Consolidated Financial Statements of

LEQ'A:MEL FIRST NATION

Year Ended March 31, 2016

LEQ'A:MEL FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2016

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Leq'a:mel First Nation and related information contained in these financial statements are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditor, Teresa I. Klassen Inc. Chartered Professional Accountant, conducts an independent examination, in accordance with Canadian auditing standards, and expresses her opinion on the consolidated financial statements on behalf of the members. The external auditor has full and free access to financial management of Leq'a:mel First Nation and meet when required.

On behalf of Leq'a:mel First Nation:

_______________ Chief

_______________ Councillor   Sandy McDonald _______________ Councillor

Daniel Kelly _______________ Councillor   _______________ Councillor

TERESA I. KLASSEN INC.*
Chartered Professional Accountant

To the Members
Leq'a:mel First Nation

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Leq'a:mel First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, consolidated statement of change in net financial assets (net debt) and consolidated statement of cash flows for the year ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series, 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
My responsibility is to express an opinion on these financial statements based on my audit.I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Leq'a:mel First Nation as at March 31, 2016, and its financial performance and its cash flows for the year ended March 31, 2016, in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Teresa I Klassen Inc.

CHARTERED PROFESSIONAL ACCOUNTANT

Salmon Arm, BC
November 28, 2016

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denotes professional corporation

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2016

	2016	(Restated) 2015 (Note 23)
FINANCIAL ASSETS		
Cash and cash equivalents (Notes 1 & 2)	$ 3,783,564	$ 1,042,276
Accounts receivable (Note 3)	269,439	179,300
Inventory for resale (Note 4)	17,329	16,562
Due from government and other government organizations (Note 5)	113,399	49,392
Loans receivable (Note 6)	277,484	385,058
Advances to related parties (Note 13)	1,422	1,422
Trust funds held by federal government (Note 7)	197	197
Investments in government business enterprises and partnerships (Note 8 & 9)	813,572	943,423
	5,276,406	2,617,630
FINANCIAL LIABILITIES		
Bank Indebtedness (Note 10)	2,500,000	-
Accounts payable and accrued liabilities (Note 11)	243,319	155,426
Due to government and other government organizations (Note 12)	65,364	143,222
Deferred revenue (Note 14)	52,540	75,116
Long-term debt (Note 15)	2,821,243	430,936
	5,682,466	804,700
Net Financial Assets (Net Debt)	(406,060)	1,812,930
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 1 & 16)	9,350,178	7,129,546
Prepaid expenses (Notes 1 & 17)	41,839	53,210
	9,392,017	7,182,756
Accumulated Surplus (Note 21)	$ 8,985,957	$ 8,995,686

Contingent liabilities (Note 18)

APPROVED BY:

Daniel Kelly

Sandy McDonald

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31, 2016

	Budget (Unaudited)	2016	(Restated) 2015 (Note 23)
REVENUE			
Indigenous and Northern Affairs Canada	$ 1,021,137	$ 1,502,349	$ 1,414,716
INAC reimbursements (recoveries)	-	26,299	(5,864)
INAC deferred revenue	-	26,351	(21,025)
Rental / Land lease income	588,300	724,053	716,442
Cigarette and confection sales	325,000	307,011	356,377
Property taxes and dyking fees	148,129	147,222	136,381
Sto:lo Nation	100,585	103,777	115,974
Province of British Columbia	-	99,441	104,634
Canada Mortgage and Housing Corporation	22,000	69,421	95,961
User fees	65,000	68,722	63,954
Environment Canada	-	5,222	46,987
First Nation Health Authority	-	154,310	25,000
0812995 B.C. Ltd dba Czar Caviar	20,000	14,944	19,024
BC Hydro	14,823	4,000	14,823
First Nations Financial Management Board	-	15,000	10,000
Sto:lo Aboriginal Skills & Employment Training	-	48,127	6,856
Trans Mountain Pipeline, LP	-	-	5,000
First Nations Education Steering Committee	-	-	2,310
The SHAC Joint Venture	-	220,000	-
Tale'awtxw Aboriginal Capital Corporation	-	9,375	-
Maturing units adjustment	-	-	31,988
Interest	-	21,525	16,437
Gain (loss) on disposal of capital assets	-	(1,140)	-
Net income from trust funds held by federal government	-	948	933
Net income (loss) from business enterprises and partnerships	-	(129,851)	(19,429)
Other	1,440	57,218	21,320
	2,306,414	3,494,324	3,158,799
EXPENDITURE			
Administration	446,647	332,684	252,709
Business and Investments	1,170,056	1,399,664	1,206,230
Education and Employment	157,975	199,023	178,596
Social Development	330,077	368,913	343,093
Health Services	94,121	72,859	112,966
Lands Management	378,976	533,774	625,528
Capital Projects	-	71,862	22,618
Maintenance	235,421	262,693	224,030
Non-Profit Housing	98,500	36,970	46,689
Amortization	-	225,611	259,427
	2,911,773	3,504,053	3,271,886
ANNUAL SURPLUS (DEFICIT)	(605,359)	(9,729)	(113,087)
ACCUMULATED SURPLUS, beginning of year	8,995,686	8,995,686	9,108,773
ACCUMULATED SURPLUS, end of year	$ 8,390,327	$ 8,985,957	$ 8,995,686

