

Tsal'ah (Seton Lake Indian Band)
Consolidated Financial Statements
March 31, 2016

Tsal'ah (Seton Lake Indian Band) Contents

For the year ended March 31, 2016

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Management's Responsibility

To the Members of Tsal'ah (Seton Lake Indian Band):

The accompanying consolidated financial statements of Tsal'ah (Seton Lake Indian Band) 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 Tsal'ah (Seton Lake Indian Band) Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members 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 Council and management to discuss their audit findings.

July 29, 2016

signature on file

Administrator

Independent Auditors' Report

To the Members of Tsal'ah (Seton Lake Indian Band):

We have audited the accompanying consolidated financial statements of Tsal'ah (Seton Lake Indian Band), which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, remeasurement gains, change 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Seton Lake Indian Band derives a portion of its revenue from cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the First Nation and we were not able to determine whether any adjustments might be necessary to cash, revenue, accumulated surplus, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Tsal'ah (Seton Lake Indian Band) as at March 31, 2016 and the results of its operations (including remeasurement gains and losses), change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, British Columbia

July 29, 2016

MNP LLP

Chartered Professional Accountants

Tsal'ah (Seton Lake Indian Band)
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash and cash equivalents (Note 4)	4,361,654	1,640,525
Portfolio investments (Note 5)	730,311	2,662,283
Funds held in trust (Note 6)	950,187	929,460
Accounts receivable (Note 7)	1,007,673	538,198
Inventory for resale	16,773	21,450
Loans receivable	7,057	18,408
Notes receivable (Note 8)	40,845	197,814
	7,114,500	6,008,138
Financial liabilities		
Accounts payable and accruals (Note 9)	2,067,343	1,395,008
Deferred revenue (Note 10)	296,414	232,522
Long-term debt (Note 11)	10,841,246	5,377,650
	13,205,003	7,005,180
Net debt	(6,090,503)	(997,042)
Contingent liabilities (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,042,144	17,145,327
Prepaid expenses	38,937	98,408
	23,081,081	17,243,735
Accumulated surplus	16,990,578	16,246,693

Approved on behalf of the Council

signature on file

Chief
Councillor

signature on file

Councillor

Tsal'ah (Seton Lake Indian Band)
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue				
Indigenous and Northern Affairs Canada		2,169,079	3,846,372	2,624,460
First Nations Health Authority		721,006	745,905	636,457
Canada Mortgage and Housing Corporation		211,576	160,971	68,311
Rental income		86,024	404,990	527,876
Interest and investment income		10,000	213,399	164,399
Province of BC		-	21,456	42,792
Other revenue		390,628	936,032	762,173
BC Hydro		-	1,326,344	923,238
Interior Salish Employment and Training Society (ISETS)		-	-	51,073
		3,588,313	7,655,469	5,800,779
Expenses				
Administration and Governance	3	550,250	714,911	724,439
Development Corporation	5	-	1,268,484	475,461
Economic Development	6	34,402	1,025,278	1,063,053
Education	7	1,364,786	1,438,250	1,319,379
Facilities and Services	8	307,230	491,710	523,569
Health	9	723,397	639,152	689,054
Housing	10	496,586	656,968	616,215
Social Assistance	11	389,381	458,210	463,168
Other	12	-	40,295	1,794
		3,866,032	6,733,258	5,876,132
Annual surplus (deficit)		(277,719)	922,211	(75,353)
Accumulated surplus, beginning of year		16,068,367	16,068,367	16,143,720
Accumulated surplus, end of year		15,790,648	16,990,578	16,068,367

The accompanying notes are an integral part of these financial statements

Tsal'ah (Seton Lake Indian Band)
Consolidated Statement of Remeasurement Gains
For the year ended March 31, 2016

	2016	2015
Accumulated remeasurement gains, beginning of year	178,324	-
Unrealized gains attributable to:		
Portfolio investments	-	178,324
Amounts reclassified to the consolidated statement of operations:		
Portfolio investments	(178,324)	-
Accumulated remeasurement gains, end of year	-	178,324

