accountants

**West Moberly First Nations**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2016**

|   | 2016              | 2015<br>(Restated) |
|---|-------------------|--------------------|
|   | \$                | \$                 |
| <b>FINANCIAL ASSETS</b>                                 |                   |                    |
| Cash  | 2,886,598         | 2,520,084          |
| Restricted cash (Note 3)                                | 384,017           | 394,927            |
| Investments (Note 4)                                    | 2,405,359         | 2,388,043          |
| Accounts receivable (Note 5)                            | 1,202,170         | 1,563,712          |
| Promissory note (Note 6)                                | 119,868           | 100,000            |
| Investment in First Nation Controlled Entities (Note 7) | 4,544,949         | 3,237,618          |
|   | <b>11,542,961</b> | <b>10,204,384</b>  |
| <b>LIABILITIES</b>                                      |                   |                    |
| Accounts payable (Note 8)                               | 700,315           | 629,549            |
| Deferred revenue (Note 9)                               | 2,287,453         | 3,364,058          |
| Treaty loan payable (Note 10)                           | 3,244,310         | 3,244,310          |
| Long-term liabilities (Note 11)                         | 3,469,129         | 3,708,138          |
| Obligations under capital lease (Note 12)               | 407,094           | 346,500            |
| Replacement reserve (Note 13)                           | 555,888           | 527,387            |
|   | <b>10,664,189</b> | <b>11,819,942</b>  |
| <b>NET FINANCIAL ASSETS (DEBT)</b>                      | <b>878,772</b>    | <b>(1,615,558)</b> |
| <b>NON-FINANCIAL ASSETS</b>                             |                   |                    |
| Tangible capital assets (Schedule 2)                    | 9,781,418         | 7,445,055          |
| Inventory for consumption                               | 39,979            | 37,454             |
| Prepaid expenses  | 12,810            | 29,033             |
|   | <b>9,834,207</b>  | <b>7,511,542</b>   |
| <b>ACCUMULATED SURPLUS (Schedule 1 and Note 18)</b>     | <b>10,712,979</b> | <b>5,895,984</b>   |

**Approved by the First Nations:**

|                                  |            |                                  |            |
|----------------------------------|------------|----------------------------------|------------|
| <i>Original Signed By:</i> _____ | Chief      | <i>Original Signed By:</i> _____ | Councillor |
| <i>Original Signed By:</i> _____ | Councillor | <i>Original Signed By:</i> _____ | Councillor |

**West Moberly First Nations**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2016**

|  | 2016<br>Budgets  | 2016<br>Actual    | 2015<br>Actual<br>(Restated) |
|--|------------------|-------------------|------------------------------|
|  | \$               | \$                | \$                           |
| <b>REVENUE</b>                             |                  |                   |                              |
| Indigenous and Northern Affairs Canada     | 4,178,964        | 1,018,614         | 1,142,365                    |
| Health Canada                              | 333,308          | 339,506           | 504,548                      |
| Canada Mortgage and Housing Corporation    | -                | 94,491            | 96,922                       |
| Treaty 8 Heritage Trust                    | 400,000          | 400,000           | 400,000                      |
| Oil and Gas Commission                     | 720,000          | 1,020,813         | 545,826                      |
| Industrial contacts                        | 756,951          | 4,119,263         | 4,601,652                    |
| Interest income                            | -                | 94,411            | 112,299                      |
| Other revenue                              | 1,143,749        | 3,649,444         | 2,728,897                    |
| Revenue deferred from previous period      | -                | 3,364,058         | 2,604,022                    |
| Revenue deferred to subsequent period      | -                | (2,287,453)       | (3,364,058)                  |
|  | <b>7,532,972</b> | <b>11,813,147</b> | <b>9,372,473</b>             |
| <b>EXPENDITURES</b>                        |                  |                   |                              |
| Administration                             | 1,091,691        | 1,096,002         | 1,160,327                    |
| Capital Projects                           | 38,000           | 66,313            | 28,967                       |
| Chief and Council                          | 2,010,000        | 2,056,569         | 1,723,048                    |
| Community Operations                       | 370,475          | 338,627           | 434,170                      |
| Culture                                    | 159,105          | 69,676            | 10,641                       |
| Dakki Centre                               | 185,500          | 228,226           | 230,548                      |
| Dunne-za Lodge                             | 56,950           | 41,881            | 52,259                       |
| Economic Development                       | 445,811          | 409,246           | 201,871                      |
| Education                                  | 360,980          | 347,647           | 288,328                      |
| Health - FNHA                              | 299,837          | 350,427           | 330,203                      |
| Health - Other                             | -                | 141,509           | 93,078                       |
| Housing                                    | 418,692          | 162,142           | 276,450                      |
| Lands                                      | 2,829,500        | 3,095,982         | 2,510,966                    |
| Social Development                         | 206,717          | 134,712           | 168,514                      |
| Specific Claims                            | -                | 199,088           | 394,380                      |
| Specific Claims - Western Boundary         | -                | 109,284           | 52,345                       |
| 0944996 BC Ltd - Golf Course               | -                | 428,334           | 188,094                      |
| West Moberly First Nation Holdings Inc.    | -                | 1,027,959         | 553,370                      |
|  | <b>8,473,258</b> | <b>10,303,624</b> | <b>8,697,559</b>             |
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b> |                  |                   |                              |
| <b>Before Other Revenue (Expenditures)</b> | <b>(940,286)</b> | <b>1,509,523</b>  | <b>674,914</b>               |
| <b>OTHER REVENUE (EXPENDITURES)</b>        |                  |                   |                              |
| Capital funding                            | -                | 2,870,000         | -                            |
| Indigenous and Northern Affairs Canada     | -                | (413,738)         | (321,001)                    |
| Amortization                               | -                | 2,456,262         | (321,001)                    |
|  | <b>(940,286)</b> | <b>3,965,785</b>  | <b>353,913</b>               |