Segment Disclosure (Note 26)

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

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (NET DEBT)
March 31, 2016

	Budget (Unaudited)	2016	(Restated) 2015 (Note 23)
Excess of revenues over expenses	$ -	$ (9,729)	$ (113,087)
Acquisition of tangible capital assets	-	(2,447,383)	(77,203)
Amortization of tangible capital assets	-	225,611	259,427
Capital asset disposal	-	1,140	-
	-	(2,230,361)	69,137
Acquisition of prepaid expenses	-	(41,839)	(53,210)
Use of prepaid expenses	-	53,210	24,113
Change in net financial assets (Net debt)	-	(2,218,990)	40,040
NET FINANCIAL ASSETS (NET DEBT), beginning of year	1,812,930	1,812,930	1,772,890
NET FINANCIAL ASSETS (NET DEBT), end of year	$ 1,812,930	$ (406,060)	$ 1,812,930

LEQ'A:MEL FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
March 31, 2016

	2016	(Restated) 2015 (Note 23)
OPERATING ACTIVITIES		
Annual Surplus (deficit)	$ (9,729)	$ (113,087)
Items not affecting cash		
Disposal of tangible capital assets	1,140	-
Amortization of tangible capital assets	225,611	259,427
Net loss (income) from government business enterprises and partnerships	129,851	19,429
Changes in non-cash items on Consolidated Statement of Financial Position:	346,873	165,769
Accounts receivable	(90,139)	91,263
Inventory for resale	(767)	(8,323)
Due from Government and other government organizations	(64,007)	(10,985)
Loans receivable	107,574	(40,274)
Prepaid expenses	11,371	(29,097)
Accounts payable	87,893	(184,837)
Due to Government and other government organizations	(77,858)	(45,402)
Deferred revenue	(22,576)	22,009
Cash provided by (used for) operating activities	298,364	(39,877)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,447,383)	(77,203)
Cash provided by (used for) capital activities	(2,447,383)	(77,203)
INVESTING ACTIVITIES		
Advances from related parties	-	-
Investments in trust funds held by federal government	-	942
Cash provided by (used for) investing activities	-	942
FINANCING ACTIVITIES		
Debt issued	5,000,000	-
Debt repayment	(109,693)	(165,408)
Cash provided by (used for) financing activities	4,890,307	(165,408)
INCREASE (DECREASE) IN CASH FOR THE YEAR	2,741,288	(281,546)
CASH, beginning of year	1,042,276	1,323,822
CASH, end of year	$ 3,783,564	$ 1,042,276
CONSISTING OF:		
Cash and cash equivalents	$ 3,783,564	$ 1,042,276
SUPPLEMENTAL INFORMATION:		
Interest received	$ 21,525	$ 16,437
Interest paid	122,184	10,714

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

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation
These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

b) Basis of Accounting
The First Nation follows the accrual method of accounting for revenues and expenditures. See below for the revenue recognition policy. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal, constructive, or equitable obligation to pay.

c) Basis of Consolidation
The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by Leq'a:mel First Nation.
All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Leq'a:mel First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity and Leq'a:mel First Nation's proportionate share in the business partnerships are recorded.
No adjustment is made for accounting policies of the enterprises or partnerships that are different from those of the First Nation.

