

Blueberry River First Nations
Consolidated Financial Statements
March 31, 2016

Blueberry River First Nations

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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Blueberry River First Nations:

The accompanying consolidated financial statements of Blueberry River First Nations are the responsibility of management and have been approved by the Chief and Council.

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

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

The Blueberry River First Nations Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Nation's external auditors.

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

July 27, 2016

Originally signed by Cici Sterritt

Administrator

Independent Auditors' Report



To the Members of Blueberry River First Nations:

We have audited the accompanying consolidated financial statements of Blueberry River First Nations, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net debt and cash flows 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blueberry River First Nations as at March 31, 2016 and the results of its operations, including remeasurement gains and losses, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

July 27, 2016

Chartered Professional Accountants

Blueberry River First Nations

Consolidated Statement of Financial Position

As at March 31, 2016

	2016	2015
		<i>Restated-note 18</i>
Financial assets		
Cash (Note 2)	725,837	955,488
Accounts receivable (Note 3)	948,137	610,854
INAC capital and revenue trust funds (Note 4)	245,683	204,430
Investments (Note 5)	11,057,574	12,283,868
Long-term investments (Note 6)	1,008,121	998,356
Total of assets	13,985,352	15,052,996
Liabilities		
Bank indebtedness (Note 7)	230,000	-
Accounts payable and accrued liabilities	1,130,657	1,484,949
Deferred revenue (Note 8)	908,622	563,418
Due to TD Waterhouse - minors liability (Note 9)	371,312	371,312
Distributions due to minors (Note 10)	1,286,500	1,429,000
Long-term debt (Note 11)	5,731,778	6,075,194
Trust distributions due to members (Note 12)	5,938,452	7,514,746
INAC Treaty Land Entitlement debt (Note 13)	3,426,617	3,426,617
Total of financial liabilities	19,023,938	20,865,236
Net debt	(5,038,586)	(5,812,240)
Guarantee (Note 14)		
Non-financial assets		
Tangible capital assets (Note 15) (Schedule 1)	20,363,035	21,147,644
Prepaid expenses	6,270	-
Total non-financial assets	20,369,305	21,147,644
Accumulated surplus	15,330,719	15,335,404
Accumulated surplus is comprised of:		
Accumulated operating surplus	14,997,157	14,823,728
Accumulated remeasurement gains	333,562	511,676
	15,330,719	15,335,404

Approved on behalf of Council

Originally signed by Chief Marvin Yahey

Chief

Originally signed by Shawn Davis

Councillor

Originally signed by Wayne Yahey

Councillor

Blueberry River First Nations

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015 <i>Restated-note 18</i>
Revenue			
Indigenous and Northern Affairs Canada	1,499,884	1,773,685	2,402,758
Other government funding	257,756	375,555	224,953
Health Canada	514,128	467,907	468,417
Industry related funding	1,041,504	900,460	1,151,230
TCPL revenue	-	1,741,199	715,470
Other revenue	881,770	636,635	394,669
Donations	20,000	169,379	262,853
Spectra Revenue	-	1,812	77,204
NENAS	26,966	26,433	32,297
Rental income	-	15,400	15,400
Interest income	-	41,352	42,629
Oil companies and BC Hydro	1,081,660	2,020,230	1,225,423
Rental and repairs income	-	17,681	31,008
FNESC funding	-	50,953	79,800
Resource Revenue Sharing Agreement	-	-	44,144
Settlement Trust funds	-	651,920	242,998
Total revenue	5,323,668	8,890,601	7,411,253

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Blueberry River First Nations

