

**SEABIRD ISLAND INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2016**



SEABIRD ISLAND INDIAN BAND
2895 Chowat Road
Agassiz, BC V0M 1A0

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

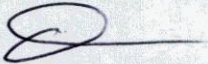
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that the assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

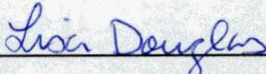
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Manning Elliott Accountants and Business Advisors, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of the Seabird Island Indian Band and we meet when required. The accompanying Independent Auditors' Report re-iterates management's responsibility for the financial statements, outlines the auditors' responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Seabird Island Indian Band:



Name: Darryl McNeil
Title: CAO
Date: July 6/16



Name: Lisa Douglas
Title: Administration Director
Date: July 6/16

INDEPENDENT AUDITORS' REPORT

To the Members of:
Seabird Island Indian Band

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Seabird Island Indian Band which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus (deficit), net financial assets and cash flows for the year then ended, and the related notes comprising 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 consolidated 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Seabird Island Indian Band as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Manning Elliott LLP

Chartered Accountants

Abbotsford, British Columbia

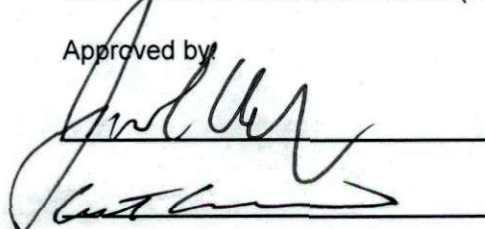
July 6, 2016

SEABIRD ISLAND INDIAN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 9,807,499	\$ 10,222,173
Accounts receivable (Note 3)	570,619	548,436
Due from government and other government organizations (Note 4)	811,518	299,758
Inventory for resale (Note 5)	43,032	31,862
Trust funds held by Federal Government (Note 6)	33,175	33,195
Loans receivable (Note 7)	13,200	12,530
Advances to related parties	-	9,687
Portfolio investments (Note 8)	2,415,691	2,424,540
Investment in government business enterprises (Note 9)	1,358,348	1,685,991
	<u>\$ 15,053,082</u>	<u>\$ 15,268,172</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	\$ 1,999,068	\$ 1,239,688
Deferred revenue	22,500	167,607
Employee benefit obligations (Note 11)	249,580	217,554
Advances from related parties	13,849	-
Long-term debt (Note 12)	4,610,380	4,318,179
Capital lease obligation	39,964	-
	<u>6,935,341</u>	<u>5,943,028</u>
NET FINANCIAL ASSETS	<u>8,117,741</u>	<u>9,325,144</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	15,804,537	13,940,509
Inventory held for use	26,820	28,713
Prepaid expenses	65,307	102,731
	<u>15,896,664</u>	<u>14,071,953</u>
ACCUMULATED SURPLUS (Notes 14 & 16)	<u>\$ 24,014,405</u>	<u>\$ 23,397,097</u>

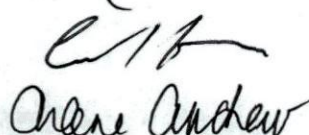
CONTINGENT LIABILITIES (Note 15)
 CONTRACTUAL OBLIGATIONS (Note 18)

Approved by:



James Hui




 Cherie Andrew



M.V. Ferguson

Margaret Ponz



SEABIRD ISLAND INDIAN BAND**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)****FOR THE YEAR ENDED MARCH 31, 2016**

	2016	Budget	2015
REVENUE			
Federal Government			
Indigenous and Northern Affairs Canada	\$ 9,022,777	\$ 6,690,257	\$ 8,647,039
C.M.H.C. subsidy	328,665	283,807	323,908
Other Federal funding	407,900	79,331	502,718
Province of British Columbia	2,963,367	2,294,050	3,340,894
Other First Nations funding	1,150,781	902,125	1,240,164
First Nations Health Authority	4,120,753	4,044,911	4,000,807
Economic activities	2,873,096	-	2,682,902
Leases and rental income	708,286	771,549	723,405
Other	2,108,503	3,257,036	1,881,769
Government Business Enterprises (Note 9)	(252,643)	-	(10,809)
Management fees	407,669	-	190,296
Interest income	116,472	51,500	121,178
	23,955,626	18,374,566	23,644,271
EXPENSES			
Administration	3,091,216	1,248,122	2,474,180
Capital projects and AANDC flowthrough	(12,463)	-	462,971
Corporate affairs	899,809	1,085,395	813,864
Economic development	482,207	-	79,184
Education	6,426,247	3,561,908	6,952,294
Health and social development	10,831,001	11,190,162	10,105,093
Housing	227,912	461,157	453,340
Public works	525,818	1,118,667	827,946
Other	866,571	-	915,947
	23,338,318	18,665,411	23,084,819
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	617,308	(290,845)	559,452
ACCUMULATED SURPLUS, BEGINNING OF YEAR	23,397,097	23,397,097	22,837,645
ACCUMULATED SURPLUS, END OF YEAR	\$ 24,014,405	\$ 23,106,252	\$ 23,397,097