Organizations consolidated in Leq'a:mel First Nation's financial statements include:
- Leq'a:mel Taxation Centre
- Leq'a:mel Development Corporation

Organizations accounted for on a modified equity basis include:
- The SHAC Joint Venture
- Seven Generations Environmental Services Ltd.
- Leq'a:mel Forestry Limited Partnership
- 807656 B.C. Ltd.

d) Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts and term deposits having a maturity of twelve months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Loans receivable
Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed annually by Council. No interest is charged on loans receivable.

f) Inventories held for resale
Inventories of cigarettes and confectionary available for resale are recorded at the lower of cost and net realizable value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible Capital Assets

As a non-financial asset, tangible capital 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 ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Leq'a:mel First Nation's incremental cost of borrowing.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Community Infrastructure		
Water mains	100	years
Hydrants	75	years
Pumphouses	50	years
Reservoirs	75	years
Wells	25	years
Standpipes	75	years
Forcemains	50	years
Gravity sewers	100	years
Lift stations	50	years
Communal septic tanks	75	years
Communal disposal fields	50	years
Grinder pumps	15	years
Individual septic tanks and fields	25	years
Storm mains	100	years
Paved roads	20	years
Gravel roads	40	years
Land improvements	20	years
Buildings	40	years
Machinery and equipment	10	years
Automotive	5	years
Computer hardware and software	5	years
Office furniture and equipment	8	years

Assets under construction are not amortized until the asset is available for productive use.
Annual amortization is charged in the year of disposal.
Amortization is not charged in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Tangible Capital Assets (continued)

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

h) Prepaid expenses

Prepaid expenses include insurance, living allowances, social development and other prepaid expenses and are charged to expense over the periods expected to benefit from them.

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

j) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

k) Financial instruments

The First Nation's financial instruments consist of cash, receivables, and payables.
Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.
The fair value of the instruments approximates their carrying values, unless otherwise noted.

l) Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabiltiies, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, and assumptions used in estimating provisions for accrued liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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 prepaid expenses.

2. CASH AND EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Leq'a:mel First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Cash is comprised of the following:

	2016	2015
Externally restricted		
Replacement reserve	$ 59,408	$ 58,998
Debt reserve	251,773	-
	311,181	58,998
Internally restricted		
Due to Members for Christmas Distribution	9,058	6,333
Damage deposits	32,322	29,738
	41,380	36,071
Unrestricted		
Operating	3,035,056	618,437
Taxation	395,947	328,770
	3,431,003	947,207
Total cash	$ 3,783,564	$ 1,042,276

3. ACCOUNTS RECEIVABLE

	2016	2015
Due from members:		
Rent - Non-Profit Housing	$ 18,212	$ 22,454
Due from others:		
Property taxes	70,098	76,130
Trailer Park rents	42,668	59,451
Others	138,461	21,265
	251,227	156,846
	$ 269,439	$ 179,300

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016

4. INVENTORY FOR RESALE

	2016	2015
Inventory consists of cigarette, tobacco and confectionary products	$ 17,329	$ 16,562

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2016	2015
Federal Government		
INAC - reimbursement	$ 72,877	$ -
Canada Mortgage and Housing Corporation	10,848	15,804
Other government organizations	29,674	33,588
	$ 113,399	$ 49,392

6. LOANS RECEIVABLE

Loans receivable consist of monies advanced to members. The amount are unsecured, non-interest bearing, with no specific terms of repayment.