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015 Restated-note 18</i>
Total revenue <i>(Continued from previous page)</i>		5,323,668	8,890,601	7,411,253
Expenses				
Administration				
Administration	7	545,594	890,443	1,646,900
Governance	8	685,504	252,624	-
Professional & Institutional Development Program	9	50,000	40,000	86,000
Administration subtotal		1,281,098	1,183,067	1,732,900
Community Services				
Public works	10	334,109	428,529	843,694
BRFN Facilities	11	356,000	516,449	-
Housing	12	35,000	18,578	68,924
Community Cultural Program	13	34,245	67,000	53,857
General Education	14	498,161	559,654	625,989
Education - Post secondary	15	363,499	315,056	285,359
Adult Learning Center	16	-	-	39,820
Social Services	17	229,750	201,406	174,694
Family Support Services	18	89,878	111,179	62,292
NENAS	19	44,460	30,438	33,911
Capital program	20	-	817,815	897,106
Housing Planning S1-CPMS11318	21	-	-	50,000
CPMS #10621 Sewage (Lagoon) Upgrade	22	-	-	93,661
Trust activities	24	25,500	755,437	512,298
Health - Integrated	25	427,388	397,242	518,971
Headstart program	26	71,358	71,858	79,670
Community Services subtotal		2,509,348	4,290,641	4,340,246
Lands and Industry				
Lands	27	963,887	1,902,997	1,961,336
Progress Cooperation Agreement	28	-	70,668	-
Caribou Study	29	61,600	39,207	-
Alta Gas Protocol Agreement	30	-	50,816	-
BC Hydro-Peace Region Elec Supply	31	317,660	57,020	-
Economic development	32	-	26,631	33,866
Ec Dev-CCP Plan	33	90,000	95,546	-
Ec Dev-Pink Mountain Bus Plan	34	83,000	80,680	-
Pink Mountain Ranch	35	308,800	194,782	138,387
BC Hydro Site C Stage 3	36	-	194,959	80,880
Spectra	37	-	1,812	77,204
TransCanada Pipelines	38	-	289,210	720,005
Community Clean Energy Project	39	-	12,941	22,000
Lands and Industry subtotal		1,824,947	3,017,269	3,033,678
TLE				
Treaty Land Entitlement	40	-	70,301	153,202
TLE-Agricultural Benefit Claim	41	-	22,515	42,073
TLE-Registered Trapline System	42	-	1,170	97,991
TLE-Mineral Rights Claim	43	-	145,401	93,105
TLE -Replacement Reserves	44	-	1,574	-
TLE subtotal		-	240,961	386,371
Total expenses		5,615,393	8,731,938	9,493,195

The accompanying notes are an integral part of these consolidated financial statements

Blueberry River First Nations

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016 Restated-note 18</i>	<i>2015</i>
Operating surplus (deficit) before other items		(291,725)	158,663	(2,081,942)
Other income (expense)				
Share of loss - Blueberry River Enterprises Ltd. (Note 6)		-	(107,508)	(148,872)
Share of loss - Blueberry Creever Trading Post (Note 6)		-	21,817	(81,396)
Share of income (loss) - Three Nations Ventures L.P. (Note 6)		-	73,550	(109,194)
Share of income - Six Nations Ventures L.P. (Note 6)		-	26,907	9,602
		-	14,766	(329,860)
Operating deficit		(291,725)	173,429	(2,411,802)
Accumulated operating surplus, beginning of year, as previously stated		-	16,533,143	18,944,945
Correction of an error (Note 18)		-	(1,709,415)	(1,709,415)
Accumulated operating surplus, beginning of year, as restated		-	14,823,728	17,235,530
Accumulated operating surplus, end of year		(291,725)	14,997,157	14,823,728

The accompanying notes are an integral part of these consolidated financial statements

Blueberry River First Nations
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2016

	2016	2015
Accumulated remeasurement gains, beginning of year	511,676	290,445
Unrealized gains (losses) attributable to:		
Unrealized gains (losses)	(47,671)	319,371
Amounts reclassified to the statement of operations:		
Realized losses	(130,443)	(98,140)
Change in remeasurement gains (losses), for the year	(178,114)	221,231
Accumulated remeasurement gains, end of year	333,562	511,676