Tsal'ah (Seton Lake Indian Band)
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual surplus (deficit)	490,465	922,211	(75,353)
Purchases of tangible capital assets	-	(6,683,131)	(7,854,045)
Amortization of tangible capital assets	130,000	782,314	527,113
Proceeds of disposal of tangible capital assets	-	4,000	-
Acquisition of prepaid expenses	-	(38,936)	(98,405)
Use of prepaid expenses	-	98,405	32,207
Change in remeasurement gains for the year	-	(178,324)	178,324
Decrease (increase) in net debt	620,465	(5,093,461)	(7,290,159)
Net financial assets (net debt), beginning of year	(997,042)	(997,042)	6,293,117
Net debt, end of year	(376,577)	(6,090,503)	(997,042)

The accompanying notes are an integral part of these financial statements

Tsal'ah (Seton Lake Indian Band)
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	922,211	(75,353)
Non-cash items		
Amortization	782,314	527,113
Unrealized gains on portfolio investments	-	178,324
Realized gains on portfolio investments reclassified to the statement of operations	(178,324)	-
	1,526,201	630,084
Changes in working capital accounts		
Accounts receivable	(469,475)	80,875
Prepaid expenses	59,472	(66,198)
Inventory	4,677	5,922
Deposits	-	11,703
Accounts payable and accruals	672,332	694,247
Deferred revenue	63,892	(99,736)
	1,857,099	1,256,897
Financing activities		
Advances of long-term debt	5,463,596	4,395,968
Repayment of long-term debt	-	(638,611)
	5,463,596	3,757,357
Capital activities		
Purchases of tangible capital assets	(6,683,131)	(7,854,045)
Proceeds of disposal of tangible capital assets	4,000	-
	(6,679,131)	(7,854,045)
Investing activities		
Decrease (increase) in note receivable	156,969	(61,419)
Decrease (increase) in loans receivable	11,351	(12,193)
Decrease in portfolio investments	1,931,972	4,302,887
Increase in funds held in trust	(20,727)	(23,696)
	2,079,565	4,205,579
Increase in cash resources	2,721,129	1,365,788
Cash resources, beginning of year	1,640,525	274,737
Cash resources, end of year	4,361,654	1,640,525

The accompanying notes are an integral part of these financial statements

Tsal'ah (Seton Lake Indian Band) Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

Seton Lake Indian Band (the "First Nation") is a First Nations village government operating out of Shalalth, British Columbia. The First Nation is responsible for the well-being of its community and enacts legal policies and programs in the areas of Administration and Governance, Capital, Economic Development, Education, Facilities and Services, Health, Housing and Social Assistance. The First Nation is also mandated to take actions to protect the well-being of members and the community and to establish cultural programs and undertake initiatives in economic development.

2. Significant accounting policies

These consolidated financial statements of the First Nation are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Accounting Standards Board (PSAB) of CPA Canada. Significant accounting policies adopted by the First Nation are as follows:

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by the First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Tsal'ah Development Corp.

All inter-entity balances and transactions have been eliminated on consolidation.

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.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

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 the published price quotations that are available in an open market. 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.

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. 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 when there are indicators of impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated 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 can occur, provided they are not greater than the amount that would have been reported at the date of reversal had the impairment not been previously recognized. In such instances these reversals are recognized in the consolidated statement of operations.

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Inventory for resale

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2016, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

In the year of acquisition, the below rates are reduced by one half.

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

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	4 %
Automotive equipment	straight-line	10-30 %
Internet service provider	straight-line	20 %
Infrastructure, subdivision and water system	straight-line	4 %
Machinery and equipment	straight-line	20 %
Office equipment	straight-line	20 %
Physical development plan	straight-line	20 %

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.

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in trust

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Other

Investment income reported on investments not subject to significant influence is recorded as revenue in the period earned.