The accompanying notes form part of these financial statements.

**West Moberly First Nations**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31, 2016**

|   | 2016               | 2015<br>(Restated) |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>     | <b>4,816,995</b>   | 220,600            |
| Acquisition of tangible capital assets          | (2,750,101)        | (371,874)          |
| Amortization of tangible capital assets         | 413,738            | 321,001            |
| Advances to controlled entities                 | -                  | 172,192            |
|   | <b>(2,336,363)</b> | 121,319            |
| Acquisition of supplies inventories             | (39,979)           | 37,454             |
| Acquisition of prepaid assets                   | (12,810)           | (29,033)           |
| Use of supplies inventories                     | 37,454             | 35,693             |
| Use of prepaid assets                           | 29,033             | 4,057              |
|   | <b>13,698</b>      | 48,171             |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>         | <b>2,494,330</b>   | 390,090            |
| <b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>    | <b>(1,615,558)</b> | (2,005,648)        |
| <b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b> | <b>878,772</b>     | (1,615,558)        |

**West Moberly First Nations**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2016**

|  | 2016               | 2015<br>(Restated) |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                    |                    |
| Cash received from funding agencies and other income | 13,968,084         | 10,138,401         |
| Cash paid to suppliers and employees                 | (10,166,120)       | (7,805,861)        |
|  | <b>3,801,964</b>   | 2,332,540          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                    |                    |
| Advances to business entities                        | (459,477)          | (1,032,153)        |
| Increase in investments                              | (17,316)           | (25,595)           |
| Increase in replacement reserve                      | 28,501             | -                  |
| Increase in trust funds                              | 10,910             | -                  |
| Issuance of promissory note                          | (19,868)           | (100,000)          |
| Purchase of capital assets                           | (2,750,101)        | (371,874)          |
|  | <b>(3,207,351)</b> | (1,529,622)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                    |                    |
| Repayment of capital lease obligation                | (60,594)           | (58,701)           |
| Proceeds from treaty loans payable                   | -                  | 321,000            |
| Long-term liabilities repaid                         | (178,415)          | (212,342)          |
|  | <b>(239,009)</b>   | 49,957             |
| <b>INCREASE IN CASH DURING THE YEAR</b>              | <b>355,604</b>     | 852,875            |
| <b>CASH, Beginning of Year</b>                       | <b>2,915,011</b>   | 2,062,136          |
| <b>CASH, End of Year</b>                             | <b>3,270,615</b>   | 2,915,011          |
| <b>Cash is represented by:</b>                       |                    |                    |
| Cash   | 2,886,598          | 2,520,084          |
| Restricted cash (Note 3)                             | 384,017            | 394,927            |
|  | <b>3,270,615</b>   | 2,915,011          |