	2016	2015
Member loans	$ 369,979	$ 385,058
Allowance for doubtful accounts	(92,495)	-
	$ 277,484	$ 385,058

7. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

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

	March 31 2015	2016 Additions	2016 Withdrawals	March 31 2016
Revenue	$ 2	$ 948	$ 948	$ 2
Capital	195	-	-	195
	$ 197	$ 948	$ 948	$ 197

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016

8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Leq'a:mel First Nation owns 100% of 807656 B.C. Ltd.

Leq'a:mel First Nation's investments in government business enterprises consist of the following:

	2016	2015
807656 B.C. Ltd.	$ 1	$ 1

The following table presents condensed financial information for this commercial enterprise, which has a fiscal year end of December 31.

	Dec 31 2015	Dec 31 2014
Bank	$ 36,808	$ 527,161
GST receivable	-	-
Investment in related parties	7,174	6,290
Total Assets	$ 43,982	$ 533,451
Accounts payable and accrued liabilities	$ 1,000	$ 1,000
Due to related parties	43,161	531,646
Total liabilities	44,161	532,646
Equity	(179)	805
Total liabilities and equity	$ 43,982	$ 533,451
Revenue	$ 1,619	$ 1,600
Expenses	2,603	1,738
Net Income	$ (984)	$ (138)

807656 B.C. Ltd. is the general partner for Leq'a:mel Forestry Limited Partnership.

LEQ'A:MEL FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016

9. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

Leq'a:mel First Nation owns 99% of Leq'a:mel Forestry Limited Partnership.
Leq'a:mel First Nation owns 16.67% of The SHAC Joint Venture.
Seven Generations Environmental Services Ltd. is wholly owned subsidiary of The SHAC Joint Venture.

The consolidated financial statements of The SHAC Joint Venture include the financial activities of the joint venture and Seven Generations Environmental Sevices Ltd.

Leq'a:mel First Nation's investments in government business partnerships consist of the following:

	2016	2015
Leq'a:mel Forestry Limited Partnership	$ 710,309	$ 622,753
The SHAC Joint Venture	103,262	320,669
	$ 813,571	$ 943,422

The following table presents condensed financial information for these commercial partnerships.
The Leq'a:mel Forestry Limited Partnership has a fiscal year end of December 31.

	Consolidated The SHAC Joint Venture	Leq'a:mel Forestry Limited Partnership	Total 2016	Total 2015
Cash	$ 562,763	$ 535,495	$ 1,098,258	$ 1,697,327
Accounts receivable	198,607	93,886	292,493	245,437
Reserve holdbacks	-	49,254	49,254	51,854
Prepaid expenses and deposits	4,263	2,529	6,792	4,257
Property, plant and equipment	57,861	-	57,861	66,493
Total Assets	$ 823,494	$ 681,164	$ 1,504,658	$ 2,065,368
Bank indebtedness	$ -	$ -	$ -	$ -
Accounts payable & accruals	198,617	5,420	204,037	33,056
Due to (from) related parties	-	(41,739)	(41,739)	(530,225)
Deferred revenue	-	-	-	-
Debt	5,305	-	5,305	9,480
Total liabilities	203,922	(36,319)	167,603	(487,689)
Capital	619,572	717,483	1,337,055	2,553,057
Total liabilities and equity	$ 823,494	$ 681,164	$ 1,504,658	$ 2,065,368
Revenue	$ 1,257,379	$ 95,594	$ 1,352,973	$ 839,022
Expenses	1,241,819	7,154	1,248,973	773,852
Net Income	$ 15,560	$ 88,440	$ 104,000	$ 65,170

The SHAC Joint Venture invests, manages and distributes the ILM funds for the benefit of the Joint Venturer's member communities.
The Leq'a:mel Forestry Limited Partnership operates a timber harvesting and log marketing business.

10. BANK INDEBTEDNESS

Bank indebtedness consists of a demand loan payable to First Nations Finance Authority, plus interest at 2.6% per annum. The demand loan is shown at its face amount.