Rental and other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty (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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

As at March 31, 2016, the First Nation's estimated liability for contaminated sites was \$nil.

Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

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

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Segments

The First Nation conducts its business through ten reportable segments: Administration and Governance, Capital Asset Fund, Development Corporation, Economic Development, Education, Facilities and Services, Health, Housing, Social Assistance, and Other. 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 above.

3. 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.

Interest rate risk

Interest rate risk is the risk to First Nation's earnings that arises from fluctuations in market interest rates and the degree of volatility of these rates. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. Management expects interest rates to remain relatively constant for the coming year and therefore considers the related risk to be low.

Fair value of financial instruments

Due to their short-term nature, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and deferred revenue approximate their fair values. The terms and interest rates of First Nation's long-term debt are similar to those currently offered for similar loans, therefore the carrying values of these loans are also considered to approximate their fair values.

4. Cash and cash equivalents

(a) Included in cash and cash equivalents are externally restricted funds as follows:

	2016	2015
Deferred revenue (Note 10)	296,414	232,522
Cash	500,000	-

(b) Revolving Line of Credit

The First Nation has available a \$750,000 revolving line of credit with interest charged at the Bank of Montreal prime rate plus 1% per annum. At March 31, 2016, the outstanding line of credit balance was \$nil (2015 - \$nil), and is secured by a general security agreement including an overdraft lending agreement.

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Portfolio investments

Included in portfolio investments are externally restricted funds in the amount of \$471,016 (2015 - \$971,004) which include guaranteed investment certificates.

6. Funds held in trust

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

	2016	2015
Capital Trust		
Balance, beginning and end of year	8,774	8,774
Revenue Trust		
Balance, beginning of year	920,686	896,989
Additions	20,727	23,697
Balance, end of year	941,413	920,686
	950,187	929,460

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

7. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	130,104	24,105
First Nation Health Authority	693	693
Canada Mortgage and Housing Corporation	5,648	5,693
Due from members and related associations	154,683	258,946
Trade and other receivables	615,298	441,220
BC Hydro	338,145	41,569
Allowance for doubtful accounts	(236,898)	(234,028)
	1,007,673	538,198

8. Notes receivable

	2016	2015
St'at'imc Government Services - Note receivable bearing interest at 2% per annum, repayable in four annual instalments including interest, repayment July 31, 2016, secured by a promissory note.	40,845	93,345
St'at'imc Tribal Police - Repaid in full.	-	104,469
	40,845	197,814

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Accounts payable and accruals

	2016	2015
Trade payables and other accrued liabilities	1,656,108	1,064,806
Indigenous and Northern Affairs Canada	221,817	183,316
First Nation Health Authority	14,082	11,369
Accrued salaries and employee benefits payable	175,336	135,517
	2,067,343	1,395,008

10. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Transferred to revenue</i>	<i>Balance, end of year</i>
Indigenous and Northern Affairs Canada	209,905	260,762	217,880	252,787
First Nation Health Authority	15,073	106,096	89,668	31,501
Other	7,544	12,027	7,445	12,126
	232,522	378,885	314,993	296,414