**West Moberly First Nations**  
**Schedule of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2016**

|  | <b>Unrestricted<br/>Surplus</b><br>\$ | <b>Equity in Tangible<br/>Capital Assets</b><br>\$ | <b>Equity in<br/>Enterprise Fund</b><br>\$ | <b>Equity in<br/>Trust Funds</b><br>\$ | <b>2016</b><br>\$ | <b>2015<br/>(Restated)</b><br>\$ |
|--|---------------------------------------|--|--|--|-------------------|----------------------------------|
| <b>BALANCE, Beginning of Year</b>                    | <b>(736,921)</b>                      | <b>3,354,393</b>                                   | <b>3,237,619</b>                           | <b>40,893</b>                          | <b>5,895,984</b>  | <b>5,675,384</b>                 |
| Excess of revenue over expenditures                  | 3,965,785                             | -  | 847,853                                    | 3,357                                  | 4,816,995         | 220,600                          |
| Current years funds advanced to subsidiaries         | (459,476)                             | -  | 459,476                                    | -                                      | -                 | -                                |
| Current years funds used for tangible capital assets | (2,750,101)                           | 2,750,101  | -  | -                                      | -                 | -                                |
| Annual amortization expense                          | 413,738                               | (413,738)  | -  | -                                      | -                 | -                                |
| Long-term liabilities obtained                       | 178,364                               | (178,364)  | -  | -                                      | -                 | -                                |
| Long-term liabilities repaid                         | (358,524)                             | 358,524  | -  | -                                      | -                 | -                                |
| Equity transfer                                      | (34,279)                              | 34,279   | -  | -                                      | -                 | -                                |
| Change in accumulated surplus                        | 955,507                               | 2,550,802  | 1,307,329                                  | 3,357                                  | 4,816,995         | 220,600                          |
| <b>BALANCE, End of Year</b>                          | <b>218,586</b>                        | <b>5,905,195</b>                                   | <b>4,544,948</b>                           | <b>44,250</b>                          | <b>10,712,979</b> | <b>5,895,984</b>                 |

The accompanying notes form part of these financial statements.

**West Moberly First Nations**  
**Consolidated Statement of Tangible Capital Assets - Schedule 2**  
**For the year ended March 31, 2016**

|  | <b>Land</b>      | <b>Capital Lease</b> | <b>Automotive</b> | <b>Buildings</b> | <b>Computers</b> | <b>Equipment</b> | <b>2016 \$</b>    | <b>2015 \$</b>   |
|--|------------------|----------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|
| <b>COST:</b>                           |                  |                      |                   |                  |                  |                  |                   |                  |
| Balance, Beginning of Year             | 1,741,894        | 613,811              | 427,866           | 6,852,975        | 88,030           | 953,619          | <b>10,678,195</b> | 10,306,320       |
| Acquisition of tangible capital assets | -                | 178,364              | 67,500            | 2,449,027        | 14,996           | 40,214           | <b>2,750,101</b>  | 371,875          |
| Balance, End of Year                   | 1,741,894        | 792,175              | 495,366           | 9,302,002        | 103,026          | 993,833          | <b>13,428,296</b> | 10,678,195       |
| <b>ACCUMULATED AMORTIZATION:</b>       |                  |                      |                   |                  |                  |                  |                   |                  |
| Balance, Beginning of Year             | -                | 62,683               | 323,151           | 2,191,135        | 87,922           | 568,249          | <b>3,233,140</b>  | 2,912,139        |
| Annual amortization                    | -                | 54,998               | 29,965            | 229,934          | 8,251            | 90,590           | <b>413,738</b>    | 321,001          |
| Balance, End of Year                   | -                | 117,681              | 353,116           | 2,421,069        | 96,173           | 658,839          | <b>3,646,878</b>  | 3,233,140        |
| <b>NET BOOK VALUE</b>                  | <b>1,741,894</b> | <b>674,494</b>       | <b>142,250</b>    | <b>6,880,933</b> | <b>6,853</b>     | <b>334,994</b>   | <b>9,781,418</b>  | <b>7,445,055</b> |

The accompanying notes form part of these financial statements.

**West Moberly First Nations**  
**Consolidated Statement of Financial Activities by Program - Schedule 3**  
**For the year ended March 31, 2016**