Blueberry River First Nations
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual surplus (deficit)	-	173,429	(2,411,802)
Purchases of tangible capital assets <i>(Schedule 1)</i>	-	(33,206)	(162,086)
Amortization of tangible capital assets <i>(Schedule 1)</i>	-	817,815	897,106
Correction of an error <i>(Note 18)</i>	-	-	(1,709,415)
Acquisition of prepaid expenses	-	(6,270)	-
Use of prepaid expenses	-	-	4,684
Change in remeasurement gains (losses) for the year	-	(178,114)	221,231
Decrease in net debt	-	773,654	(3,160,282)
Net debt, beginning of year	-	(5,812,240)	(2,651,958)
Net debt, end of year	-	(5,038,586)	(5,812,240)

The accompanying notes are an integral part of these consolidated financial statements

Blueberry River First Nations
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Operating deficit	173,429	(2,411,802)
Non-cash items		
Amortization	817,815	897,106
Bad debts	216,851	(24,098)
(Net income) loss re-invested in Nation's businesses	(14,766)	329,860
INAC capital and revenue trust funds	(41,253)	(33,854)
Income re-invested in Settlement Trust Funds	(651,920)	(266,886)
	500,156	(1,509,674)
Changes in working capital accounts		
Accounts receivable	(554,134)	401,160
Prepaid expenses	(6,270)	4,684
Accounts payable and accrued liabilities	(354,291)	266,252
Deferred revenue	345,204	109,436
Distributions due to minors	(142,500)	(89,000)
Trust distributions to members	(1,576,294)	(1,680,053)
	(1,788,129)	(2,497,195)
Financing/Investing activities		
Repayment of callable debt	(343,416)	(327,528)
Advances from line of credit	230,000	-
Treaty land entitlement debt	-	179,729
Advances (to) from Nation's businesses	5,000	53,220
Draws from Settlement Trust Funds	1,700,100	2,916,295
	1,591,684	2,821,716
Capital activities		
Purchases of tangible capital assets	(33,206)	(162,086)
Increase (decrease) in cash resources	(229,651)	162,435
Cash resources, beginning of year	955,488	793,053
Cash resources, end of year	725,837	955,488
Cash resources are composed of:		
Cash	725,837	955,488
Supplementary cash flow information		
Interest paid	287,585	302,685

The accompanying notes are an integral part of these consolidated financial statements

Blueberry River First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Significant accounting policies

These consolidated financial statements are the representations of management and are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and are consistent with the accounting policies set out by the Department of Indigenous and Northern Affairs Canada. These consolidated financial statements are subject to review by the nation's funding agents. It is possible that adjustments could be made based on results of their reviews. Significant aspects of the accounting policies adopted by the Nation are as follows:

Basis of Presentation and revenue recognition

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

Unrestricted government transfers are recognized when they become receivable under the terms of applicable funding agreements. Restricted government transfers are deferred and recognized as revenue in the period in which the resources are used for the purposes specified.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of the Blueberry River First Nation pursuant to the provisions of the Indian Oil and Gas Act and Regulations. This revenue is recognized in the accounts of the Blueberry River First Nation when reported by the Government of Canada.

Oil and gas company revenues regarding monitoring invoices issued by Blueberry River First Nation are recorded as revenue when payment is received.

Reporting entity

These consolidated financial statements include Blueberry River First Nation and all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

Business entities, which are owned or controlled by Blueberry River First Nations and which are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 6. Under the modified equity method, the equity method of accounting is modified only to the extent that the accounting principles of the business entity are not adjusted to conform with those of the Nation. Thus, the Nation's investment in these enterprises is recorded at cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. These business entities include Three Nations Ventures L.P., Six Nations Ventures L.P., Blueberry River Enterprises Ltd. and 0851799 BC Ltd (operating as Creever Trading Post).