SEABIRD ISLAND INDIAN BAND**CONSOLIDATED STATEMENT OF CHANGES NET FINANCIAL ASSETS****FOR THE YEAR ENDED MARCH 31, 2016**

	2016	2015
ANNUAL SURPLUS FOR THE YEAR	\$ 617,308	\$ 559,452
Acquisition of tangible capital assets	(2,730,598)	(213,585)
Assets transferred	78,650	130,348
Amortization	866,570	915,948
	(1,785,378)	832,711
(Acquisition) consumption of inventories held for use	(1,892)	8,354
Use of prepaid expenses	(37,441)	(38,838)
	(39,333)	(30,484)
CHANGES IN NET FINANCIAL ASSETS	(1,207,403)	1,361,679
NET FINANCIAL ASSETS, BEGINNING OF YEAR	9,325,144	7,963,465
NET FINANCIAL ASSETS, END OF YEAR	\$ 8,117,741	\$ 9,325,144



SEABIRD ISLAND INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 617,308	\$ 559,452
Items not involving cash:		
Amortization	866,570	915,948
Bad debt	40,206	-
Income from government business enterprises	252,643	10,809
Transfer of assets to government business enterprises	-	130,348
	1,776,727	1,616,557
Change in non-cash working capital items:		
Accounts receivable	(574,819)	195,363
Inventory for resale	(11,170)	93,565
Trust funds held by Federal government	20	6,658
Prepaid expenses and deposits	37,424	(38,838)
Inventory held for use	1,893	8,354
Accounts payable and employee obligations	791,406	128,664
Deferred revenue	(145,107)	(68,582)
	1,876,374	1,941,741
FINANCING TRANSACTIONS		
Proceeds from long-term debt	602,644	98,281
Repayment of long-term debt	(310,443)	(322,313)
Proceeds from capital lease obligation	39,964	-
Advances from related parties	23,536	40,313
	355,701	(183,719)
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(2,730,598)	(213,585)
Increase in portfolio investments	8,849	(83,296)
Contributions to government business enterprises	75,000	(1,144,481)
	(2,646,749)	(1,441,362)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(414,674)	316,660
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,222,173	9,905,513
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,807,499	\$ 10,222,173



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

NATURE OF OPERATIONS

The Seabird Island Indian Band (the "Band") is located in the Province of British Columbia, and provides various services to its members. The Band includes the Band members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Band are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and departments accountable for the administration of their financial affairs and resources to the Band and which are owned or controlled by the Band.

b) Principles of consolidation

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 the Band's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Band.

Organizations consolidated in the Band's financial statements include:

- Seabird Education Society, Lalme; lwesawtexw
- Seabird Island Indian Band Non-Profit Housing
- Seabird Island Indian Band Full Subsidy Housing
- Seabird Island Indian Band Housing Authority

Organizations accounted for on a modified equity basis include:

- Seabird Island Forestry Corporation Ltd.
- Stqo:ya Construction Ltd.
- Stqo:ya Construction Limited Partnership
- Sqewqel Development LLP
- Sqewqel Gas Bar LLP
- Sqewqel Development Corporation

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank account balance net of overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

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 on an annual basis by Finance and Directors. Interest is not charged on employee loans but is charged on other loans receivable to the extent it is deemed collectable.

f) Portfolio investments

Portfolio investments, held long-term, are recorded at cost at the date of acquisition. Subsequently, investments in debt securities, such as treasury bills and government bonds, are recorded at amortized cost. Investments in publicly traded equity securities are recorded at fair value based on quoted market prices. Unrealized gains or losses are recognized in the statement of operations. Transaction costs, such as commissions, arising from investments in publicly traded equity securities are expensed when incurred.

g) Tangible capital assets

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. The cost, less residual value, of the tangible capital asset was recognized at a nominal value. Infrastructure assets acquired prior to 1996 are the only assets where nominal values were assigned.