|   | INAC<br>Revenue<br>\$ | Other<br>Revenue<br>\$ | Total<br>Revenue<br>\$ | 2016<br>Total<br>Expenditures<br>\$ | Surplus<br>(Deficit)<br>\$ | 2015<br>Surplus<br>(Deficit)<br>\$ |
|---|-----------------------|------------------------|------------------------|-------------------------------------|----------------------------|------------------------------------|
| Administration                            | 273,444               | 451,845                | 725,289                | 1,096,002                           | (370,713)                  | (522,060)                          |
| 0944996 BC Ltd - Golf Course              | -                     | 140,364                | 140,364                | 428,334                             | (287,970)                  | (53,980)                           |
| West Moberly First Nation Holdings Inc.   | -                     | 531,651                | 531,651                | 1,027,959                           | (496,308)                  | (351,106)                          |
| Capital Projects                          | 2,936,313             | (420,973)              | 2,515,340              | 66,313                              | 2,449,027                  | (21,951)                           |
| Chief and Council                         | -                     | 3,539,147              | 3,539,147              | 2,056,569                           | 1,482,578                  | 2,031,231                          |
| Community Operations                      | 307,763               | 15,629                 | 323,392                | 338,627                             | (15,235)                   | (111,026)                          |
| Culture                                   | -                     | 18,487                 | 18,487                 | 69,676                              | (51,189)                   | 23,460                             |
| Dakii Centre                              | -                     | 184,323                | 184,323                | 228,226                             | (43,903)                   | (117,446)                          |
| Dunne-za Lodge                            | -                     | 77,280                 | 77,280                 | 41,881                              | 35,399                     | 9,761                              |
| Economic Development                      | 142,311               | 299,041                | 441,352                | 409,246                             | 32,106                     | 46,549                             |
| Education                                 | 130,733               | 187,748                | 318,481                | 347,647                             | (29,166)                   | (119,802)                          |
| Health - FNHA                             | -                     | 312,881                | 312,881                | 350,427                             | (37,546)                   | 160,255                            |
| Health - Other                            | -                     | 125,516                | 125,516                | 141,509                             | (15,993)                   | 22,524                             |
| Housing                                   | -                     | 344,467                | 344,467                | 162,142                             | 182,325                    | 68,838                             |
| Lands                                     | -                     | 4,886,542              | 4,886,542              | 3,095,982                           | 1,790,560                  | 32,921                             |
| Social Development                        | 98,050                | 585                    | 98,635                 | 134,712                             | (36,077)                   | 23,471                             |
| Specific Claims - Treaty Land Entitlement | -                     | -                      | -                      | 148,932                             | (148,932)                  | (176,280)                          |
| Specific Claims - Agriculture             | -                     | -                      | -                      | 37,605                              | (37,605)                   | (107,000)                          |
| Specific Claims - Trapline                | -                     | -                      | -                      | 12,551                              | (12,551)                   | (111,100)                          |
| Specific Claims - Western Boundary        | -                     | 100,000                | 100,000                | 109,284                             | (9,284)                    | 47,655                             |
|   | <b>3,888,614</b>      | <b>10,794,533</b>      | <b>14,683,147</b>      | <b>10,303,624</b>                   | <b>4,379,523</b>           | <b>774,914</b>                     |

The accompanying notes form part of these financial statements.

**West Moberly First Nations**  
**Consolidated Statement of Expenditures by Object - Schedule 4**  
**For the year ended March 31, 2016**

|                                | <b>2016</b><br>\$ | <b>2015</b><br>\$ |
|--------------------------------|-------------------|-------------------|
| <b>EXPENDITURES</b>            |                   |                   |
| Advertising                    | 12,550            | 12,314            |
| Bad debts                      | 326,343           | 76,461            |
| Bank charges and penalties     | 162,088           | 12,786            |
| Concession purchases           | 49,918            | 65,714            |
| Christmas                      | 145,625           | 121,082           |
| Donations                      | 8,855             | 12,995            |
| Freight                        | 6,718             | 68,811            |
| Honorarium                     | 291,629           | 272,643           |
| Insurance                      | 126,268           | 112,335           |
| Meetings                       | 11,513            | 44,112            |
| Office                         | 288,260           | 247,294           |
| Professional and contract fees | 3,672,565         | 3,339,177         |
| Program costs                  | 543,835           | -                 |
| Property taxes                 | 10,847            | -                 |
| Rental                         | 154,903           | 81,490            |
| Repairs and maintenance        | 225,703           | 195,264           |
| Supplies                       | 181,858           | 310,190           |
| Training                       | 63,614            | 21,138            |
| Travel                         | 276,587           | 342,497           |
| Utilities                      | 107,408           | 106,985           |
| Vehicle                        | 297,190           | 181,944           |
| Wages and employee benefits    | 3,339,347         | 3,072,327         |
| <b>TOTAL EXPENDITURES</b>      | <b>10,303,624</b> | <b>8,697,559</b>  |

# West Moberly First Nations

## Notes to the Consolidated Financial Statements

### March 31, 2016

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#### **NATURE OF OPERATIONS**

West Moberly First Nations provides local government, education and social development services to its members and was established under the Indian Act (Canada)

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements include the assets, liabilities, and results of operations of West Moberly First Nations (the "First Nation") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nations members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

##### **(a) Fund Accounting**

The West Moberly First Nations uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The West Moberly First Nations maintains the following funds:

- The Operating Fund which reports the general activities of the First Nations Administration.
- The Capital Asset Fund which reports the capital assets of the First Nations, together with their related financing.
- The Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nations and held by third parties.

