

**Blueberry River First Nations  
Consolidated Financial Statements**  
*March 31, 2018*

# Blueberry River First Nations Contents

For the year ended March 31, 2018

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## **Management's Responsibility**

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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, 2018

*Orginally signed by Merli de Guzman*      Administrator

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## Independent Auditors' Report

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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, 2018, 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, 2018 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, 2018

**MNP LLP**

Chartered Professional Accountants

**Blueberry River First Nations**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
	<i>(Restated)</i>	
<b>Financial assets</b>		
Cash <i>(Note 2)</i>	8,775,212	541,934
Accounts receivable <i>(Note 3)</i>	1,464,451	1,456,360
ISC capital and revenue trust funds <i>(Note 4)</i>	48,282	23,081
Long-term investments <i>(Note 5)</i>	824,738	689,343
<b>Total of assets</b>	<b>11,112,683</b>	2,710,718
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,009,730	3,005,366
Deferred revenue <i>(Note 7)</i>	1,062,542	510,469
Distributions due to minors <i>(Note 8)</i>	5,582,000	1,201,000
Long-term debt <i>(Note 9)</i>	2,036,839	5,387,184
ISC Treaty Land Entitlement debt <i>(Note 10)</i>	3,551,309	3,739,147
<b>Total of financial liabilities</b>	<b>14,242,420</b>	13,843,166
<b>Net debt</b>	<b>(3,129,737)</b>	(11,132,448)
<b>Contingencies <i>(Note 14)</i></b>		
<b>Guarantee <i>(Note 11)</i></b>		
<b>Non-financial assets</b>		
Tangible capital assets <i>(Schedule 1)</i>	20,124,417	19,581,200
Prepaid expenses	27,788	4,684
<b>Total non-financial assets</b>	<b>20,152,205</b>	19,585,884
<b>Accumulated surplus</b>	<b>17,022,468</b>	8,453,436
<b>Accumulated surplus is comprised of:</b>		
Accumulated operating surplus	17,022,468	8,453,436
	<b>17,022,468</b>	8,453,436

**Approved on behalf of Council**

Originally signed by Chief Marvin Yahey

**Chief**

Originally signed by Sherry Dominic

**Councillor**

**Blueberry River First Nations**  
**Consolidated Statement of Operations and Accumulated Operating Surplus**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b> <i>(Restated)</i>
<b>Revenue</b>			
Treaty 8 Agricultural Benefits claim settlement	-	21,501,304	-
Indigenous Services Canada	2,439,864	3,023,872	1,850,359
Health Canada	658,295	503,259	550,083
Other government funding	130,399	276,997	292,306
Industry related funding	222,500	1,330,556	1,113,656
TCPL revenue	-	-	145,388
Other revenue	257,022	851,542	980,912
Donations	25,000	181,355	490,214
NENAS	16,671	14,269	38,919
Rental income	-	11,780	8,400
Interest income	-	897	4,599
Oil companies and BC Hydro	2,217,676	2,221,774	2,012,522
Rental and repairs income	-	54,902	16,268
FNESC funding	6,652	64,300	81,016
Joint venture revenue allocation	-	593,463	77,500
Joint venture revenue allocated to other programs	-	(630,415)	-
Shared revenue allocation	-	36,087	-
Trust investment income	406,000	432,534	469,039
<b>Total revenue</b>	<b>6,380,079</b>	<b>30,468,476</b>	<b>8,131,181</b>

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**Blueberry River First Nations**  
**Consolidated Statement of Operations and Accumulated Operating Surplus**  
*For the year ended March 31, 2018*