Certain assets which have historical or cultural values, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available for productive use.

Social housing assets acquired under Canada Mortgage and Housing Corporation (C.M.H.C.) sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Automobile equipment	10-25 years
Other equipment	5-10 years
Infrastructure	20 years
Buildings	25-45 years
Band housing	30 years

h) Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, at which point they are recognized as deferred revenues. The revenue is recognized in the statement of operations as the liabilities are settled.

Investment and interest income earned are recognized in the period and the income is earned.

Contracting and grant revenues are recognized as they become receivable under the terms of applicable agreements.

Business enterprises controlled by the Band - revenues from dental operations and childcare operations - are recognized when services are provided.

Revenues received which relate to a subsequent fiscal period are reflected as deferred revenue in the year of receipt and classified as such in the statement of financial position.

j) Use of estimates

In preparing the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the period in which they become known.

k) Asset classification

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

l) Net financial assets

The Band's financial statements are presented to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Accumulated surplus is comprised of two components, net financial assets and non-financial assets.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016 though early adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption, therefore, financial statements of prior periods, including comparative information, are not restated.

Related party transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 *Related party disclosures* to define a related party and establish the disclosure required for a related party transaction. Disclosure of information about related party transactions and their relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. PS 2200 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

Assets

In June 2015, the Public Sector Accounting Board (PSAB) issued PS 3210 *Assets* which provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason for this should be disclosed. As a result of the issuance of PS 3210, there have been numerous consequential amendments made to other Sections. PS 3210 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

The Band has not yet determined the effect of these new standards on its financial statements.

2. CASH AND CASH EQUIVALENTS

	2016	2015
Cash is comprised of the following:		
Externally restricted		
C.M.H.C. operating and replacement reserve	\$ 934,651	\$ 858,960
Internally restricted		
Replacement reserves	5,149,042	6,324,279
Unrestricted		
Operating	3,723,806	3,038,934
Total cash and cash equivalents	\$ 9,807,499	\$ 10,222,173



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

3. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable consists of the following:		
Due from others:		
Housing rents	\$ 115,947	\$ 387,297
Daycare and preschool fees	59,922	38,653
Dental office receivables	67,793	77,599
Doctor's office receivables	33,224	16,029
Gas Bar receivables	-	-
Economic activities receivables	180,642	173,333
Other receivables	147,144	241,376
Interest receivable	6,153	7,612
Total due from others:	610,825	941,899
Less: Allowance for doubtful accounts	(40,206)	(393,463)
Total accounts receivable	\$ 570,619	\$ 548,436

Accounts receivable net of allowances includes amounts owing from Band members totalling \$116,512 (2015 - \$105,452).

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2016	2015
Accounts receivable consists of the following:		
Due from Federal government		
Indigenous and Northern Affairs Canada	\$ 91,443	\$ (47,613)
Other Federal organizations	348,664	60,438
Canada Mortgage and Housing Corporation	21,780	21,153
GST rebate receivable	53,734	27,400
Province of British Columbia	195,536	56,939
Other First Nation governments	100,361	181,441
Total	\$ 811,518	\$ 299,758

5. INVENTORY FOR RESALE

	2016	2015
IT operations	\$ 43,032	\$ 31,862



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2015	Additions	Withdrawals	2016
Revenue	\$ 348	\$ 2,579	\$ 3,603	\$ 328
Capital	32,847	-	-	32,847
Total	\$ 33,195	\$ 2,579	\$ 3,603	\$ 33,175

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

7. LOANS RECEIVABLE

	2016	2015
Employee loans	\$ -	\$ 848
Member business loans	13,200	11,682
Economic development business loan	-	39,476
	13,200	52,006
Less: allowance for doubtful accounts	-	(39,476)
	\$ 13,200	\$ 12,530

Loans receivable includes amounts owing from Band members totalling \$13,200 (2015 - \$52,006).