##### **(b) Reporting Entity and Principles of Financial Reporting**

The West Moberly First Nations reporting entity includes the West Moberly First Nations government and all related entities which are accountable to the First Nations and are either owned, controlled or have significant influence by the First Nations and which are not dependent on the First Nations for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- Dunne-za Economic Development Corporation
- Dunne-za Ventures Limited Partnership
- West Moberly First Nations Holdings Inc.
- West Moberly First Nations Investments Inc.
- West Moberly Indigiinet Internet Service Inc.
- 5 Star Energy Services Inc.
- Black Diamond Cygnus Limited Partnership
- Three Nations Ventures
- Six Nations Ventures

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(b) Reporting Entity and Principles of Financial Reporting - continued**

Two other Government Organizations, which are controlled by the First Nation, are included in the financial statements using the consolidation method. Under the consolidation method, the assets, liabilities, revenue and expenses of the those organizations have been consolidated and all inter-company balances have been eliminated on consolidation. Those Organizations are:

- West Moberly First Nation Holdings Inc.
- 0924958 B.C. Ltd.

**(c) Revenue Recognition**

Government transfers and grant revenue are recognized as the First Nations becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

**(d) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

**(e) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

|            | Years |
|------------|-------|
| Automotive | 3-10  |
| Buildings  | 25-50 |
| Computers  | 3-5   |
| Equipment  | 5-20  |

Annual amortization is charged in the year of acquisition and not in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

**(f) Investments**

Investments are recorded at the lower of cost and fair market value.

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(g) Inventory Valuation**

Inventories are valued at the lower of cost and net realizable value on a first-in first-out basis.

**(h) Trust Funds**

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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.

**(i) Financial Instruments**

The Nation's financial instruments consist of cash, accounts receivable, investments, trust funds, accounts payable, deferred revenue and long-term liabilities. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant market or currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Credit Risk**

The Nation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

**Interest Rate Risk**

The Nation is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

**(j) 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.

**2. ECONOMIC DEPENDENCE**

The West Moberly First Nations receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**3. RESTRICTED CASH**

|   | <b>2016</b>    | <b>2015</b> |
|---|----------------|-------------|
|   | \$             | \$          |
| Trust Funds                             |                |             |
| Band Capital                            | 2,789          | 2,789       |
| Band Revenue                            | 38,946         | 38,104      |
| Canada Mortgage and Housing Corporation | 342,282        | 354,034     |
|   | <b>384,017</b> | 394,927     |

**4. INVESTMENTS**

|                                      | <b>2016</b>      | <b>2015</b> |
|--------------------------------------|------------------|-------------|
|                                      | \$               | \$          |
| Guaranteed investment certificate #1 | 1,501,794        | 2,388,043   |
| Guaranteed investment certificate #2 | 903,565          | -           |
|                                      | <b>2,405,359</b> | 2,388,043   |

Guaranteed investment certificate #1 matures on April 21, 2016 and earns interest at 0.59%.

Guaranteed investment certificate #2 matures on January 20, 2017 and earns interest at 0.63%.

**5. ACCOUNTS RECEIVABLE**

|   | <b>2016</b>      | <b>2015</b> |
|---|------------------|-------------|
|   | \$               | \$          |
| Indigenous and Northern Affairs Canada  | 6,631            | 17,185      |
| Canada Mortgage and Housing Corporation | -                | 48,461      |
| Industrial Agreements                   | 389,216          | 991,447     |
| Members                                 | 283,803          | 230,569     |
| GST                                     | 203,910          | 166,670     |
| Other                                   | 318,610          | 109,380     |
|   | <b>1,202,170</b> | 1,563,712   |

**6. PROMISSORY NOTE**

A promissory note of \$119,868 was issued to a company owned by a member of West Moberly First Nations. The promissory note is secured by a mortgage over property owned by the member, bearing interest at 5.0%. There are no fixed terms of repayment.