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

11. Long-term debt

	2016	2015
All Nations Trust Company - Phase 4 Mortgage repayable in monthly instalments of \$1,045, including interest at 1.05% per annum; due for renewal January 1, 2020 and matures January 1, 2020; guaranteed by Indigenous and Northern Affairs Canada.	47,102	59,178
All Nations Trust Company - Phase 5 Mortgage repayable in monthly instalments of \$1,697, including interest at 1.11% per annum; due for renewal January 1, 2021 and matures January 1, 2021; guaranteed by Indigenous and Northern Affairs Canada.	92,613	111,267
All Nations Trust Company - Phase 6 Mortgage repayable in monthly instalments of \$1,417, including interest at 1.11% per annum; due for renewal January 1, 2021 and matures January 1, 2021; guaranteed by Indigenous and Northern Affairs Canada.	83,044	98,478
All Nations Trust Company - Phase 7 Mortgage repayable in monthly instalments of \$2,213, including interest at 1.71% per annum; due for renewal September 1, 2017 and matures June 1, 2022; guaranteed by Indigenous and Northern Affairs Canada.	157,300	181,207
All Nations Trust Company - Full Phase 1 Mortgage repayable in monthly instalments of \$2,150, including interest at 1.8% per annum; due for renewal October 1, 2016 and matures August 1, 2026; guaranteed by Indigenous and Northern Affairs Canada.	244,978	266,574
All Nations Trust Company - Full Phase 2 Mortgage repayable in monthly instalments of \$1,515, including interest at 1.11% per annum; due for renewal April 1, 2021 and matures March 1, 2031; guaranteed by Indigenous and Northern Affairs Canada.	250,940	264,980
Bank of Montreal - Due on demand, authorized to a maximum of \$10,700,000; bearing interest at prime + 1%; matures October 3, 2040; secured by general security agreement.	9,448,539	3,850,623
Bank of Montreal - Due on demand, authorized to a maximum of \$570,000; repayable in monthly instalments of \$3,770 plus interest at prime + 1%; matures November 14, 2029; secured by a general security agreement.	470,941	497,959
Bank of Montreal - Due on demand, multiple draws permitted up to 75% of equipment purchase cost with a maximum of \$200,000; repayable in monthly instalments of \$883 plus interest at prime + 1% commencing March 31, 2015; matures February 20, 2020; secured by a general security agreement.	45,789	47,384
	10,841,246	5,377,650

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2017	10,071,046
2018	108,233
2019	110,731
2020	111,187
2021	96,389

Interest on long-term debt amounted to \$274,789 (2015 - \$42,050).

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Contingent liabilities

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

13. Economic dependence

The First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada as a result of Treaties entered into with the Government of Canada. These treaties are administered by Indigenous and Northern Affairs Canada under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

14. Budget information

The disclosed budget information has been approved by the Chief and Council of the First Nation at the council meeting held on March 3, 2015.

15. Accumulated operating surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2016	2015
Investment in tangible capital assets	12,200,898	11,767,677
Restricted cash	796,414	232,522
Externally restricted portfolio investments	471,016	971,004
Trust funds held by federal government - capital account	8,774	8,774
Internally restricted cash - BC Rail	1,022,006	946,740
Internally restricted cash - St'at'imc Agreement - Community Fund	4,292,877	3,988,811
	<hr/>	<hr/>
	18,791,985	17,915,528
Unexpended deficit	(1,801,407)	(1,847,159)
	<hr/>	<hr/>
Accumulated remeasurement gains	-	178,324
	<hr/>	<hr/>
	16,990,578	16,246,693

16. Comparative figures

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

Tsal'ah (Seton Lake Indian Band)
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

17. Segments

The First Nation receives revenue and expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules 3 to 12 disclose the details of the Nation's revenue and expenses by segment. All inter-departmental transactions have been eliminated upon consolidation and are therefore not included within the segments. The First Nation is organized into the following segments:

Administration and Governance

This segment provides band support, governance and administrative services for the operations of the First Nation, including various financial functions such as payroll, accounts receivable and accounts payable. Governance acts as a governing body through top down initiatives and it is responsible for the oversight of the collaboration of community development/economic programs, the facilitating of networks involving public and private partnerships, marketing and the allocation of resources to maintain the well-being of the First Nation community and its members.

Capital Asset Fund

This segment is comprised of capital assets and related amortization as well as revenue of capitalized assets and assets under construction.

Development Corporation

This segment is comprised of business activities that are performed in the pursuit of economic and business development. The Tsal'ah Development Corp. is responsible for generating economic activity related to BC Hydro.

Economic Development

This segment implements community economic development planning and capacity building initiatives, which are pursued to benefit the First Nation's community by enhancing employment, income generation activities, use of land and resources, economic infrastructure and business opportunities.