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities:

Blueberry Trust (BT)
Blueberry Interim Trust (BIT)
Blueberry Not-For-Profit Trust (BNFPT)
Blueberry EBA Trust (EBA Trust)

RRSA Trust Accounts held at Ratcliff & Company

Blueberry River First Nations and Doig River First Nation receive oil and gas funds from the Province of B.C. pursuant to a Resource Revenue Sharing Agreement (RRSA). The allocation of such revenues between the two Bands is substantially resolved. All funds available to Blueberry are recorded as revenue.

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

INAC capital and revenue trust funds

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the balance sheet with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectability. Investment in Nation business entities is stated after evaluation as to valuation and collectability of advances. The impairment of marketable securities, included in the Investments (note 5), was determined to be of a temporary nature. Amortization is based on the estimated useful lives of tangible capital assets.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and expenses that have been prepaid.

Non-financial assets

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Tangible capital assets

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

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost, less residual value, of the assets over their estimated useful lives:

Buildings	4% diminishing balance
Automotive equipment	30% diminishing balance
Equipment	20% diminishing balance
Computer equipment	100% diminishing balance
Water and sewer, roads and drainage	4% diminishing balance
Leasehold improvements	20% diminishing balance
Guiding and outfitting license	4% diminishing balance

In the year of acquisition, amortization is calculated at one-half of the annual rates.

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

Long-lived assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in deficit for the year.

Net financial assets (net debt)

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

Segments

The Nation conducts its business through four reportable segments: Administration, Community Services, Lands & Industry and TLE. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in this Note.

Financial instruments

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Blueberry River First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

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

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement and unrealized foreign exchange gains (losses) are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

2. Cash

Cash includes Band general and EBA Trust funds as follows:

	2016	2015
Band general bank accounts	53,707	790,991
Band general GIC funds	20,925	20,925
EBA Trust RBC bank accounts	2,336	68,065
Blueberry Trust general bank accounts	648,869	75,507
	725,837	955,488

3. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	15,743	50,000
Member receivables	1,044,025	1,037,434
Allowance for doubtful accounts - member	(1,044,025)	(1,037,434)
Accounts receivable - trade and other	2,243,363	2,333,721
Allowance for doubtful accounts	(1,310,969)	(1,772,867)
	948,137	610,854

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. INAC capital and revenue trust funds

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning of year	9,249	9,249
Balance, end of year	9,249	9,249
Revenue Trust		
Balance, beginning of year	195,181	161,327
Interest income	4,566	4,453
Land leases	36,687	29,401
Balance, end of year	236,434	195,181
	245,683	204,430

5. Investments

The investments consist of the following investments managed by:

	2016	2015
TD Canada Trust Company		
Cash and equivalents - capital accounts	1,049,951	54,149
Cash and equivalents - revenue accounts	306,365	149,124
Canadian equities	6,015,000	6,830,000
Cash and equivalents - capital accounts (denominated in US)	-	1,451,657
Cash and equivalents - revenue accounts (denominated in US)	-	81,979
Foreign exchange gain	-	245,535
	7,371,316	8,812,444
Fidelity Investments Canada		
Fidelity US monthly income fund series B ISC	770,277	693,389
Fidelity Dividend Fund Series B	802,162	790,757
Fidelity True North Fund Series B	227,448	231,838
Fidelity Canadian Large Cap Fund	464,338	448,171
Fidelity Small Cap America Fund Series B	298,805	240,378
Fidelity Monthly Income Fund Series B	703,016	693,490
Fidelity US Dividend Fund Series B ISC	420,212	373,401
	3,686,258	3,471,424
	11,057,574	12,283,868

The investments are denominated in Canadian funds, unless otherwise noted. Cost of investment portfolio is \$10,724,012 (2015 - \$11,772,192). Cumulative remeasurement gains as at March 31, 2016 are \$333,562 (2015 - \$511,676). The change in cumulative unrealized gains (losses) during the year is \$(178,114) (2015 - \$221,231).

