

## ESQUIMALT NATION



1189 Kosapsum Cr  
Victoria, B.C V9A 7K7

**MESSAGE FROM CHIEF THOMAS  
ESQUIMALT NATION**

The accompanying audited consolidated financial statements of Esquimalt Nation as at March 31, 2016 are presented here for your review under protest. It is the view of our Councillors, management and I that these consolidated financial statements are confidential and should only be available to the Members of Esquimalt Nation. However, we are compelled by the Government of Canada under the auspices of the *First Nations Financial Transparency Act* to publish these consolidated financial statements for the general public, inclusive of our competitors, to peruse.

Our economic, social, educational and employment activities are numerous and are funded by other important funding sources in addition to the Government of Canada. In many cases these activities have no Government of Canada funding and are self-funded, yet these activities are required to be presented to the public despite having already been separately reported to the other funding sources. It is our view, as well as that of over forty other First Nations across Canada, that the Government of Canada does not have the authority to compel our Nation to provide these consolidated financial statements to anyone other than our own Members.

It is our hope that our future reporting for the public's viewing will be limited those activities that have Government of Canada funding.

Chief Andy Thomas

# **ESQUIMALT NATION**

## **FINANCIAL STATEMENTS**

**March 31, 2016**

**ESQUIMALT NATION**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

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# ESQUIMALT NATION



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## MANAGEMENT'S STATEMENT OF RESPONSIBILITY

accompanying financial statements of Esquimalt Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Esquimalt Nation.

The 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 of the Chartered Professional Accountants Canada ("CPA Canada") and as such include amounts that are the best estimates and judgements 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 financial statements.

The Chief and Council meet periodically with management, as well as the external auditors, 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 annual report, the financial statements and the external auditor's report.

The external auditors, Chan & Associates, Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Esquimalt Nation and meet when required.

On behalf of Esquimalt Nation:

Chief

  
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Council Member

  
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Council Member  
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Council Member  
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Council Member

Council Member

JULY 21-16

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Date

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622A FISGARD STREET  
VICTORIA, BRITISH COLUMBIA  
V8W 1R6

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## INDEPENDENT AUDITORS' REPORT

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TO THE CHIEF, COUNCIL AND MEMBERS  
ESQUIMALT NATION

**Report on Financial Statements**

We have audited the accompanying financial statements of Esquimalt Nation, which comprise the statement of financial position as at March 31, 2016, statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, 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, 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 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 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 purposes 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.

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

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## INDEPENDENT AUDITORS' REPORT

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### Opinion

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

### Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements. Budget information as presented in the financial statements and as also described in Note 18 in these financial statements are unaudited and are presented as information only.

Victoria, British Columbia  
July 21, 2016

*Chan & Associates*  
CHAN & ASSOCIATES  
Chartered Professional Accountants

# ESQUIMALT NATION

## STATEMENT OF FINANCIAL POSITION as at March 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 1,473,283	\$ 2,533,980
Restricted cash (Note 5)	4,229,247	4,229,247
Accounts receivable (Note 6)	879,868	1,070,147
Ottawa Trust Funds (Note 7)	16,926	15,884
	6,599,324	7,849,258
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	199,636	269,875
Deferred revenues (Note 9)	31,219	45,410
Long term debt (Note 10)	829,154	898,017
	1,060,009	1,213,302
<b>NET FINANCIAL ASSETS</b>	<b>5,539,315</b>	<b>6,635,956</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	4,128,111	4,169,876
Investments in Joint Ventures (Note 13)	450,000	400,000
Investment in Kosapsum Development Corporation	249,575	211,482
Prepaid expenses	52,149	50,371
	4,879,835	4,831,729
<b>ACCUMULATED SURPLUS</b>	<b>\$ 10,419,150</b>	<b>\$ 11,467,685</b>