8. PORTFOLIO INVESTMENTS

	2016	2015
Cash	\$ 1,786	\$ 1,768
Term deposit - Section 149(1)(c)	10,000	10,000
First Nations Finance Authority	367,763	364,937
Boughton Law Corporation Trust Fund	400,000	400,000
Investors Group Income Plus Portfolio	1,636,142	1,647,835
	\$ 2,415,691	\$ 2,424,540



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Band owns 100% of Seabird Island Forestry Construction Ltd., 50% of the shares of Stqo:ya Construction Ltd. which is the general partner for Stqo:ya Construction Limited Partnership, of which the Band holds a 49.99% interest. The Band also holds a 100% of the shares of Sqewqél Development Corporation, a 99.9% interest in Sqewqél Development Corporation Limited Liability Partnership and a 99.9% interest in Sqewqél Gas Bar Limited Liability Partnership.

		2016	2015
Seabird Island Forestry Construction Ltd.	100% ownership	\$ 1	\$ 1
Stqo:ya Construction Ltd.	50% ownership	55	55
Stqo:ya Construction Limited Partnership		50	50
Stqo:ya Construction Limited Partnership	49.99% interest	576,639	558,225
Sqewqél Development Corporation	100% ownership	1	1
Sqewqél Development Corporation LLP	99.99% interest	618,457	522,397
Sqewqél Gas Bar LLP	99.99% interest	163,145	605,262
		\$ 1,358,348	\$ 1,685,991

Seabird Island Forestry Construction Ltd. contract the harvest of timber and sells the product.

Stqo:ya Construction Ltd. was incorporated May 9, 2012 and is 0.01% general partner of Stqo:ya Construction Limited Partnership.

Stqo:ya Construction Limited Partnership was established May 9, 2012 to enter into construction projects related activities.

Sqewqél Development Corporation was incorporated on February 21, 2014 and is the managing partner for Sqewqél Development Corporation Limited Liability Partnership.

Sqewqél Development Corporation Limited Liability Partnership was established on April 25, 2014 for the purpose of earning rental income from property and royalties from gravel sales.

Sqewqél Gas Bar Limited Liability Partnership was established April 29, 2014 for the purpose of operating a gas bar.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (Continued)

	Seabird Island Forestry Construction Ltd.	Stqo:ya Construction Ltd.	Stqo:ya Construction Limited Partnership	2016	2015
ASSETS					
Cash	\$ -	\$ 19	\$ 470,880	\$ 470,899	\$ 122,498
Accounts receivable	1	-	235,313	235,314	939,568
Long-term investments	-	113	13,268	13,381	198,659
Equipment	-	-	554,527	554,527	410,734
Other assets	-	-	9,578	9,578	94,578
Total assets	1	132	1,283,566	1,283,699	1,766,037
LIABILITIES					
Accounts payable	-	500	202,966	203,466	493,473
Due to Seabird Island Indian Band	-	-	-	-	-
Other liabilities	-	-	-	-	-
Long-term debt	-	-	12,284	12,284	156,161
Total liabilities	-	500	215,250	215,750	649,634
Equity	1	(368)	1,068,316	1,067,949	1,116,403
Total liabilities and equity	\$ 1	\$ 132	\$ 1,283,566	\$ 1,283,699	\$ 1,766,037
INCOME STATEMENT					
Revenue	\$ 150,000	\$ 1	\$ 2,334,812	\$ 2,484,813	\$ 3,108,274
Management fee paid to Band	150,000	-	-	150,000	190,296
Expenses	-	-	2,147,985	2,147,985	2,905,955
Net income (loss)	\$ -	\$ 1	\$ 186,827	\$ 186,828	\$ 12,023
Band's share of income	\$ -	\$ -	\$ 93,414	\$ 93,414	\$ 6,011



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (Continued)

	Sqewqel Development Limited Partnership	Sqewqel Gas Bar Limited Partnership	2016	2015
ASSETS				
Cash	\$ 29,464	\$ 11,729	\$ 41,193	\$ 251,509
Accounts receivable	266,173	81,843	348,016	350,416
Inventories	106,037	86,305	192,342	408,603
Tangible capital assets	524,716	1,906,764	2,431,480	2,029,289
Other assets	348,719	11,250	359,971	281,236
Total assets	1,275,109	2,097,891	3,373,002	3,321,053
Accounts payable	36,230	190,943	227,173	1,065,103
Other liabilities	-	354,653	354,653	205,122
Advances from related party	10,411	-	10,411	37,966
Long-term debt	607,645	1,379,012	1,986,657	882,913
Total liabilities	654,286	1,924,608	2,578,894	2,191,104
Equity	620,823	173,283	794,108	1,129,949
Total liabilities and equity	\$ 1,275,109	\$ 2,097,891	\$ 3,373,002	\$ 3,321,053
Revenue	\$ 1,144,790	\$ 3,616,656	\$ 4,761,446	\$ 3,580,214
Cost of goods sold	506,377	3,299,234	3,805,611	2,826,068
Expenses	569,825	769,131	1,338,956	740,351
Other expenses	-	-	-	30,680
Net income (loss)	\$ 68,588	\$ (451,709)	\$ (383,121)	\$ (16,885)
Band's share of income	\$ 68,581	\$ (451,257)	\$ (382,676)	16,820