Education

This segment is responsible for managing and delivering K to grade 12 education programs and services as well as the management of post-secondary and continuing adult education and support programs.

Facilities and Services

This segment implements capital projects undertaken by the First Nation and maintains community infrastructure. Community infrastructure includes buildings, infrastructure, subdivision and water system.

Health

This segment is responsible for the operation of health facilities and the delivery of programs to support child development and community health.

Housing

This segment activities reflects First Nation owned and Canada Mortgage & Housing Corporation housing rental units and repairs.

Social Assistance

This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness, and the national child benefit reinvestment.

Other

This segment administers the various trust funds received by the Nation.

18. Supplemental disclosure of cash flow information

During the year the First Nation paid cash for interest of \$272,924 (2015 - \$42,050) and received cash for interest of \$213,399 (2015 - \$127,553).

Tsal'ah (Seton Lake Indian Band)
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Land</i>	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Internet service provider</i>	<i>Infrastructure, subdivision and water system</i>	<i>Machinery and equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	12,851	7,538,369	687,807	160,218	2,486,760	582,980	11,468,985
Acquisition of tangible capital assets	-	74,698	72,287	-	367,860	55,567	570,412
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	12,851	7,613,067	760,094	160,218	2,854,620	638,547	12,039,397
Accumulated amortization							
Balance, beginning of year	-	3,572,936	442,681	91,545	990,709	412,135	5,510,006
Annual amortization	-	159,942	54,858	18,825	67,198	39,726	340,549
Balance, end of year	-	3,732,878	497,539	110,370	1,057,907	451,861	5,850,555
Net book value of tangible capital assets	12,851	3,880,189	262,555	49,848	1,796,713	186,686	6,188,842
2015 Net book value of tangible capital assets	12,851	3,959,916	245,126	74,190	1,496,051	170,845	5,958,979

Tsal'ah (Seton Lake Indian Band)
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Office equipment</i>	<i>Physical development plan</i>	<i>Assets under construction</i>	<i>Buildings - CMHC</i>	<i>Tsal'ah Development Corp. Operations - Land</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	11,468,985	177,014	32,708	479,454	3,073,740	499,673	15,731,574
Acquisition of tangible capital assets	570,412	-	-	966,820	-	31,112	1,568,344
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	12,039,397	177,014	32,708	1,446,274	3,073,740	530,785	17,299,918
Accumulated amortization							
Balance, beginning of year	5,510,006	152,613	32,045	-	1,102,716	-	6,797,380
Annual amortization	340,549	4,880	133	-	103,836	-	449,398
Balance, end of year	5,850,555	157,493	32,178	-	1,206,552	-	7,246,778
Net book value of tangible capital assets	6,188,842	19,521	530	1,446,274	1,867,188	530,785	10,053,140
2015 Net book value of tangible capital assets	5,958,979	24,401	663	479,455	1,971,024	499,673	8,934,195

Tsal'ah (Seton Lake Indian Band)
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Subtotal	<i>Tsal'ah Development Corp. Operations - Buildings</i>	<i>Tsal'ah Development Corp. Operations - Automotive equipment</i>	<i>Tsal'ah Development Corp. Operations - Machinery and equipment</i>	<i>Tsal'ah Development Corp. Operations - Assets under construction</i>	<i>Tsal'ah Development Corp. Operations - Hotel</i>	Subtotal
Cost							
Balance, beginning of year	15,731,574	1,521,101	13,274	338,967	6,520,173	-	24,125,089
Acquisition of tangible capital assets	1,568,344	-	10,000	-	-	10,783,503	12,361,847
Disposal of tangible capital assets	-	-	(4,000)	-	(6,520,173)	-	(6,524,173)
Balance, end of year	17,299,918	1,521,101	19,274	338,967	-	10,783,503	29,962,763
Accumulated amortization							
Balance, beginning of year	6,797,380	138,759	5,929	37,694	-	-	6,979,762
Annual amortization	449,398	36,458	3,704	60,255	-	215,670	765,485
Balance, end of year	7,246,778	175,217	9,633	97,949	-	215,670	7,745,247
Net book value of tangible capital assets	10,053,140	1,345,884	9,641	241,018	-	10,567,833	22,217,516
2015 Net book value of tangible capital assets	8,934,195	1,382,342	7,345	301,273	6,520,172	-	17,145,327