Approved on behalf of the Esquimalt Nation Council



Chief



Councillor

# ESQUIMALT NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS for the year ended March 31, 2016

	Budget	2016	2015
<i>(Unaudited - Note 18)</i>			
<b>REVENUES</b>			
AANDC	\$ 833,577	\$ 794,138	\$ 1,544,035
Government of Canada - other	24,910	24,910	707,085
Settlement Trust and fund (Note 17)	755,000	979,820	722,077
Kinder Morgan	-	-	410,000
Commercial leases and rentals	223,350	219,066	260,624
Inter Tribal Health Authority	303,458	302,918	272,380
Housing rentals	142,040	144,288	140,602
Salish Seas Development and Kosapsum Trust	50,000	52,565	165,020
CMHC	50,012	50,012	50,368
CSETS	63,518	63,518	66,018
School District #61	60,000	60,000	60,000
First Nations funding sources	43,105	45,305	5,000
Province of British Columbia	10,323	10,404	10,323
Ottawa Trust Funds	1,000	1,041	1,058
Other miscellaneous - net	166,700	180,867	39,706
Health Canada	80,863	80,863	76,647
	2,807,856	3,009,715	4,530,940
<b>EXPENDITURES</b>			
Nation generated	134,600	115,600	150,511
Nation administration	740,776	728,386	559,688
Education	280,921	248,326	203,548
Social assistance and health	668,112	587,175	556,991
Social Housing	282,664	314,172	367,646
Land use	28,454	31,036	513,753
Public works	125,410	130,203	101,412
Employment	122,273	154,618	82,489
Settlement Trust and fund activities	206,225	192,850	254,880
Economic development	1,391,832	1,479,831	943,098
Headstart	84,139	76,053	70,263
Economic Development - Land and Resources	-	-	125,506
Housing Strategy - CPMS #11368	-	-	45,000
	4,065,406	4,058,250	3,964,785
<b>ANNUAL (DEFICIT) SURPLUS</b>	(1,257,550)	(1,048,535)	566,155
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	11,467,685	11,467,685	10,901,530
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 10,210,135	\$ 10,419,150	\$ 11,467,685

## ESQUIMALT NATION

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS for the year ended March 31, 2016

	Budget	2016	2015
<i>(Unaudited - Note 18)</i>			
Annual surplus (deficit)	\$ (1,257,550)	\$ (1,048,535)	\$ 566,155
Acquisition of tangible capital assets	(175,000)	(182,295)	(1,602,155)
Amortization of tangible capital assets	220,000	224,060	182,605
(Income) loss from Kosapsum Trust	(50,000)	(38,093)	-
	<hr/>	<hr/>	<hr/>
	(1,252,550)	(1,044,863)	(853,395)
	<hr/>	<hr/>	<hr/>
Decrease (increase) in prepaid expenses	(2,000)	(1,778)	2,916
Investment in Skwin'ang'eth Se'Las Development Co.	(50,000)	(50,000)	(50,000)
	<hr/>	<hr/>	<hr/>
	(52,000)	(51,778)	(47,084)
	<hr/>	<hr/>	<hr/>
CHANGE IN FINANCIAL ASSETS	(1,304,550)	(1,096,641)	(900,479)
	<hr/>	<hr/>	<hr/>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,635,956	6,635,956	7,536,435
	<hr/>	<hr/>	<hr/>
NET FINANCIAL ASSETS, END OF YEAR	\$ 5,331,406	\$ 5,539,315	\$ 6,635,956

# ESQUIMALT NATION

## STATEMENT OF CASH FLOWS for the year ended March 31, 2016

	2016	2015
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus (deficit)	\$ (1,048,535)	\$ 566,155
Items not involving cash		
Amortization of tangible capital assets	224,060	182,605
Distributions from Kosapsum Trust	(38,094)	-
Change in non-cash operating accounts	104,072	(656,698)
	<hr/>	<hr/>
	(758,497)	92,062
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(182,295)	(1,602,155)
<b>INVESTING ACTIVITIES</b>		
Funds invested in Skwin'ang'eth Se'las Development Company	(50,000)	-
Funds invested in Salish Sea Joint Venture	- (50,000)	
	<hr/>	<hr/>
	(50,000)	(50,000)
<b>FINANCING ACTIVITIES</b>		
Repayment of demand loan and long-term debt	(68,863)	(65,548)
Loan received from Greater Victoria Harbour Authority	- 50,000	
	<hr/>	<hr/>
	(68,863)	(15,548)
<b>INCREASE (DECREASE) IN CASH</b>	(1,059,655)	(1,575,641)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	6,779,111	8,354,752
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<hr/>	<hr/>
	\$ 5,719,456	\$ 6,779,111
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 1,473,283	\$ 2,533,980
Land Acquisition Trust fund	4,229,247	4,229,247
Ottawa Trust funds	16,926	15,884
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	\$ 5,719,456	\$ 6,779,111

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

### 1. DESCRIPTION OF REPORTING ENTITY

The Esquimalt Nation reporting entity includes Esquimalt Nation government and all related entities which are accountable to the Nation and are either owned or controlled by Esquimalt Nation. The financial statements include the assets, liabilities, and results of operations for the following entities which use accounting principles which lend themselves to combination:

- Nation government administration (Operations and Capital funds)
- Nation trust funds (comprising the funds held in trust with Aboriginal Affairs and Northern Development Canada)
- Nation reserves (housing replacement reserve)
- Nation Enterprise Fund

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) *Basis of presentation*

- (i) These financial statements are prepared in accordance with Canadian public sector accounting standards. The accounting principles therein are designed to show that funds provided by governments, government agencies and other groups have been used for the purposes intended.
- (ii) The financial statements have been prepared using the full accrual basis. Revenues are recognized in the period earned or contributed and expenditures are recorded in the period in which they became an obligation of the Nation.

#### b) *Government transfers and revenue recognition*

Government transfers from the Government of Canada (inclusive of Aboriginal Affairs and Northern Development Canada ("AANDC"), Health Canada and other departments), the Province of British Columbia, municipalities and other quasi-governmental entities (Canada Mortgage and Housing Corporation, school districts and the Inter Tribal Health Authority) are recorded as revenues when the related project is undertaken, however, if the project is not completed in the fiscal year, an estimate of the unearned revenues is made and recorded as deferred revenues (see 2c below).

The Nation has signed a Comprehensive Funding Arrangement with AANDC which stipulates that funding to the Nation will consist of flexible transfer payments and contribution payments. Funding under the flexible transfer payments requires the Nation to absorb any deficits in these projects and to use any surpluses from these projects at its discretion as long as the terms and conditions of the agreement have been met. Deficits in projects funded by contribution payments are recoverable from AANDC and any surpluses must be returned to AANDC.

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### c) *Deferred revenue*

Funding received in advance for specific approved projects which were not completed at year end have been recorded on the statement of financial position. As the projects are completed and funding utilized or received, the amounts will be transferred to the statement of operations and surplus.

#### d) *Non-financial capital assets*

Non-financial assets are those assets which are not able to extinguish financial liabilities in an orderly manner. Typically the assets have service lives beyond the current year and are generally held for use in the provision of services to the community. Non-financial assets comprise the following:

##### (i) *Tangible capital assets*

Tangible capital assets (previously called 'property, plant and equipment' or 'capital assets') are recorded at cost inclusive of costs relating to the betterment of these assets. Reserve lands are not included in tangible capital assets, unless those lands were acquired by the Nation and the costs can be reasonably determined. Amortization of these assets is provided annually over their expected useful life using the declining balance method as follows:

Buildings	5%
Infrastructure	5%
Equipment	20%
Moveable equipment	30%

Additions to tangible capital assets are deemed to occur midway during the year and amortization of additions is recorded at one-half the normal rate.

Certain inherited assets and rights of the Nation and its members are not recorded in these accounts. These assets and rights include reserve lands and access rights to water, fisheries and minerals.

##### (ii) *Prepaid expenses*

These assets represent expenditures that have been made in the year that relate to periods that extend past the fiscal year end. These prepaid expenses will be charged to operations in subsequent periods.

#### e) *Use of estimates*

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results may differ from those estimates. Accounts which may contain significant estimates and assumptions include tangible capital assets, the allowance for doubtful accounts and accounts payable and accrued liabilities.

# ESQUIMALT NATION

## NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### f) *Liability for contaminated site*

Certain of the reserve lands are contaminated from prior uses. The Nation and AANDC have been remediating these lands over the past several years. In these past years, AANDC has funded the remediation fully. The Nation is not able to ascertain the extent of any remaining remediation that is required nor the associated costs of these remediation activities.

At each financial reporting date, the Nation reviews the extent of the remediation remaining and the estimate of the costs relating to this remediation, if determinable. If this liability is determined with a degree of certainty, the liability will be recorded in the accounts of the Nation and will be reduced by the activities expended in the remediation process..

### 3. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2014 the Nation adopted the pronouncements of the Public Sector Accounting Board ("PSAB") in PS 3260 Liability for Contaminated Sites. These pronouncements require the changes to be applied prospectively. Prior to the adoption of this accounting policy, no policy was in place for this type of liability. The Nation has determined that it is unable to determine the extent of the future economic benefits that will be given up to fully remediate the contamination. Accordingly, no liability has been recorded in these statements (see Note 2f above).