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	\$ 1,465,710	\$ 845,954
Accrued salaries and benefits payable	491,799	356,500
Other accrued liabilities	41,560	37,233
Total	\$ 1,999,069	\$ 1,239,687

11. EMPLOYEE BENEFIT OBLIGATIONS

	2016	2015
Vacation	\$ 249,580	\$ 217,554

Vacation

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension Plan

The Band provides a defined contribution plan for eligible members of its staff. Staff are required to contribute a percentage of their salary which is matched by the Band and contributions are directed to a contribution account. The amount of the retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the staff's share of the pension plan at the time of the staff's withdrawal from the plan. The Band contributed \$327,378 (2015 - \$279,907) during the year for retirement benefits. The Band does not have any other obligations with regards to the pension plan as at March 31, 2016.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

12. LONG-TERM DEBT

	2016	2015
Project #1 - Canada Mortgage and Housing Corporation mortgage, blended monthly payments of \$3,398 at 4.15% per annum, maturing July 1, 2016	\$ 13,286	\$ 52,184
Project #11 - All Nations Trust Company mortgage, blended monthly payments of \$1,792 at 1.11% per annum, maturing February 1, 2021, renewal on February 1, 2021	102,782	122,099
Project #12 - All Nations Trust Company mortgage, blended monthly payments of \$2,005 at 1.62% per annum, maturing February 1, 2019, renewal on March 1, 2018	68,505	91,255
Project #13 - All Nations Trust Company mortgage, blended monthly payments of \$1,912 at 2.76% per annum, maturing January 1, 2025, renewal on June 1, 2015	178,959	197,548
Project #14 - All Nations Trust Company mortgage, blended monthly payments of \$2,940 at 1.92% per annum, maturing February 1, 2029, renewal on April 1, 2019	403,557	430,822
Project #15 - All Nations Trust Company mortgage, blended monthly payments of \$2,709 at 2.04% per annum, maturing March 1, 2034, renewal on March 1, 2019	489,773	512,061
Project #16 - All Nations Trust Company mortgage, blended monthly payments of \$2,891 at 2.04% per annum, maturing March 1, 2034, renewal on March 1, 2019	522,747	546,535
Project #17 - All Nations Trust Company mortgage, blended monthly payments of \$5,512 at 1.49% per annum, maturing January 1, 2037, renewal on January 1, 2017	1,181,319	1,229,485
Project #18 - All Nations Trust Company mortgage, blended monthly payments of \$2,482 at 2.40% per annum, maturing October 1, 2038, renewal on October 1, 2018	518,737	535,881
Project #19 - All Nations Trust Company mortgage, blended monthly payments of \$2,463 at 2.08% per annum, maturing February 1, 2039, renewal on February 1, 2019	538,801	556,964



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

12. LONG-TERM DEBT (Continued)

	2016	2015
Project #20 - All Nations Trust Company mortgage,blended monthly payments of \$2,254 at 0.94% per annum, maturing September 1, 2040, renewal on September 1, 2020	591,914	-
House 15 - TD Canada Trust mortgage, blended monthly payments of \$139 at 3.04% per annum	-	11,861
House 83 - All Nations Trust Company mortgage, blended monthly payments of \$219 at 4.99% per annum	-	26,452
Project #10 - All Nations Trust Company mortgage, blended monthly payments of \$1,685 at 2.69% per annum	-	5,032
Total long-term debt	\$ 4,610,380	\$ 4,318,179

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2017	\$ 256,692
2018	247,767
2019	250,211
2020	232,472
2021 and thereafter	3,623,238
	<u>\$ 4,610,380</u>