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

---

**7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES**

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| <b>Dunne-za Economic Development Corporation - 100% interest</b>    |             |             |
| Shares  | 100         | 100         |
| Accumulated deficit in earnings                                     | (100)       | (100)       |
|   | -           | -           |
| <b>Dunne-za Ventures Limited Partnership - 99.9% interest</b>       |             |             |
| Units   | 999         | 999         |
| Advances  | 891,178     | 816,178     |
| Accumulated deficit in earnings                                     | (142,137)   | (817,177)   |
|   | 750,040     | -           |
| <b>Black Diamond Cygnus Limited Partnership - 50% interest</b>      |             |             |
| Units   | 500         | 500         |
| Advances  | (500)       | (500)       |
| Accumulated surplus in earnings                                     | 1,356,000   | 996,606     |
|   | 1,356,000   | 996,606     |
| <b>West Moberly First Nations Investments Inc. - 100% interest</b>  |             |             |
| Shares  | 100         | 100         |
| Advances  | 1,093,578   | 819,426     |
| Accumulated deficit in earnings                                     | (133,261)   | (19,516)    |
|   | 960,417     | 800,010     |
| <b>West Moberly Indigiinet Internet Service Inc. - 50% interest</b> |             |             |
| Shares  | 10          | 10          |
| Advances  | 248,997     | 248,997     |
| Accumulated deficit in earnings                                     | (113,669)   | (98,570)    |
|   | 135,338     | 150,437     |
| <b>EBA Developments Limited Partnership - 33% interest</b>          |             |             |
| Investment in shares - cost   | 266,667     | 266,667     |
| Advances  | (53,247)    | (19,585)    |
|   | 213,420     | 247,082     |
| <b>5 Star Energy Services Inc. - 50% interest</b>                   |             |             |
| Investment in shares - cost   | 50          | 50          |
| Accumulated surplus in earnings                                     | (50)        | (50)        |
|   | -           | -           |

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**7. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued**

**Three Nations Ventures Limited Partnership - 33.3% interest**

|                                 |                |         |
|---------------------------------|----------------|---------|
| Accumulated surplus in earnings | <b>203,687</b> | 131,596 |
|---------------------------------|----------------|---------|

**Six Nations Ventures Limited Partnership - 16.67% interest**

|                                |                |         |
|--------------------------------|----------------|---------|
| Accumulated equity in earnings | <b>401,189</b> | 367,590 |
|--------------------------------|----------------|---------|

**Twin Sisters Native Plants Nursery Limited Partnership - 49.9% interest**

|                                |                |         |
|--------------------------------|----------------|---------|
| Units                          | <b>10</b>      | 10      |
| Advances                       | <b>287,681</b> | 287,681 |
| Accumulated equity in earnings | <b>237,167</b> | 256,606 |
|                                | <b>524,858</b> | 544,297 |

|   |                  |           |
|---|------------------|-----------|
| Total investment in controlled entities | <b>4,544,949</b> | 3,237,618 |
|---|------------------|-----------|

Financial information for each of the entities for their respective 2015/2016 year-ends are as follows:

|  | <b>Assets</b>    | <b>Liabilities</b> | <b>Revenues</b>   | <b>Net Earnings<br/>(Loss)</b> |
|--|------------------|--------------------|-------------------|--------------------------------|
|  | \$               | \$                 | \$                | \$                             |
| Dunne-za Ventures LP (99.9%)                 | <b>1,445,483</b> | <b>1,586,499</b>   | <b>2,612,801</b>  | <b>1,710,216</b>               |
| Black Diamond West Moberly LP (50%)          | <b>1,671,000</b> | <b>312,500</b>     | <b>13,492,000</b> | <b>362,000</b>                 |
| West Moberly Holdings Inc. (100%)            | <b>2,437,594</b> | <b>6,965,222</b>   | <b>531,651</b>    | <b>(578,630)</b>               |
| West Moberly Investment (100%)               | <b>2,775,802</b> | <b>2,908,963</b>   | <b>420,424</b>    | <b>(113,744)</b>               |
| 0944996 BC Ltd. (100%)                       | <b>68,262</b>    | <b>1,016,250</b>   | <b>140,364</b>    | <b>(289,882)</b>               |
| WM Indigiinet Internet Service Inc. (50%)    | <b>72,030</b>    | <b>32,438</b>      | <b>25,827</b>     | <b>(15,099)</b>                |
| Three Nations Ventures (33%)                 | <b>209,207</b>   | <b>5,520</b>       | <b>668,776</b>    | <b>73,551</b>                  |
| Six Nations Ventures Inc. (16%)              | <b>415,950</b>   | <b>14,761</b>      | <b>82,311</b>     | <b>8,130</b>                   |
| EBA Developments Limited Partnership (33%)   | <b>213,520</b>   | <b>-</b>           | <b>6,691</b>      | <b>(6,644)</b>                 |
| Twin Sisters Native Plants Nursery GP(49.9%) | <b>508,838</b>   | <b>195,212</b>     | <b>296,834</b>    | <b>56,576</b>                  |