### 4. CASH (BANK INDEBTEDNESS )

Cash (Bank indebtedness) is comprised of the following:

	2016	2015
Cash and GIC's	\$ 1,287,905	\$ 2,360,905
Restricted cash:		
Replacement reserves	185,378	173,075
	<u>\$ 1,473,283</u>	<u>\$ 2,533,980</u>

### 5. RESTRICTED CASH

Restricted cash in the amount of \$4,229,247 (2015 - \$4,229,247) is held at the Nation's legal advisors in an interest bearing account exclusively for the benefit of the Nation. These funds were part of the settlement proceeds received from the Governments of Canada and British Columbia in 2008 and must be used for the acquisition of additional lands for the Nation. Interest earned on these funds is transferred to the Nation on a monthly basis.

### 6. ACCOUNTS RECEIVABLE

Account receivable is comprised of the following:

Operation fund

	2016	2015
Accounts receivable	\$ 767,131	\$ 996,281
Due from Members (see following)	<u>112,738</u>	<u>73,866</u>
	<u>\$ 879,868</u>	<u>\$ 1,070,147</u>

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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### 6. ACCOUNTS RECEIVABLE, *continued*

Amounts due from Members comprise the following:

Rent	\$ 281,386	\$ 262,943
Less: allowance for doubtful accounts	<u>(168,648)</u>	<u>(189,077)</u>
	<u>\$ 112,738</u>	<u>\$ 73,866</u>

All amounts are currently due and receivable and are non-interest bearing.

During 2012, management determined that the accounts receivable owing by certain of the Members may prove to be uncollectible. Accordingly, the Nation increased the allowance for doubtful accounts to \$168,648. Collection efforts, however, have not stopped and the accounts may be collectible in the future dependent upon management's efforts. If accounts that have been specifically provided for in the above allowance are collected, they will be added to income in the year of collection.

### 7. OTTAWA TRUST FUNDS

The Ottawa Trust funds are monies derived from capital or revenue sources as outlined in Section 65 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 61 to 69 of the Indian Act. During the year, these funds earned interest in the amount of \$1,041 (2015 - \$1,058).

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
General trade payables	\$ 165,968	\$ 183,873
Government remittances and recoverable amounts	7,487	59,164
Accrued liabilities	<u>26,181</u>	<u>26,838</u>
	<u>\$ 199,636</u>	<u>\$ 269,875</u>

### 9. DEFERRED REVENUES

Deferred revenues comprise the following:

	2016	2015
Aboriginal Affairs and Northern Development Canada	\$ 4,155	\$ 4,155
Miscellaneous funding sources	<u>27,104</u>	<u>41,255</u>
	<u>\$ 31,219</u>	<u>\$ 45,410</u>

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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### 10. LONG-TERM DEBT

	2016	2015
<b>Social Housing Loans</b>		
All Nations Trust Company mortgage repayable in monthly instalments of \$2,660 including interest at 2.63%, maturing March 1, 2026.	\$ 280,597	\$ 305,490
All Nations Trust Company mortgage repayable in monthly instalments of \$2,189 including interest at 2.57%, maturing November 1, 2019.	93,087	117,591
All Nations Trust Company mortgage repayable in monthly instalments of \$2,364 including interest at 3.41%, maturing August 1, 2033	405,470	<u>424,936</u>
	779,154	848,017
<b>Investment in Skwin'ang'eth Se'las Development Company</b>		
Loan payable to Greater Victoria Harbour Authority without interest and repayable on March 3, 2016	<u>50,000</u>	<u>50,000</u>
	<u>\$ 829,154</u>	<u>\$ 898,017</u>

The Social Housing loans are secured by guarantees from CMHC and the Minister of Aboriginal Affairs and Northern Development Canada. Assets secured by these loans have a cost amount of \$2,018,416.

Estimated scheduled principal repayments over the next five years are as follows:

2017	\$ 117,332
2018	69,186
2019	71,147
2020	64,216
2021	48,684

### 11. CONTINGENT LIABILITY

The Esquimalt Nation is contingently liable, under the Guaranteed Loan Management System administered by Aboriginal Affairs and Northern Development Canada in the amount of \$829,154 (2015 - \$ 898,017).