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

13. TANGIBLE CAPITAL ASSETS

	Administration				Housing				2016	2015
	Automotive	Other	Infrastructure	Building	Non-profit	Full subsidy	Housing	Band		
	equipment	equipment			housing	housing	authority	housing		
Cost										
Opening	\$ 1,721,024	\$ 1,834,574	\$ 10,785	\$11,628,124	\$ 2,625,740	\$ 5,587,327	\$ 444,098	\$1,445,919	\$25,297,591	\$26,438,062
Additions during the year	252,541	50,533	-	1,729,420	-	698,120	-	-	2,730,614	213,584
Transfer of assets	-	-	-	-	(330,881)	-	-	82,599	(248,282)	(1,354,056)
Obsolete assets removed	-	-	-	-	-	-	-	-	-	-
Closing	1,973,565	1,885,107	10,785	13,357,544	2,294,859	6,285,447	444,098	1,528,518	27,779,923	25,297,590
Accumulated amortization										
Opening	1,121,301	1,398,711	10,785	5,743,472	1,374,078	708,546	444,098	556,091	11,357,082	11,664,841
Amortization	88,275	152,924	-	302,307	104,585	167,545	-	50,950	866,586	915,948
Transfer of assets	-	-	-	-	(248,283)	-	-	-	(248,283)	(1,223,708)
Obsolete assets removed	-	-	-	-	-	-	-	-	-	-
Closing	1,209,576	1,551,635	10,785	6,045,779	1,230,380	876,091	444,098	607,041	11,975,385	11,357,081
Net book value of tangible capital assets	\$ 763,989	\$ 333,472	\$ -	\$ 7,311,765	\$ 1,064,479	\$ 5,409,356	\$ -	\$ 921,477	\$15,804,537	\$13,940,509



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

14. INTERNALLY RESTRICTED EQUITY

	2016	2015
Funded reserves consist of the following:		
Seabird Island Futures Reserve	\$ 1,168,089	\$ 1,041,633
Murphy Land	19,128	17,308
First Nations Youth Work Experience	22,003	26,404
Student Loan Reserve	257,394	264,082
Post Secondary Reserve	920,912	902,105
Replacement Reserve - completed phases 3 - 5	368,644	352,352
Health Program Reserve	1,511,673	2,512,036
Bear Bus Reserve	100,000	100,000
Maintenance reserve	14,347	-
Contingency reserve	4,320	2,160
	4,386,510	5,218,080
Capital replacement consists of the following allocations		
Band revenue	61,341	63,976
IT utilities	128,218	107,618
Health	40,000	40,000
School	334,047	288,047
Maintenance	106,239	65,744
Cultural Learning Centre	5,187	5,187
Government business enterprises	-	448,127
Band support	2,500	2,500
Daycare operations	10,000	10,000
Preschool operations	75,000	75,000
	762,532	1,106,199
	\$ 5,149,042	\$ 6,324,279

15. CONTINGENT LIABILITIES

As at March 31, 2016, the Band was contingently liable in respect of guaranteed individual Band member mortgages with various financial institutions totalling \$941,662 (2015 - \$1,032,294). All accounts are in good standing.

In addition, the Band has guaranteed the debts of the Sqewqel Gas Bar LLP of approximately \$1,429,374 (2015 - \$853,000) and Sqewqel Development LLP of approximately \$607,645 (2015 - \$Nil).



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

16. REPLACEMENT RESERVE / EXTERNALLY RESTRICTED EQUITY

Under the terms of the agreement with C.M.H.C., the replacement reserve account is to be credited annually. In the future years, the annual credit to the replacement reserve will be \$86,774. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. Withdrawals are credited to interest first and then principal.

Funds consists of the following:

	2016	2015
Replacement reserve, beginning of the year	\$ 619,325	\$ 712,875
Transfer to internally restricted funds (completed phases 8 - 9)	-	(168,350)
Transfer to internally restricted funds (completed phases 10)	(37,426)	-
Replacement reserve approved expenditures	(64,930)	(39,379)
Interest earned on reserve	13,981	14,992
Replacement reserve provision	86,774	99,187
	<u>\$ 617,724</u>	<u>\$ 619,325</u>
Full subsidy housing program - operating reserve provision	316,927	239,635
	<u>934,651</u>	<u>858,960</u>

17. BUDGETED FIGURES

The unaudited budgets for the year April 1, 2015 to March 31, 2016 were approved by the Chief and Council at the Chief and Council meeting on September 19, 2015. The operating budget is based on projected operating expenses to be incurred during the year on a program-by-program basis.

18. CONTRACTUAL OBLIGATIONS

The Band is committed to the lease of various office equipment. The terms of the leases call for monthly payments.