	<i>Schedules</i>	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b> (Restated)
<b>Total revenue</b> <i>(Continued from previous page)</i>		<b>6,380,079</b>	<b>30,468,476</b>	8,131,181
<b>Expenses</b>				
Administration				
Administration	3	<b>507,495</b>	<b>584,025</b>	983,296
Governance	4	<b>525,900</b>	<b>490,439</b>	568,041
P&ID Financial Policy Development	5	<b>29,850</b>	<b>15,856</b>	37,704
P&ID Custom Election Code	6	-	<b>78,462</b>	40,133
P&ID Financial Systems Training	7	-	<b>18,452</b>	-
Election Challenge	8	-	<b>132,505</b>	-
Governance policy development	9	<b>25,000</b>	<b>20,020</b>	-
Other Operations	10	<b>25,550</b>	<b>23,310</b>	36,408
Administration subtotal		<b>1,113,795</b>	<b>1,363,069</b>	1,665,582
Community Services				
Public works	11	<b>246,365</b>	<b>244,514</b>	353,245
Egress Road Projects	12	-	<b>282,471</b>	-
BRFN Facilities	13	<b>441,457</b>	<b>294,038</b>	356,317
Housing	14	<b>118,131</b>	<b>104,197</b>	94,304
General Education	15	<b>484,525</b>	<b>528,943</b>	527,920
Education - Post secondary	16	<b>237,236</b>	<b>326,294</b>	359,301
Adult Learning Center	17	4,690	<b>21,855</b>	7,531
Social Services	18	<b>199,945</b>	<b>229,788</b>	255,774
Family Support Services	19	<b>50,462</b>	<b>71,908</b>	72,430
NENAS and FNESC	20	<b>22,189</b>	<b>21,500</b>	39,234
Capital program	21	-	<b>795,040</b>	764,333
Housing Planning S1-CPMS11318	22	-	<b>10,411</b>	45,100
Trust activities	23	<b>334,800</b>	<b>495,914</b>	384,157
Health - Integrated	24	<b>420,906</b>	<b>522,268</b>	464,406
Headstart program	25	<b>144,913</b>	<b>87,818</b>	85,810
Rodeo	26	-	<b>72,976</b>	75,537
Pink Mountain Cultural Days	27	<b>65,900</b>	<b>80,460</b>	67,081
Water Systems Upgrade - Service Line and Meters	28	<b>26,500</b>	-	-
Community Services subtotal		<b>2,798,019</b>	<b>4,190,395</b>	3,952,480

*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, 2018*

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017 (Restated)</i>
<b>Lands and Industry</b>				
Land	29	(360)	5,911	94,290
Progress Cooperation Agreement	30	-	60,703	6,712
Caribou Study	31	-	54,408	25,317
Economic development	32	26,396	26,396	26,534
P&ID-Creever Store Business	33	-	-	120,930
Ec Dev-CCP Plan	34	-	42,818	80,676
Ec Dev-Pink Mountain Bus Plan	35	-	-	14,977
Pink Mountain Ranch	36	81,343	124,098	124,678
Spectra	37	-	-	44,174
TransCanada Pipelines	38	-	185,998	2,700
Community Clean Energy Project	39	-	-	3,726
Elder/Monitor Fieldwork	40	626,912	784,253	622,251
Nova Gas-Towerbirch LOA	41	-	-	771
Nova Gas - Towerbirch TLU&TEK	42	-	22,006	45,677
NEBC Expansion - Pembina	43	-	-	74,444
Silverberry Landfill Project	44	-	30,770	-
Shell-TLUS Project	45	-	-	16,900
Fisheries Project & TEK	46	-	79,466	640
Cummulative Impact- Treaty Rights Litigation	47	-	615,687	76,238
Spectra Westcoast TLUS	48	-	4,751	-
NEB - Wyndwood	49	-	31,125	3,720
Enbridge Negotiation Protocol	50	-	6,527	-
Socio Economic Assessment	51	-	9,000	-
NEBC Reg'l Strat Enviro Assess	52	-	105,007	203,178
Industry Funding Centre	53	-	21,753	-
Lands and Resources	54	705,212	385,699	814,087
Peace Region Electrical Supply	55	207,527	207,605	213,414
BC Hydro Site C Grave Identification Project	56	-	166,694	-
BC Hydro Site C Consultation Capacity	57	-	254,819	229,817
BC Hydro Site C Negotiation Protocol	58	-	52,344	24,925
Enbridge (Westcoast) Liaison	59	-	10,000	-
Industry Relations	60	-	-	136,139
BC Hydro Site C Provincial Engagement	62	-	15,093	-
P&ID - Records and Information Management	63	56,942	24,818	-
Conoco Negotiations Protocol	64	-	7,097	-
Black Swan Negotiations Protocol	65	-	7,771	-
<b>Lands and Industry subtotal</b>		<b>1,703,972</b>	<b>3,342,617</b>	<b>3,006,915</b>
<b>TLE</b>				
Treaty Land Entitlement	66	-	169,080	194,659
TLE-Agricultural Benefit Claim	67	-	12,411,793	92,593
TLE-Registered Trapline System	68	-	-	16,210
TLE-Mineral Rights Claim	69	65,900	186,502	215,257
<b>TLE subtotal</b>		<b>65,900</b>	<b>12,767,375</b>	<b>518,719</b>
<b>Total expenses</b>		<b>5,681,686</b>	<b>21,663,456</b>	<b>9,143,696</b>
<b>Operating surplus (deficit) before other items</b>		<b>698,393</b>	<b>8,805,020</b>	<b>(1,012,515)</b>