Tsal'ah (Seton Lake Indian Band)
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Tsal'ah Development Corp. Operations - RV Park</i>	2016	2015
<hr/>				
Cost				
Balance, beginning of year	24,125,089	-	24,125,089	16,271,044
Acquisition of tangible capital assets	12,361,847	841,457	13,203,304	7,854,045
Disposal of tangible capital assets	(6,524,173)	-	(6,524,173)	-
Balance, end of year	29,962,763	841,457	30,804,220	24,125,089
Accumulated amortization				
Balance, beginning of year	6,979,762	-	6,979,762	6,452,649
Annual amortization	765,485	16,829	782,314	527,113
Balance, end of year	7,745,247	16,829	7,762,076	6,979,762
Net book value of tangible capital assets	22,217,516	824,628	23,042,144	17,145,327
2015 Net book value of tangible capital assets	17,145,327	-	17,145,327	

Tsal'ah (Seton Lake Indian Band)
Schedule 2 - Schedule of Consolidated Expenses by Object

For the year ended March 31, 2016

	2016 Budget	2016	2015
Consolidated expenses by object			
Administration	87,344	51,520	17,130
Amortization	130,000	782,314	527,113
Bad debts	-	8,248	39,355
Bank charges and interest	5,400	53,436	49,124
Employee benefits	25	-	-
Honouraria	3,500	108,803	62,362
Insurance	101,936	115,216	94,801
Office and miscellaneous	288,417	110,254	76,689
Professional fees	55,000	141,524	83,748
Program education	995,141	958,422	920,569
Property taxes	-	13,301	4,578
Rent and occupancy costs	6,000	10,805	6,640
Repairs and maintenance	312,519	224,024	209,692
Materials and supplies	94,280	341,629	277,049
Wages and benefits	1,170,614	2,198,803	1,884,107
Social assistance	277,148	267,205	289,189
Telephone and utilities	103,900	207,144	179,490
Travel and training	158,053	301,664	419,429
Advertising and promotion	9,020	92,605	83,720
Subcontract	27,939	551,347	407,905
Fuel costs	-	160,166	163,034
Equipment rental	1,200	6,018	34,764
Safe water operations program	20,000	20,541	31,843
Fire protection	18,596	6,084	10,119
Family support allowances	-	2,185	3,682
	3,866,032	6,733,258	5,876,132

Tsal'ah (Seton Lake Indian Band)
Administration and Governance
Schedule 3 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	358,990	352,513
Interest and investment income	21,842	14,112
Other revenue	38,572	29,155
	419,404	395,780
Expenses		
Administration	5,713	1,263
Advertising and promotion	44,985	59,210
Amortization	1,397	964
Bad debts	7,092	37,900
Bank charges and interest	6,088	4,905
Equipment rental	1,184	14,815
Honouraria	38,753	43,282
Insurance	10,758	6,671
Materials and supplies	10,562	2,430
Office and miscellaneous	52,869	34,408
Professional fees	62,055	20,140
Rent and occupancy costs	-	100
Repairs and maintenance	5,230	6,395
Salaries and wages	336,463	330,140
Subcontract	62,971	63,899
Telephone and utilities	9,635	13,279
Travel and training	59,156	84,638
	714,911	724,439
Deficit before transfers	(295,507)	(328,659)
Transfers between programs	206,657	292,977
Deficit	(88,850)	(35,682)

Tsal'ah (Seton Lake Indian Band)
Capital Asset Fund
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	1,037,570	298,543
Interior Salish Employment and Training Society (ISETS)	-	11,773
Surplus before transfers	1,037,570	310,316
Transfers between programs	-	97,520
Surplus	1,037,570	407,836