	2016	2015
	$ 2,500,000	$ -

Interest rate payable on the principal amount of the demand loan is 2.6% per annum. Total interest paid in 2016 on the demand loan was $64,565. Reserve for debt retirement at March 31, 2016 amounted to $125,992 resulting in a net external debt of $2,374,008.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	$ 167,750	$ 65,454
Due to members - Distribution	9,058	6,333
Accrued salaries and benefits payable	29,503	28,384
Other accrued liabilities	37,008	55,255
	$ 243,319	$ 155,426

12. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2016	2015
Federal Government		
Indigenous and Northern Affairs Canada	$ 60,518	$ 142,009
Canada Revenue Agency	4,846	1,213
	$ 65,364	$ 143,222

Amounts due to government and other government organizations are due on demand.

13. ADVANCES TO/FROM RELATED PARTIES

Advances to (from) related parties consist of the following:

	2016	2015
807656 B.C. Ltd.	$ 1,422	$ 1,422

The advances are unsecured, non-interest bearing and without fixed terms of repayment.

14. DEFERRED REVENUE

Deferred Revenue is comprised of the following:

	2016	2015
Sewage Disposal System (CPMS 4991)	$ -	$ 23,881
Community Opportunity Readiness	-	21,025
West Coast Energy	18,555	-
Damage deposits	33,222	29,739
Unearned property taxes	763	471
	$ 52,540	$ 75,116

15. LONG-TERM DEBT

a) Mortgage Agreements

	2016	2015
Project VI - All Nations Trust Company - CMHC mortgage payable with payments of $2,062 per month, including interest at 1.08% per annum, maturing June 1, 2020. Secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and six housing units	$ 102,727	$ 125,808
Project VII - All Nations Trust Company - CMHC mortgage payable with payments of $1,419 per month, including interest at 1.65% per annum, maturing June 1, 2017. Secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and four housing units	99,849	115,105
Project VIII - All Nations Trust Company - CMHC mortgage payable with payments of $1,950 per month, including interest at 1.92% per annum, maturing April 1, 2019. Secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and seven housing units	170,094	190,023
	$ 372,670	$ 430,936

Principal reduction in each of the next five years, assuming debt subject to refinancing is renewed at similar rates and terms, is estimated as follows:

2017	$ 59,565
2018	60,474
2019	61,398
2020	62,336
2021	44,674
Thereafter	84,223
	$ 372,670

15. LONG-TERM DEBT (Continued)

b) Debenture

Payable to First Nations Finance Authority.
Debenture debt is shown at its face amount.

	2016
	$ 2,448,573

Interest rate payable on the principal amount of the debenture is 2.985% per annum. Total interest paid in 2016 on the debenture debt was $50,551. Principal repayments are monthly installments of $5,714.
Reserve for debt retirement at March 31, 2016 amounted to $125,781 resulting in a net external debt of $2,322,792.
The debt is unsecured and matures on June 26, 2024.

Principal reduction in each of the next five years is estimated as follows:

2017	$ 68,570
2018	68,570
2019	68,570
2020	68,570
2021	68,570
Thereafter	2,105,723
	$ 2,448,573

16. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write offs & Other Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write offs & Other Adjustments	Closing Balance	Total 2016	(Restated) Total 2015
Leq'a:mel First Nation										
Community Infrastructure	$ 8,130,513	$ -	$ -	$ 8,130,513	$ 3,546,726	$ 104,019	$ -	$ 3,650,745	$ 4,479,768	$ 4,583,787
Land improvements	11,588	-	-	11,588	10,553	517	-	11,070	518	1,035
Buildings	3,608,027	-	-	3,608,027	1,183,330	107,814	-	1,291,144	2,316,883	2,424,697
Machinery and equipment	92,000	-	6,707	85,293	67,632	6,948	6,707	67,873	17,420	24,368
Automotive	131,243	-	-	131,243	128,121	3,122	-	131,243	-	3,122
Computer hardware/software	9,744	-	6,894	2,850	8,034	570	5,754	2,850	-	1,710
Office furniture/equipment	58,879	-	-	58,879	47,755	2,621	-	50,376	8,503	11,124
Assets under construction	77,203	341,145	-	418,348	-	-	-	-	418,348	77,203
	12,119,197	341,145	13,601	12,446,741	4,992,151	225,611	12,461	5,205,301	7,241,440	7,127,046
Land	2,500	-	-	2,500	-	-	-	-	2,500	2,500
	12,121,697	341,145	13,601	12,449,241	4,992,151	225,611	12,461	5,205,301	7,243,940	7,129,546
Leq'a:mel Development Corporation										
Buildings	-	1,779,669	-	1,779,669	-	-	-	-	1,779,669	-
Furnishings	-	3,327	-	3,327	-	-	-	-	3,327	-
Machinery	-	59,321	-	59,321	-	-	-	-	59,321	-
	-	1,842,317	-	1,842,317	-	-	-	-	1,842,317	-
Land	-	263,921	-	263,921	-	-	-	-	263,921	-
	-	2,106,238	-	2,106,238	-	-	-	-	2,106,238	-
Total	$ 12,121,697	$ 2,447,383	$ 13,601	$ 14,555,479	$ 4,992,151	$ 225,611	$ 12,461	$ 5,205,301	$ 9,350,178	$ 7,129,546