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**Blueberry River First Nations**  
**Consolidated Statement of Operations and Accumulated Operating Surplus**  
*For the year ended March 31, 2018*

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017 (Restated)</i>
<b>Operating surplus (deficit) before other items</b> <i>(Continued from previous page)</i>		<b>698,393</b>	<b>8,805,020</b>	(1,012,515)
<b>Other income (expense)</b>				
Gain on disposal of capital assets	-	4,346	(1,728)	
Share of loss - Blueberry River Enterprises LP <i>(Note 5)</i>	-	(375,729)	-	
Share of income (loss) - Blueberry Creever Trading Post <i>(Note 5)</i>	-	74,974	(110,181)	
Share of income - Six Nations Ventures L.P. <i>(Note 5)</i>	-	60,421	9,934	
Share of loss - Three Nations Ventures L.P. <i>(Note 5)</i>	-	-	(56,648)	
		-	(235,988)	(158,623)
<b>Operating surplus (deficit)</b>		<b>698,393</b>	<b>8,569,032</b>	(1,171,138)
<b>Accumulated operating surplus, beginning of year</b>		<b>-</b>	<b>13,726,799</b>	14,997,157
Correction of an error <i>(Note 15)</i>	-	(5,273,363)	(5,372,583)	
<b>Accumulated operating surplus, beginning of year, as restated</b>		<b>-</b>	<b>8,453,436</b>	9,624,574
<b>Accumulated operating surplus, end of year</b>		<b>698,393</b>	<b>17,022,468</b>	8,453,436

**Blueberry River First Nations**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<b>74,064</b>	333,562
Correction of an error (Note 15)	(74,064)	(333,562)
<b>Accumulated remeasurement gains, beginning of year, as restated</b>	<b>-</b>	-
<b>Change in remeasurement losses, for the year</b>	<b>-</b>	-
<b>Accumulated remeasurement gains, end of year</b>	<b>-</b>	-

**Blueberry River First Nations**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b> <i>(Restated)</i>
<b>Annual surplus (deficit)</b>			
Purchases of tangible capital assets	-	8,569,032	(1,171,138)
Amortization of tangible capital assets	-	(1,338,257)	(67,360)
Gain on sale of tangible capital assets	-	795,040	764,333
Proceeds on disposal of tangible capital assets	-	(4,346)	1,728
Correction of error	-	4,347	-
Acquisition of prepaid expenses	-	(27,788)	-
Use of prepaid expenses	-	4,684	1,585
<b>Increase (decrease) in net financial assets (net debt)</b>		<b>8,002,712</b>	<b>(6,093,862)</b>
<b>Net debt, beginning of year</b>	<b>(5,868,156)</b>	<b>(11,132,449)</b>	<b>(5,038,586)</b>
<b>Net financial debt, end of year</b>	<b>(5,868,156)</b>	<b>(3,129,737)</b>	<b>(11,132,448)</b>