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|   | <b>2016</b>    | <b>2015</b> |
|---|----------------|-------------|
|   | \$             | \$          |
| Trade                                     | <b>691,336</b> | 619,882     |
| Canada Revenue Agency - source deductions | <b>8,979</b>   | 9,667       |
|   | <b>700,315</b> | 629,549     |

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**9. DEFERRED REVENUE**

|  | <b>2016</b>      | <b>2015</b> |
|--|------------------|-------------|
|  | \$               | \$          |
| Indigenous and Northern Affairs Canada | 480,732          | 59,759      |
| First Nations Health Authority         | 660,490          | 639,315     |
| Province of British Columbia           | 60,146           | -           |
| Treaty 8 Tribal Association            | -                | 94,986      |
| Other - Industrial Agreements          | 1,086,085        | 2,569,998   |
|  | <b>2,287,453</b> | 3,364,058   |

**10. TREATY LOAN PAYABLE - INDIAN AND NORTHERN AFFAIRS CANADA**

The promissory note due to Indigenous and Northern Affairs Canada is \$3,244,310 (2015 -\$3,244,310) and is repayable on the earlier of March 31, 2018 or the date on which the claim is settled. The promissory note is interest free unless the First Nation defaults or the loan reaches maturity.

**11. LONG-TERM LIABILITIES**

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | \$          | \$          |
| CIBC Mortgage, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$495 including interest charged at 6.7%.                     | 41,759      | 43,906      |
| All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,825 including interest charged at 1.67%. | 184,767     | 203,448     |
| All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,995 including interest charged at 1.67%. | 160,107     | 181,222     |
| All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,419 including interest charged at 2.63%. | 153,286     | 166,149     |
| All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,182 plus interest charged at 1.12%.      | 241,091     | 252,524     |
| All Nations Trust Company loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$3,944 including interest charged at 1.82%. | 812,765     | 845,078     |

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**11. LONG-TERM LIABILITIES - continued**

|  |                  |           |
|--|------------------|-----------|
| Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,819 including interest charged at 3.39%.             | <b>204,703</b>   | 219,377   |
| Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Aboriginal Affairs and Northern Development Canada, repayable in monthly instalments of \$1,403 including interest charged at 3.39%. | <b>158,228</b>   | 169,922   |
| Bank of Nova Scotia loan, secured by buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$345 including interest charged at 3.39%.               | <b>41,939</b>    | 44,698    |
| Bank of Nova Scotia loan, secured by equipment, with a net book value of \$98,934, repayable in monthly instalments of \$5,833 including interest charged at 1.25%.  | <b>23,333</b>    | 93,333    |
| Bank of Nova Scotia loan, buildings and ministerial guarantee of the Minister of Indigenous and Northern Affairs Canada, repayable in monthly instalments of \$1,802 including interest charged at 4.34%.                        | <b>305,381</b>   | 313,656   |
| <u>Farm Credit Canada, loans secured by first mortgage over property with a net book value of \$1,729,500, repayable in annual installments of \$102,876 including interest of 3.7% maturing 2028 to 2032.</u>                   | <b>1,141,770</b> | 1,174,825 |
|  | <b>3,469,129</b> | 3,708,138 |
| <u>Less current portion of long-term liabilities</u>   | <b>222,563</b>   | 295,978   |
|  | <b>3,246,566</b> | 3,412,160 |

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Future principal repayments on long-term liabilities are estimated as follows:

|            |                  |
|------------|------------------|
|            | \$               |
| 2017       | 222,563          |
| 2018       | 205,040          |
| 2019       | 211,048          |
| 2020       | 217,262          |
| Thereafter | 2,613,216        |
|            | <b>3,469,129</b> |

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**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**12. CAPITAL LEASES**

|                           | <b>2016</b>    |                           | <b>2015</b>              |                            |
|---------------------------|----------------|---------------------------|--------------------------|----------------------------|
|                           | Total<br>\$    | Deferred<br>Finance<br>\$ | Current<br>Portion<br>\$ | Long-Term<br>Portion<br>\$ |
| John Deere Credit Inc. #1 | <b>140,969</b> | 12,373                    | 24,038                   | 104,558                    |
| John Deere Credit Inc. #2 | 47,373         | 4,344                     | 9,293                    | 33,736                     |
| Roynat Inc.               | <b>216,843</b> | 11,762                    | 109,173                  | 95,908                     |
| DLL Financial Services    | 31,350         | 962                       | 30,388                   | -                          |
|                           | <b>436,535</b> | <b>29,441</b>             | <b>172,892</b>           | <b>234,202</b>             |
|                           |                |                           |                          | 236,029                    |

John Deere Credit Inc. #1, secured by equipment, with a net book value of \$109,307, repayable only between May to October in six instalments of \$4,699 including interest charged at 3.34% maturing November 10, 2020.