Tsal'ah (Seton Lake Indian Band)
Development Corporation
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
BC Hydro	729,222	335,074
Other revenue	278,011	285,709
Rental income	156,142	285,504
	1,163,375	906,287
Expenses		
Administration	34,983	10,267
Advertising and promotion	20,642	578
Amortization	332,916	79,253
Bad debts	2,691	705
Bank charges and interest	25,680	19,329
Equipment rental	-	2,362
Honouraria	39,021	2,850
Insurance	35,946	15,047
Materials and supplies	68,212	19,209
Office and miscellaneous	28,143	3,278
Professional fees	22,936	3,408
Property taxes	13,301	4,578
Rent and occupancy costs	200	1,440
Repairs and maintenance	50,878	18,899
Salaries and wages	373,362	232,709
Subcontract	132,425	2,195
Telephone and utilities	72,903	33,015
Travel and training	14,245	26,339
	1,268,484	475,461
Surplus (deficit) before transfers	(105,109)	430,826
Transfers between programs	-	5,180
Surplus (deficit)	(105,109)	436,006

Tsal'ah (Seton Lake Indian Band)
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	45,542	99,349
BC Hydro	57,523	52,578
Interior Salish Employment and Training Society (ISETS)	-	17,000
Other revenue	481,428	325,521
	584,493	494,448
Expenses		
Administration	2,250	-
Advertising and promotion	5,601	8,280
Amortization	10,826	13,532
Bad debts	3	-
Bank charges and interest	1,507	1,583
Educational allowances	15,645	68,079
Equipment rental	3,110	8,446
Family support allowances	400	400
Fire protection	179	3,236
Fuel costs	160,166	163,034
Honouraria	(140)	7,065
Insurance	2,814	1,494
Materials and supplies	75,259	70,608
Office and miscellaneous	3,419	682
Repairs and maintenance	7,264	1,202
Salaries and wages	638,187	484,895
Subcontract	28,200	83,679
Telephone and utilities	8,696	5,116
Travel and training	61,892	141,722
	1,025,278	1,063,053
Deficit before transfers	(440,785)	(568,605)
Transfers between programs	87,392	200,282
Deficit	(353,393)	(368,323)

Tsal'ah (Seton Lake Indian Band)
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	1,292,992	1,087,614
Interior Salish Employment and Training Society (ISETS)	-	22,300
Other revenue	75,348	65,019
	1,368,340	1,174,933
Expenses		
Administration	3	-
Advertising and promotion	2,538	1,228
Amortization	22,766	24,815
Bank charges and interest	80	-
Educational allowances	338,090	398,567
Equipment rental	475	6,808
Fire protection	2,398	2,832
Honouraria	1,150	520
Insurance	25,526	25,322
Living allowance	33	-
Materials and supplies	40,759	39,358
Office and miscellaneous	7,672	17,073
Professional fees	5,000	10,000
Repairs and maintenance	13,828	21,787
Salaries and wages	329,917	290,216
Telephone and utilities	27,827	27,122
Travel and training	43,264	35,410
Tuition	248,414	232,648
Education costs	328,510	185,673
	1,438,250	1,319,379
Deficit before transfers	(69,910)	(144,446)
Transfers between programs	125,330	110,671
Surplus (deficit)	55,420	(33,775)

Tsal'ah (Seton Lake Indian Band)
Facilities and Services
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	176,040	188,046
Other revenue	24,664	9,843
Rental income	-	647
	200,704	198,536
Expenses		
Administration	347	-
Amortization	252,515	255,421
Equipment rental	1,153	1,381
Fire protection	2,291	2,632
Honouraria	5,225	-
Insurance	10,986	13,614
Materials and supplies	10,497	18,673
Office and miscellaneous	1,454	2,339
Professional fees	5,000	10,000
Repairs and maintenance	38,833	57,838
Safe water operations program	20,541	31,843
Salaries and wages	50,766	40,593
Subcontract	25,982	5,026
Telephone and utilities	50,104	62,622
Travel and training	16,016	21,587
	491,710	523,569
Deficit before transfers	(291,006)	(325,033)
Transfers between programs	25,133	(56,801)
Deficit	(265,873)	(381,834)