**Blueberry River First Nations**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Operating surplus (deficit)	8,569,032	(1,171,138)
Non-cash items		
Amortization	795,040	764,333
Bad debts (recovery)	(53,922)	283,255
(Income) loss re-invested in Nation's businesses	(135,395)	156,895
ISC capital and revenue trust funds	(25,201)	222,602
Gain on disposal of capital assets	(4,346)	1,728
	<b>9,145,208</b>	257,675
Changes in working capital accounts		
Accounts receivable	45,830	(769,005)
Prepaid expenses	(23,104)	1,585
Accounts payable and accrued liabilities	(995,636)	1,532,797
Deferred revenue	552,073	(398,153)
Distributions due to minors	4,381,000	(85,500)
	<b>13,105,371</b>	539,399
<b>Financing/Investing activities</b>		
Repayment of callable debt	(3,350,345)	(344,594)
Repayment of line of credit	-	(230,000)
Treaty land entitlement debt	(187,838)	312,530
Draws from Settlement Trust Funds	-	(15,512)
Advances from investments	-	161,883
	<b>(3,538,183)</b>	(115,693)
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,338,257)	(67,360)
Proceeds on disposal of tangible capital assets	4,347	-
<b>Increase in cash resources</b>	<b>8,233,278</b>	356,346
<b>Cash resources, beginning of year</b>	<b>541,934</b>	185,588
<b>Cash resources, end of year</b>	<b>8,775,212</b>	541,934
<b>Cash resources are composed of:</b>		
Cash	8,775,212	541,934
<b>Supplementary cash flow information</b>		
Interest paid	228,036	270,683

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**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 Services 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 5. 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 LP. and 0851799 BC Ltd (operating as Creever Trading Post).

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

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.

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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

***ISC 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 ), 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:

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

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

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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

The First 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, 2018*

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**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 First 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**

	<b>2018</b>	<b>2017</b>
Band general bank accounts	8,676,823	419,985
Band general GIC funds	21,614	21,506
EBA Trust RBC bank accounts	1,563	7,336
Investment cash accounts	75,212	93,107
	<b>8,775,212</b>	<b>541,934</b>

**3. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Member receivables	24,194	1,042,393
Allowance for doubtful accounts - member	-	(1,039,893)
Accounts receivable - trade and other	2,341,250	2,120,520
Allowance for doubtful accounts	(900,993)	(666,660)
	<b>1,464,451</b>	<b>1,456,360</b>

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**4. ISC capital and revenue trust funds**

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

	<b>2018</b>	<b>2017</b>
<b>Capital Trust</b>		
Balance, beginning of year	<b>9,249</b>	9,249
Balance, end of year	<b>9,249</b>	9,249
<b>Revenue Trust</b>		
Balance, beginning of year	13,832	236,434
Interest income	780	4,005
Land leases	24,421	29,393
Pink Mountain Guiding & Outfitting payment	-	(256,000)
Balance, end of year	<b>39,033</b>	13,832
	<b>48,282</b>	23,081

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**5. Long-term investments**

The First Nation has investments in the following entities:

	<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>2018 Total investment</i>
<b>Investments at cost:</b>					
Bluevest Contractors Inc. - 50%	50	-	-	-	50
Blueberry Economic Development Inc. - 100%	1	-	-	-	1
Investment in Traplines	180,000	-	-	-	180,000
<b>Six Nations Ventures, L.P.</b>					
Investment in 16.67%	1	-	404,431	60,421	464,853
<b>Blueberry River Enterprises, L.P.</b>					
100% investment in 60 shares	-	2,394,508	(2,018,779)	(375,729)	-
<b>0851799 BC Ltd. (o/a Creever Trading Post)</b>					
100% investment in 1 share	1	465,128	(360,269)	74,974	179,834
	<b>180,053</b>	<b>2,859,636</b>	<b>(1,974,617)</b>	<b>(240,334)</b>	<b>824,738</b>