John Deere Credit Inc. #2, secured by equipment, with a net book value of \$42,302, repayable only between May to October in six instalments of \$1,822 including interest charged at 3.95% maturing July 10, 2020.

Roynat Inc., secured by equipment, with a net book value of \$491,891, repayable in monthly instalments of \$9,864 including interest charged at 5.91% maturing December 31, 2017.

DLL Financial Services, secured by equipment, with a net book value of \$30,993, repayable only between April and September in six instalments of \$1,620 including interest charged at 3.36% maturing September 1, 2016.

Future repayments on capital leases are estimated as follows:

|      | \$             |
|------|----------------|
| 2017 | <b>188,844</b> |
| 2018 | 137,601        |
| 2019 | 39,126         |
| 2020 | 39,126         |
| 2021 | 31,838         |
|      | <b>436,535</b> |

**13. REPLACEMENT RESERVE**

Under the terms of the agreement with CMHC, the First Nations is required to make annual deposits equal to required contributions to a replacement reserve account. These funds, along with accumulating interest, are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdraws are credited to accumulated interest first and then principal.

Under agreements with CMHC, the First Nations may also establish an operating reserve to fund the ongoing operating costs of the rental housing project financed by CMHC. Required contributions to the operating reserve are equal to the amount by which revenues for the year from the CMHC rental housing project exceed all costs and expenditures incurred during the year related to the CMHC housing project.

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**14. EQUITY IN TANGIBLE CAPITAL ASSETS**

|  | <b>2016</b><br>\$  | <b>2015</b><br>\$ |
|--|--------------------|-------------------|
| Tangible capital assets (Schedule 2)       | <b>13,428,296</b>  | 10,678,195        |
| Accumulated amortization (Schedule 2)      | <b>(3,646,878)</b> | (3,233,140)       |
| Long-term liabilities (Note 11)            | <b>(3,469,129)</b> | (3,708,138)       |
| <u>Capital lease obligations (Note 12)</u> | <b>(407,094)</b>   | (346,500)         |
|  | <b>5,905,195</b>   | 3,390,417         |

**15. EQUITY IN ENTERPRISE FUND**

|   | <b>2016</b><br>\$ | <b>2015</b><br>\$ |
|---|-------------------|-------------------|
| Balance, beginning of year                      | <b>3,237,619</b>  | 3,342,810         |
| Net advances to controlled entities             | <b>459,476</b>    | -                 |
| <u>Earnings (loss) from controlled entities</u> | <b>847,853</b>    | (105,191)         |
| Balance, end of year                            | <b>4,544,948</b>  | 3,237,619         |

**16. EQUITY IN TRUST FUND**

|                            | <b>Revenue</b><br>\$ | <b>Capital</b><br>\$ | <b>Total</b><br>\$ |
|----------------------------|----------------------|----------------------|--------------------|
| Balance, beginning of year | <b>40,893</b>        | -                    | <b>40,893</b>      |
| <u>Earnings</u>            | <b>3,357</b>         | -                    | <b>3,357</b>       |
| Balance, end of year       | <b>44,250</b>        | -                    | <b>44,250</b>      |

**17. ACCUMULATED SURPLUS**

|                                   | <b>2016</b><br>\$ | <b>2015</b><br>\$ |
|-----------------------------------|-------------------|-------------------|
| Unrestricted surplus              | <b>218,586</b>    | (736,921)         |
| Equity in tangible capital assets | <b>5,905,195</b>  | 3,354,393         |
| Equity in enterprise fund         | <b>4,544,948</b>  | 3,237,619         |
| <u>Equity in trust funds</u>      | <b>44,250</b>     | 40,893            |
|                                   | <b>10,712,979</b> | 5,895,984         |

**West Moberly First Nations**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2016**

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**18. COMPARATIVE INFORMATION**

The financial statements were previously audited by another firm of accountants.

The financial statements have been reclassified, where applicable, to confirm to the presentation used in the current year.