17. PREPAID EXPENSES

	2016	2015
Social development	$ 22,824	$ 21,762
Student allowance	6,963	6,446
Lease	-	20,748
Insurance	3,786	4,254
Other	8,266	-
	$ 41,839	$ 53,210

18. CONTINGENT LIABILITIES

Leq'a:mel First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is $1,500,000. The maximum individual amount available under the program to each qualified member of the First Nation is $150,000.

19. GOVERNMENT TRANSFERS

	2016	2015
Federal government transfers:		
Indigenous and Northern Affairs Canada	$ 1,502,349	$ 1,414,716
Canada Mortgage and Housing Corporation	69,421	95,961
Environment Canada	5,222	46,987
Other	151,904	122,830
	1,728,896	1,680,494
Provincial government transfers	99,441	104,634
	$ 1,828,337	$ 1,785,128

20. ECONOMIC DEPENDENCE

The Leq'a:mel First Nation receives a major portion of its revenue from Indigenous and Northern Affairs Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

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21. ACCUMULATED SURPLUS

Consists of:	2016	(Restated) 2015
Operations Fund	$ 967,071	$ 1,261,354
Tangible Capital Asset Fund	6,871,270	6,698,610
Ottawa Trust Fund	197	197
Investment in business entities	813,572	943,423
Debt reserve	251,773	-
Replacement reserve	82,074	92,102
	$ 8,985,957	$ 8,995,686

22. BUDGETED FIGURES

Unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council on July 20, 2015.

23. CORRECTION OF PRIOR YEAR ERROR

During the year, management determined that $77,203 of assets under construction were erroneously unrecorded in the Tangible Capital Asset Fund. The effect of correcting this error was to increase Tangible Capital Assets and to increase the Capital Fund.

The comparative figures have been retroactively restated to recognize the maturing units adjustment of $28,291 required as a result of the CMHC audit review letter dated November 5, 2015.
The effect of making this adjustment was to increase the Operating fund and to decrease the Replacement reserve.

The retroactive application of these corrections of errors did not have a material impact on the results of operations and financial condition of the First Nation.

24. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

25. EMPLOYEE BENEFIT OBLIGATIONS

Pension Plan
The Leq'a:mel First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The First Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year $14,287 (2015 - $17,914) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2016.

26. SEGMENTED INFORMATION

Leq'a:mel First Nation provides a range of services to its members. For Management reporting purposes, operations and activities are organized and reported by department.
Segments and services provided are as follows:

Administration - includes general operations, support, and financial management of the Society.

Business and Investments - Includes activities related to generating additional revenues for the First Nation and employment opportunities for the First Nation members.

Social Programs - includes the provision of social assistance, health programs, and education programs to the First Nation members.

Lands Management - includes activities related to the development of reserve lands.

Capital Projects - includes activities related to the development infrastructure.

Maintenance - includes the maintenance and repair of the infrastructure.

Capital Fund - includes activities related to the First Nation's tangible capital assets.

Non-Profit Housing - inlcudes the provision of housing to the First Nation members.