Tsal'ah (Seton Lake Indian Band)
Health
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
First Nations Health Authority	745,905	636,457
Closing deferred revenue	(12,027)	(7,444)
Opening deferred revenue	7,444	-
Other revenue	23,416	69,717
Rental income	-	50
	764,738	698,780
Expenses		
Administration	25	15,925
Advertising and promotion	17,005	13,418
Amortization	22,654	15,065
Educational allowances	3,000	10,000
Equipment rental	96	726
Family support allowances	-	1,728
Fire protection	316	413
Honouraria	7,772	2,765
Insurance	3,427	7,653
Materials and supplies	78,400	76,750
Office and miscellaneous	15,520	18,427
Professional fees	21,333	10,000
Rent and occupancy costs	10,500	5,100
Repairs and maintenance	7,891	16,118
Salaries and wages	312,292	330,010
Subcontract	15,705	32,752
Telephone and utilities	26,998	29,266
Travel and training	96,218	90,138
Education costs	-	12,800
	639,152	689,054
Surplus before transfers	125,586	9,726
Transfers between programs	13,079	1,001
Surplus	138,665	10,727

Tsal'ah (Seton Lake Indian Band)
Housing
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Canada Mortgage and Housing Corporation	160,971	68,311
Indigenous and Northern Affairs Canada	129,640	192,981
Interest and investment income	4,239	4,629
Other revenue	7,277	25,673
Rental income	248,848	241,676
	550,975	533,270
Expenses		
Administration	8,200	7,336
Amortization	139,239	138,063
Bad debts (recovery)	(1,539)	750
Bank charges and interest	20,081	23,307
Fire protection	901	1,006
Insurance	25,758	24,999
Materials and supplies	13,154	16,462
Office and miscellaneous	146	33
Professional fees	15,200	20,200
Repairs and maintenance	100,099	87,453
Salaries and wages	46,970	62,583
Subcontract	277,607	219,130
Telephone and utilities	10,207	8,476
Travel and training	945	6,417
	656,968	616,215
Deficit before transfers	(105,993)	(82,945)
Transfers between programs	-	2,500
Deficit	(105,993)	(80,445)

Tsal'ah (Seton Lake Indian Band)
Social Assistance
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	429,952	405,415
Province of BC	21,456	42,792
Other revenue	29,830	5,234
	481,238	453,441
Expenses		
Administration	-	(17,660)
Advertising and promotion	1,780	1,006
Educational allowances	14,526	12,800
Equipment rental	-	225
Family support allowances	1,785	1,554
Honouraria	4,985	5,880
Materials and supplies	35,800	33,359
Office and miscellaneous	1,033	450
Professional fees	10,000	10,000
Rent and occupancy costs	105	-
Salaries and wages	110,737	112,949
Social assistance	267,205	289,189
Telephone and utilities	721	550
Travel and training	9,533	12,866
	458,210	463,168
Surplus (deficit) before transfers	23,028	(9,727)
Transfers between programs	11,776	27,581
Surplus	34,804	17,854

Tsal'ah (Seton Lake Indian Band)
Other
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
BC Hydro	539,599	535,586
Interest and investment income	187,318	145,658
Other revenue	(17,929)	(43,050)
	708,988	638,194
Expenses		
Advertising and promotion	54	-
Educational allowances	10,200	-
Honouraria	12,037	-
Materials and supplies	8,987	200
Salaries and wages	110	13
Subcontract	8,458	1,225
Telephone and utilities	53	44
Travel and training	396	312
	40,295	1,794
Surplus before transfers	668,693	636,400
Transfers between programs	(456,943)	(680,910)
Surplus (deficit)	211,750	(44,510)