	<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>2017 Total investment</i>
<b>Investments at cost:</b>					
Bluevest Contractors Inc. - 50%	50	-	-	-	50
Blueberry Economic Development Inc. - 100%	1	-	-	-	1
Investment in Traplines	180,000	-	-	-	180,000
<b>Investments recorded at modified equity:</b>					
<b>Three Nations Ventures, L.P. - 33.3%</b>					
Three Nations Ventures L.P. - 33.3%	-	(148,500)	205,148	(56,648)	-
<b>Six Nations Ventures, L.P.</b>					
Investment in 16.67%	1	-	394,497	9,934	404,432
<b>Blueberry River Enterprises, L.P.</b>					
100% investment in 60 shares	-	2,018,779	(2,018,779)	-	-
<b>0851799 BC Ltd. (o/a Creever Trading Post)</b>					
100% investment in 1 share	1	465,128	(250,088)	(110,181)	104,860
	<b>180,053</b>	<b>2,335,407</b>	<b>(1,669,222)</b>	<b>(156,895)</b>	<b>689,343</b>

*Continued on next page*

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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

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

	<i>Three Nations Ventures L.P.</i> As at December 31, 2017	<i>Six Nations Ventures L.P.</i> As at December 31, 2017	<i>Blueberry River Enterprises L.P.</i> As at December 31, 2017	<i>0851799 BC Ltd.</i> ( <i>o/a Creever Trading Post</i> ) As at December 31, 2017
Cash	-	1,499,560	-	35,108
Accounts receivable	-	113,974	550,435	33,653
Inventory	-	-	-	11,276
Investments	-	-	6,268	-
Prepaid expenses	-	24,363	355,571	-
Property and equipment	-	1,313,616	378,746	144,408
Patronage allocation	-	6,552	783	-
<b>Total assets</b>	-	<b>2,958,065</b>	<b>1,291,803</b>	<b>224,445</b>
Accounts payable and accruals	-	182,046	1,130,387	24,299
Bank indebtedness	-	-	382,348	-
Due to related party	-	-	3,279,560	485,439
<b>Total liabilities</b>	-	<b>182,046</b>	<b>4,792,295</b>	<b>509,738</b>
<b>Partners' equity</b>	-	<b>2,776,019</b>	<b>(3,500,492)</b>	<b>(285,293)</b>
<b>Total revenue</b>	-	<b>2,331,219</b>	<b>3,584,229</b>	<b>569,051</b>
<b>Total expenses</b>	-	<b>1,981,926</b>	<b>4,873,594</b>	<b>570,509</b>
<b>Other income (loss)</b>	-	<b>13,229</b>	-	<b>76,432</b>
<b>Comprehensive income (loss)</b>	-	<b>362,522</b>	<b>(1,289,365)</b>	<b>74,974</b>

**6. Bank indebtedness**

Bank indebtedness includes a revolving line of credit with a limit of \$500,000 of which \$nil (2017 – \$nil) was drawn. The facility bears interest per annum at Royal Bank prime plus 3.1% (2017 - 3.1%).

**7. Deferred revenue**

	2018	2017
ISC	299,364	9,400
Health Canada	58,978	82,911
TCPL	-	144,477
Deferred revenue - others	704,200	273,681
	<b>1,062,542</b>	<b>510,469</b>

**8. 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; \$500 in 2013 and \$25,000 in 2018. Adults were paid, but the minors will not be paid until they turn 19 years of age. The amount payable is \$5,582,000 (2017 - \$1,201,000).

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**9. Long-term debt**

	<b>2018</b>	<b>2017</b>
Royal Bank term loan repayable in monthly installments of \$45,715, including interest at 4.81%, due February 2030	2,009,700	5,331,013
Royal Bank mortgage repayable in monthly installments of \$1,207 including interest at 2.29% guaranteed by ISC, due September 2019	27,139	39,908
John Deere equipment loan repayable in semi-annual installments of \$8,212 with no interest payable due December 2017.	-	16,263
	<b>2,036,839</b>	5,387,184

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
2019	447,982
2020	477,056
2021	492,861
2022	524,667
2023 and thereafter	94,273
	<hr/>
	2,036,839

Interest on long-term debt amounted to \$228,036 (2017 - \$270,683).