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Long-term investments

The Nation has investments in the following entities:

					2016
	<i>Investment cost</i>	<i>Loans / advances, net of draws</i>	<i>Cumulative share of earnings (loss)</i>	<i>Share of current year's net income (loss)</i>	<i>Total investment</i>
Investments at cost					
Bluevest Contractors Inc - 50%	50	-	-	-	50
Blueberry River Economic Development Inc. -100%	1	-	-	-	1
Investment in Traplines	180,000	-	-	-	180,000
Investments recorded at modified equity:					
Three Nations Ventures L.P.					
Investment in 33.3%	-	-	131,598	73,550	205,148
Six Nations Ventures L.P.					
Investment in 16.67%	1	-	367,590	26,907	394,498
Blueberry River Enterprises, L.P.					
100% investment in 60 shares	-	2,018,779	(1,897,888)	(107,508)	13,383
0851799 BC Ltd. (o/a Creever Trading Post)					
100% investment in 1 share	1	465,128	(271,905)	21,817	215,041
	180,053	2,483,907	(1,670,605)	14,766	1,008,121

					2015
	<i>Investment cost</i>	<i>Loans / advances, net of draws</i>	<i>Cumulative share of earnings (loss) - Restated (Note 18)</i>	<i>Share of current year's net income (loss)</i>	<i>Total investment</i>
Investments at cost					
Bluevest Contractors Inc - 50%	50	-	-	-	50
Blueberry River Economic Development Inc. -100%	1	-	-	-	1
Investment in Traplines	180,000	-	-	-	180,000
Investments recorded at modified equity:					
Three Nations Ventures L.P.					
Investment in 33.3%	-	-	240,792	(109,194)	131,598
Six Nations Ventures, L.P.					
Investment in 16.67%	1	-	357,989	9,601	367,591
Blueberry River Enterprises, L.P.					
100% investment in 60 shares	-	2,018,780	(1,749,016)	(148,872)	120,892
0851799 BC Ltd. (o/a Creever Trading Post)					
100% investment in 1 share	1	470,128	(190,509)	(81,396)	198,224
	180,053	2,488,908	(1,340,744)	(329,861)	998,356

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Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Long-term investments *(Continued from previous page)*

Summary financial information for each Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Three Nations Ventures L.P. As at December 31, 2015</i>	<i>Six Nations Ventures L.P. As at December 31, 2015</i>	<i>Blueberry River Enterprises L.P. As at March 31, 2016</i>	<i>0851799 BC Ltd. (o/a Creever Trading Post) As at March 31, 2016</i>
Assets				
Cash	150,783	315,445	1,553	13,665
Accounts receivable	-	120,478	1,924,071	21,290
Inventory	18,056	-	-	15,333
Investments	200,574	836,083	7,961	-
Prepaid expenses	-	27,137	49,837	-
Property, plant and equipment	258,207	1,253,435	666,365	180,386
Patronage allocation	-	8,576	-	-
Intangible assets	-	-	783	-
Total assets	627,620	2,561,154	2,650,570	230,674
Liabilities				
Accounts payable and accruals	16,559	202,801	1,805,954	21,702
Bank indebtedness	-	-	579,225	-
Term loans due on demand	-	-	252,007	-
Due to related party	-	-	2,018,780	459,059
Total liabilities	16,559	202,801	4,655,966	480,761
Partners' equity	611,061	2,358,353	(2,005,396)	(250,087)
Total revenue	2,006,329	1,974,199	6,657,841	486,296
Total expenses	1,785,677	1,812,714	6,765,349	464,479
	220,652	161,485	(107,508)	21,817
Other income (loss)	220,652	161,485	(107,508)	21,817

Note the above amounts for investments recorded at modified equity represent 100% of all assets, liabilities, revenues and expenses for all owners, not just Blueberry River First Nation's share.