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26. SEGMENTED INFORMATION (continued)

	Administration			Business and Investments			Social Programs			Lands Management		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE												
Federal government	$255,930	$299,096	$ 279,772	$ 147,502	$ 128,947	$ 53,975	$441,821	$562,143	$502,306	$326,336	$379,377	$439,233
Provincial government	-	-	-	-	99,441	103,343	-	-	1,291	-	-	-
Other	-	60,686	13,196	997,972	1,265,347	1,074,900	94,155	267,942	131,510	6,460	133,714	130,044
	255,930	359,782	292,968	1,145,474	1,493,735	1,232,218	535,976	830,085	635,107	332,796	513,091	569,277
EXPENDITURE												
Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and benefits	212,145	150,497	130,497	122,525	97,216	129,097	55,107	55,679	125,930	257,960	205,957	194,893
Debt servicing	-	-	-	-	115,116	1,263	-	-	-	-	-	-
Other	234,502	182,187	149,415	1,047,531	1,184,332	1,093,882	527,066	585,116	508,725	121,016	327,817	430,635
	446,647	332,684	279,912	1,170,056	1,396,664	1,224,242	582,173	640,795	634,655	378,976	533,774	625,528
ANNUAL SURPLUS (DEFICIT)	(190,717)	27,098	13,056	(24,582)	97,071	7,976	(46,197)	189,290	452	(46,180)	(20,683)	(56,251)

26 SEGMENTED INFORMATION (continued)

	Capital Projects			Maintenance			Capital Fund			Non-Profit Housing		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE												
Federal government	$ -	$ 63,647	$ 52,993	$174,830	$174,830	$180,245	$ -	$ -	$ -	$ 22,000	$ 21,602	$ 22,251
Provincial government	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	65,000	68,827	63,967	-	(1,140)	-	99,720	99,720	97,211
	-	63,647	52,993	239,830	243,657	244,212	-	(1,140)	-	121,720	121,322	119,462
EXPENDITURE												
Amortization	-	-	-	-	-	-	-	225,611	259,427	-	-	-
Salaries and benefits	-	-	-	67,534	103,082	37,187	-	-	-	-	-	46,689
Debt servicing	-	-	-	-	-	-	-	-	-	50,000	7,068	-
Other	-	71,862	22,618	167,887	159,611	186,843	-	-	-	48,500	29,902	-
	-	71,862	22,618	235,421	262,693	224,030	-	225,611	259,427	98,500	36,970	46,689
ANNUAL SURPLUS (DEFICIT)	-	(8,215)	30,375	4,409	(19,036)	20,182	-	(226,751)	(259,427)	23,220	84,352	72,773

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27. EXPENSES BY OBJECT

	2016	2015
Administration	$ 26,139	$ 28,120
Advertising	2,832	-
Bad debts	137,911	950
Band functions	30,758	31,733
Bank charges	7,164	6,842
Distribution to members	39,150	37,758
Donations	3,376	3,039
Equipment rental/lease	40,876	28,116
Honorarium	156,712	181,469
Insurance	50,256	33,997
Interest on debt	122,184	10,714
Office	369	5,684
Municipal services	94,166	99,765
Permits	-	6,720
Professional development	15,933	15,291
Professional fees	130,051	146,265
Professional services	451,491	424,670
Property taxes	495	-
Purchases for resale	245,551	304,900
Rent / Leases	124,488	114,682
Repair and maintenance	172,323	154,088
Replacements	-	4,728
Salaries and benefits	616,607	687,567
School taxes	41,459	36,096
Services agreements	52,666	51,955
Basic needs	293,780	260,140
Special needs	5,852	5,981
In home care	-	3,625
Subcontract	15,204	5,083
Supplies	82,568	78,733
Telecommunications	28,884	35,164
Travel	29,031	34,833
Tuition, allowances and incentives	188,413	135,098
Utilities	50,780	57,227
Workshops	16,942	19,229
Amortization	225,611	259,427
Other	4,031	7,412
	$ 3,504,053	$ 3,317,101