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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### 12. TANGIBLE CAPITAL ASSETS

Tangible capital assets comprise the following:

	Cost	Accumulated Amortization	Net Book Value	
			2016	2015
<b>Buildings</b>				
CMHC	\$ 2,018,416	\$ 1,196,318	\$ 822,098	\$ 865,366
Other	2,454,351	1,048,048	1,406,303	1,480,319
Longhouse	1,602,155	118,159	1,483,996	1,562,101
<b>Infrastructure</b>				
Sewer systems	59,954	39,111	20,843	21,940
Water systems	22,262	14,641	7,621	8,022
Subdivision	443,045	266,551	176,494	185,783
Roads	100,000	75,558	24,442	25,728
Dock	165,000	8,250	156,750	-
Equipment	220,941	194,396	26,545	13,726
Movable equipment	14,682	13,905	777	1,109
Automotive	11,800	9,558	2,242	5,782
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	\$ 7,112,606	\$ 2,984,495	\$ 4,128,111	\$ 4,169,876

### 13. INVESTMENT IN JOINT VENTURES

During 2012, the Nation, along with Songhees Nation and the Ralmax Group of Companies, formed the Salish Sea Joint Venture. This joint venture has as its main objective to secure specialized remediation projects along the Salish Sea area that will train and employ the members of the two Nations.

The parties to the Joint Venture each contributed \$350,000 to the Joint Venture to assist with its start-up and marketing.

In 2015 the Nation, along with Songhees Nation and the Greater Victoria Harbour Authority, formed Skwin'ang'eth Se'las Development Company, a not-for-profit corporation formed under the Canada Not-for-Profit Corporations Act with the purpose of, among other things, promoting economic development opportunities for the Esquimalt Nation and Songhees Nation communities. During the year, the Nation advanced \$50,000 to the Company.

### 14. ECONOMIC DEPENDENCE

The Nation receives a significant portion of its revenues pursuant to funding arrangements with AANDC. The Nation's ability to operate certain programs depends on the continuation of this funding.

# ESQUIMALT NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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### 15. FINANCIAL INSTRUMENTS

#### a) Fair value of financial instruments

The carrying amount of cash, accounts receivable, funds held by the Government of Canada, accounts payable and accrued liabilities and long-term debt approximates their fair value at March 31, 2016, due to the short-term maturities of these instruments or interest rates charged at market interest rates.

#### b) Financial risk

The Nation's financial risk is defined to mean the risk to the Nation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Nation does not use derivative instruments to reduce its exposure to financial risk. The Nation's exposure to financial risk is limited to the investments in GIC's held by the Nation as at March 31, 2016 (\$852,157, \$1,825,000 as at March 31, 2015).

#### c) Credit risk

The Nation does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable as an allowance for doubtful accounts in the amount of \$168,648 has been provided. The balance of the receivables are from government agencies.

### 16. HOUSING PROGRAM REPLACEMENT RESERVE

The rental housing program is obligated under its operating agreements with Canada Mortgage and Housing Corporation ("CMHC") to transfer \$18,000 (2015 - \$18,000) to the replacement reserve annually. Funds deposited into these accounts as well as interest earned thereon may only be used to acquire items outlined by CMHC. At March 31, 2016 the reserves are adequately funded (2015 - adequately funded).

### 17. JAMES BAY SETTLEMENT AGREEMENT

Pursuant to an agreement dated as of November 18, 2006 and executed by the Esquimalt Nation, the Songhees Nation and the Governments of Canada and British Columbia on January 22, 2008, the Esquimalt Nation settled its claim with the Governments of Canada and British Columbia with respect to the area of land known as the 'James Bay Reserve' in Victoria, British Columbia. The agreement provides for the payment to the Nation of funds totalling \$15,750,000. The settlement funds are to be held in two trusts for the benefit of the Esquimalt Nation members. The 'James Bay Settlement Trust' was established on January 15, 2008 and initially held the sum of \$10,000,000 and the 'Replacement Lands Trust Fund' held an amount totalling \$4,250,000. The balance of the settlement compensation of \$1,500,000 was used to pay the costs associated with the claim and settlement process.

The terms of the settlement with the two governments stipulate that only the investment income earned from the James Bay Settlement Trust is available for use by the Nation. In addition, and in respect to the Replacement Lands Trust, those funds are to be utilized only for the acquisition of additional lands for the Nation's use.

## **ESQUIMALT NATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

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#### **17. JAMES BAY SETTLEMENT AGREEMENT, *continued***

During the year, the sum of \$ 274,209 (2015 - \$234,035) was received from the James Bay Settlement Trust and the Land Acquisition trust funds and a further \$705,611 is due from the Trust as at March 31, 2016 (2015 - \$488,042).

#### **18. PRIOR YEAR BALANCES**

Certain of the prior year's balances have been restated to conform to the current year's presentation.

#### **19. BUDGET FIGURES**

The unaudited budget data presented in these financial statements are based on the operating and capital budgets approved by the Council.