7. Bank indebtedness

Bank indebtedness includes a revolving line of credit with a limit of \$500,000 of which \$230,000 (2015 – \$nil) was drawn. The facility bears interest per annum at Royal Bank prime plus 3.1% (2015 - 3.1%).

8. Deferred revenue

	2016	2015
Health Canada	81,160	29,065
TCPL	144,476	144,476
Deferred revenue - others	432,986	139,877
Shell Canada	250,000	250,000
	908,622	563,418

Blueberry River First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

9. Due to TD Waterhouse - minors liability

In prior years, there were three different distributions to members, paid out to adult members only. These include \$1,000 on December 20, 2002; \$2,000 on January 6, 2003 and \$5,000 on December 12, 2003. Adults were paid, but the minors are paid when they turn 19 years of age.

The total amount due to minors was \$1,311,000. TD Waterhouse administers these distributions to minors. In prior years, the Nation transferred funds of \$939,688 to TD Waterhouse, leaving an amount due of \$371,312.

10. Distributions due to minors

In past years, there were various different distributions to each member, paid out to adult members only. These include \$2,000 in 2006; \$1,000 in 2007; \$2,000 in 2008; \$1,000 in January 2009; \$1,000 in December 2009; \$2,000 in 2010 and \$500 in 2013. Adults were paid, but the minors will not be paid until they turn 19 years of age. The estimate amount payable is \$1,286,500 (2015 - \$1,429,000).

During the year, the Nation determined that distributions due to minors was understated and an adjustment was made, see note 18.

11. Long-term debt

	2016	2015
TD Equipment Finance Auto Loan, repayable in monthly installments of \$3,992, including interest at 7.382%, due November 2016.	31,068	74,902
Royal Bank term loan repayable in monthly installments of \$45,715, including interest at 4.81%, due March 2017	5,615,497	5,886,427
John Deere equipment loan repayable in semi-annual installments of \$8,212 with no interest payable due December 2017.	32,849	49,274
Royal Bank mortgage repayable in monthly installments of \$1,207 including interest at 3.40% guaranteed by INAC, due March 2019	52,364	64,591
	5,731,778	6,075,194

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

	Principal
2017	345,112
2018	328,488
2019	327,215
2020	341,075
2021 and thereafter	4,389,888
	5,731,778

Interest on long-term debt amounted to \$287,585 (2015 - \$302,685).

The Royal Bank loans are secured by a General Security Agreement executed by the Nation providing a charge over all assets and undertakings; a Nation council resolution authorizing borrowing of up to \$7,000,000 for construction of a multi-purpose building and \$500,000 for furniture and fixtures; an assignment of monies from the EBA Trust, any shortfall in loan payments must be made from funds in the Blueberry Trust, supported by a letter from the Trustees of the Blueberry Trust Society.

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Trust distributions due to members

The trust distributions due to members consists of distributions from the following Trusts or funds:

	2016	2015
- Settlement Trusts, consisting of prior year distributions payable from the Blueberry Interim Trust, Blueberry Distribution Trust, Blueberry Distribution Trust II, Blueberry Distribution Trust III, Blueberry Distribution Trust IV, Blueberry Distribution Trust V and the Blueberry Trust. These are due mainly to minors, who will receive the distributions once they turn 19.	5,938,452	7,514,746
	5,938,452	7,514,746

13. INAC Treaty Land Entitlement Debt

Blueberry River First Nation is negotiating Treaty Land Entitlement claims with the Government of Canada. INAC has made these loans to assist the Nation to fund these negotiations. Should a loan become due and payable while the claim is still in negotiation, the loan repayment date will be extended for five years or a period deemed appropriate to coincide with the anticipated claim settlement date. There are multiple components to the loans:

	2016	2015
Treaty Land Entitlement Loans		
Component one matured March 31, 2010. The repayment date has been extended to March 31, 2020 or the date on which the claim is settled.	73,552	73,552
Component two matured March 31, 2011. Extended to March 31, 2021 or settlement date.	287,789	287,789
Component three matured March 31, 2012. Extended to March 31, 2017 or settlement date.	85,397	85,397
Component four matured March 31, 2012. Extended to March 31, 2017 or settlement date.	317,464	317,464
Component five matured March 31, 2016. Extended to March 31, 2021 or settlement date.	309,938	309,938
Component six matured March 31, 2016. Extended to March 31, 2021 or settlement date.	389,571	389,571
Component seven matured March 31, 2016. Extended to March 31, 2021 or settlement date.	628,201	628,201
Component eight matured March 31, 2016. Extended to March 31, 2021 or settlement date.	392,199	392,199
Component nine is repayable on the earlier of March 31, 2017 or the date on which the claim is settled.	12,502	12,502
Component ten is repayable on the earlier of March 31, 2017 or the date on which the claim is settled.	350,275	350,275
Component eleven is repayable on the earlier of March 31, 2017 or the date on which the claim is settled.	200,000	200,000
Component twelve is repayable on the earlier of March 31, 2017 or the date on which the claim is settled.	200,000	200,000
Component thirteen is repayable on the earlier of March 31, 2019 or the date on which the claim is settled.	62,899	62,899
Component fourteen is repayable on the earlier of March 31, 2019 or the date on which the claim is settled.	116,830	116,830
	3,426,617	3,426,617

The loans are all interest free unless the Nation defaults or the loans reach maturity.

Blueberry River First Nations
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14. Loan guarantees

As at March 31, 2016, the Nation has guaranteed the Blueberry River Enterprises Ltd., a Nation government business enterprise, line of credit, of which \$570,336 (2015 - \$730,000) was drawn and the overdraft credit facility, of which \$8,889 (2015 - \$253,987) was drawn. The credit facilities bear interest at 2.85% and is collateralized by a general security agreement and a guarantee from the Nation. As at March 31, 2016, no liability (2015 - \$nil) has been recorded associated with this guarantee.

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Additions in the year of \$nil (2015 - \$162,086) were funded by INAC and relate to funding shown on schedule 20.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

17. Financial Instruments

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Nation manages its credit risk by performing regular credit assessments of its customers, provides allowances for potentially uncollectible accounts receivable, consider credit ratings of counterparties, etc.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors; etc., for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt, trust distributions due to members and AANDC Treaty Land Entitlement Debt are disclosed in Notes 11, 12 and 13.

The Nation manages the liquidity risk resulting from its accounts payable and long-term debt by investing in liquid assets.

17. Financial Instruments *(Continued from previous page)*

Foreign currency risk

The Nation enters into transactions to invest in investments denominated in US currency for which the related revenue, expenses and investment account balances are subject to exchange rate fluctuations. See note 5 for investment balances which are denominated in US currency.

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In seeking to manage the risks from foreign exchange rate fluctuations, the Nation diversifies its investment portfolio, which helps protect against any significant adverse movements in the exchange rate.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate risk with respect to investments (note 5) and long-term debt (Note 11). The Nation is exposed to significant interest rate price risk with respect to certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nation enters into transactions to purchase stocks, for which the market price fluctuates.

Other price risk is measured using standard deviation, which measures a stock's volatility regardless of the cause.

18. Correction of an error

During the year, the Nation determined that distributions due to minors for the period of 2006 - 2013 was understated. For 2016 and 2015 the impact of this correction has resulted in an increase in distributions due to minors and a decrease accumulated operating surplus of \$1,068,700.

During the year, the management determined that the Nation's investment in Blueberry River Enterprises Limited Partnership (BRE) was overstated, due to errors made in BRE in the 2014 year. For the 2016 and 2015 fiscal years, the impact of this correction has resulted in a decrease in Long-term investments and a decrease in accumulated operating surplus by \$640,715.