Lease payments due in the next three years are approximately as follows:

2017	\$ 33,582
2018	16,405
2019	10,900
	<u>\$ 60,887</u>



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

19. EXPENSES BY OBJECT

	2016	Budget	2015
Administration	\$ 154,186	\$ 1,601,763	\$ 202,451
Advertising and promotion	18,399	6,630	35,817
Amortization	866,570	-	915,948
Bad debt	40,206	-	-
Computer services/purchases	254,949	241,497	242,480
Consulting/contracts fees	2,867,616	1,067,793	1,760,381
Donations	42,200	115,850	126,224
Equipment	31,211	-	142,364
Home improvement and incentives	82,562	53,780	72,971
Honoraria	273,054	235,976	284,284
Insurance	212,625	176,556	225,872
Interest and bank charges	17,606	26,085	30,628
Interest on long-term debt	83,325	-	89,600
Legal services	172,331	56,150	83,362
Licences, permits and fees	17,958	-	15,573
Meetings, workshops and gatherings	578,368	464,811	514,899
Office and miscellaneous	208,477	362,900	302,513
Professional development	168,394	262,867	239,887
Professional fees	45,900	60,300	37,164
Rent charges/internal rent	(1,930,143)	(2,408,877)	(462,710)
Maintenance and construction costs	465,804	595,688	532,773
Supplies	48,041	374,840	86,855
Capital construction projects	-	-	162,189
Telephone and cellphones	124,962	81,000	189,931
Travel	319,449	351,711	328,976
Tuition and course fees	1,306,504	2,479,692	1,582,374
Utilities	283,622	188,100	249,789
Wages and benefits	13,000,707	8,890,722	11,367,771
Expenditures - program costs	3,583,435	3,379,577	3,724,453
	\$ 23,338,318	\$ 18,665,411	\$ 23,084,819



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

20. SEGMENT REPORTING

Seabird Island Indian Band receives revenue and incurs expenses from various projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules disclose the Band's revenue and expenses in the following segments.

Administration

Includes general operations, IT support and financial management of the Band along with an arm related to Band discretionary revenues, property taxation and governance activities.

Administration

Capital Projects

Includes revenues and expenditures related to capital projects and capital project flow through funding administered on behalf of AANDC.

Economic Development

Includes activities related to the growth of the revenue producing projects with the Band, land management along with an arm of Rights and Resource Management.

Education

Includes revenues and expenses related to primary, secondary, and post secondary education of the members of the Band and operations relating to band operated school and Seabird College.

Health, Social Development, Early Childhood and Family

Includes revenues and expenses relating to the activities related to a wide range of health services including dental, doctor, family, and children services within the Band and social assistance programs.

Housing

Includes Property Management related to the mortgaged homes owned by the Band, administration of social housing programs.

Public Works

Includes revenue and expenditures related to ongoing community maintenance.

Reserve and Other

Includes revenue and expenses related to the tangible capital assets and restricted reserves and other activities not related to another segment.



SEABIRD ISLAND INDIAN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

20. SEGMENT REPORTING (Continued)

	Administration	Capital Projects and AANDC Flowthrough	Corporate Affairs	Economic Development	Education	Health and Social Development	Housing	Public Works	Other	2016
Revenue										
Government funding	\$ 733,095	\$ 6,564,375	\$ 211,486	\$ 343,286	\$ 6,337,790	\$ 7,722,735	\$ 255,506	\$ 795,536	\$ -	\$ 22,963,809
Other revenue	668,611	1,703,223	53,799	153,401	598,261	2,807,228	886,978	52,114	432,703	7,356,318
Total	1,401,706	8,267,598	265,285	496,687	6,936,051	10,529,963	1,142,484	847,650	432,703	30,320,127
Expenditures										
Amortization	-	-	-	-	-	-	-	-	866,571	866,571
Wages	1,233,049	723,429	602,851	-	657,366	5,022,889	117,092	995,354	-	9,352,030
Other	1,072,381	6,414,395	296,958	482,207	5,768,881	5,808,111	110,820	(469,535)	-	19,484,218
Total	2,305,430	7,137,823	899,809	482,207	6,426,247	10,831,000	227,912	525,819	866,571	29,702,819
	\$ (903,724)	\$ 1,129,775	\$ (634,524)	\$ 14,480	\$ 509,804	\$ (301,037)	\$ 914,572	\$ 321,835	\$ (433,868)	\$ 617,308