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**  
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**10. ISC Treaty Land Entitlement Debt**

Blueberry River First Nation is negotiating Treaty Land Entitlement claims with the Government of Canada. ISC 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:

	<b>2018</b>	<b>2017</b>
<b>Treaty Land Entitlement Loans</b>		
Component one matured March 31, 2010. Extended to settlement date.	73,552	73,552
Component two matured March 31, 2011. Extended to settlement date.	287,789	287,789
Component three matured March 31, 2012. Extended settlement date.	85,397	85,397
Component four matured March 31, 2012. Extended to settlement date.	317,464	317,464
Component five matured March 31, 2016. Extended to settlement date.	309,938	309,938
Component six matured March 31, 2016. Extended to settlement date.	389,571	389,571
Component seven matured March 31, 2016. Extended to settlement date.	628,201	628,201
Component eight matured March 31, 2016. Extended to settlement date.	392,199	392,199
Component nine matured March 31, 2018. Extended to settlement date.	12,502	12,502
Component ten matured March 31, 2018. Extended to settlement date.	350,275	350,275
Component eleven repaid in the current year.	-	200,000
Component twelve matured March 31, 2018. Extended to settlement date.	200,000	200,000
Component thirteen matured March 31, 2018. Extended to settlement date.	62,899	62,899
Component fourteen matured March 31, 2018. Extended to settlement date.	116,830	116,830
Component fifteen matured March 31, 2018. Extended to settlement date.	172,217	172,217
Component sixteen repaid in the current year.	-	140,313
Component seventeen is repayable on March 31, 2019 or the settlement date.	<b>152,475</b>	-
	<b>3,551,309</b>	3,739,147

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

**11. Loan guarantees**

As at March 31, 2018, the First Nation has guaranteed the Blueberry River Enterprises Ltd., a Nation government business enterprise, line of credit, of which \$nil (2017 - \$453,541) was drawn and the overdraft credit facility, of which \$nil (2017 - \$251,297) was drawn. The credit facilities bear interest at 2.85% and is collateralized by a general security agreement and a guarantee from the First Nation. As at March 31, 2018, no liability (2017 - no liability) has been recorded associated with this guarantee.

**12. Comparative figures**

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

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**13. Financial Instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First 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 First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First 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 First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt and ISC Treaty Land Entitlement Debt are disclosed in Notes 9 and 10.

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

***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 long-term debt (Note 9). 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 First 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.

**Blueberry River First Nations**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**14. Contingencies**

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews.

**15. Correction of an error**

During the year, the First Nation determined that the Blueberry Trust should not be part of the Reporting Entity as at March 31, 2016. The impact of the correction for the year ended March 31, 2017 resulted in a decrease in Cash of \$47,684, decrease in investments of \$9,830,362, decrease in Long term investments of \$2,018,779, decrease in Accounts payable of \$99,411, decrease in Trust distributions due to members of \$4,510,280, decrease in Tangible capital assets of \$83,134, decrease in Accumulated surplus, beginning of year of \$7,377,979, decrease in Accumulated remeasurement gains, beginning of year of \$333,562; and an increase in unrealized gains of \$259,498, decrease in income of \$189,969, and a decrease of expenses of \$271,744 for the year ended March 31, 2017. The comparative figures have been restated to reflect these changes. The Accumulated surplus, beginning of year decreased by \$7,296,204 and Accumulated remeasurement gains, beginning of year decreased by \$74,064 as at March 31, 2018.

During the year, the First Nation determined that losses on a government business enterprise (Blueberry River Enterprises LP) should not have been recorded in years prior to March 31, 2016 and in the year ended March 31, 2017 because the losses were in excess of the amount invested in the business. This was an effect of the removal of the Blueberry Trust as it had investments in the government business enterprise as well. The impact of the correction for the year ended March 31, 2017 resulted in an increase in Long-term investments of \$2,005,396 and decrease in Share of loss – Blueberry River Enterprises LP of \$17,445 for the year ended March 31, 2017. The Accumulated surplus, beginning of year increased by \$2,022,841.