

**SONGHEES FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended MARCH 31, 2016**

**Brynjolfson & Company**  
**Chartered Professional Accountant**

**SONGHEES FIRST NATION  
INDEX TO FINANCIAL STATEMENTS  
MARCH 31, 2016**

**CONTENT**

	<u>Page</u>
Management's Statement of Responsibility	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7
Review Engagement Report on Schedule for Elected Officials	17
Annex A - Schedule of Remuneration and Expenses for Elected Officials	18
Reconciliation of AANDC Revenue from Financial Statements to Funding Confirmation	19

**SONGHEES FIRST NATION**  
**1100 Admirals Road**  
**Victoria, B.C.**  
**V9A 2P6**

**Management's Statement of Responsibility**

The accompanying consolidated financial statements of Songhees First Nation are the responsibility of management and have been approved by Chief and Council.

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

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

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

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

The external auditors, Brynjolfson & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Songhees First Nations and meet when required.

On behalf of Songhees First Nation:

  
\_\_\_\_\_  
Director of Operations

July 19, 2016



**Brynjolfson & Co.**  
**Chartered Professional Accountant**

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Victoria, B.C. V8X 4N9  
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(E-mail: [pbrynjolfson@aol.com](mailto:pbrynjolfson@aol.com))

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Songhees First Nation:

I have audited the accompanying financial statements of the Songhees First Nation, which comprises the consolidated statement of financial position as at March 31, 2016, and the consolidated statement of operations, consolidated statement of change in net debt, and consolidated statement of cash flow 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 of fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In my opinion, the financial statements present fairly, in all materials respects, the financial position of Songhees First Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Brynjolfson & Co.*

Chartered Professional Accountant




July 19, 2016  
Victoria, BC



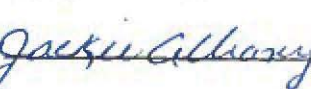


**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**March 31, 2016**

	2016 Actual \$	2015 Actual \$
<b>Financial assets</b>		
Cash	3,008,637	2,898,136
Cash – Restricted, Note 7	200,933	178,753
Accounts receivable	1,781,523	1,846,879
Investment in mutual funds	2,246,793	4,000,977
Investment in shares	25	25
Trust funds, Note 4 (a)	<u>13,869</u>	<u>13,869</u>
	<u>7,251,780</u>	<u>8,938,639</u>
<b>Liabilities</b>		
Accounts payable and accruals	2,916,654	2,032,306
Deferred revenue	-	60,000
Reserves	1,305,306	1,287,299
Debt, Note 5	<u>18,988,006</u>	<u>19,440,031</u>
	<u>23,209,966</u>	<u>22,819,636</u>
<b>Net financial assets (net debt)</b>	(15,958,186)	(13,880,997)
<b>Non-financial assets</b>		
Tangible capital assets - Note 3	32,051,070	32,790,405
Inventory	37,705	38,070
Prepaid expenses	<u>99,984</u>	<u>181,405</u>
	<u>32,188,759</u>	<u>33,009,880</u>
<b>Accumulated surplus, Note 8</b>	<u>16,230,573</u>	<u>19,128,883</u>

Approved by:

 Chief  
 Councillor  
 Councillor

 Councillor  
 Councillor  
 Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2016**

	<b><u>Budget</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>REVENUES</b>			
Aboriginal Affairs and Northern Development Canada	\$2,882,790	\$2,882,790	\$3,837,630
Prior Year AANDC Recoveries	-	(993,038)	23,305
Health Canada	361,261	361,261	280,428
Canada Mortgage and Housing Corporation Subsidy	41,186	41,186	41,623
CSETS	123,390	123,390	119,284
Local revenue account (property taxation)	1,194,410	1,323,924	1,206,321
Other	<u>3,151,736</u>	<u>3,499,788</u>	<u>4,289,365</u>
	<u>7,754,773</u>	<u>7,239,301</u>	<u>9,797,956</u>
<b>EXPENDITURES</b>			
Governance and Administration	556,484	850,114	855,585
Lands Management	225,291	266,639	264,146
Infrastructure and Public Works	419,607	293,963	2,349,409
Education	1,944,038	2,103,940	1,872,781
Health	327,665	463,935	485,198
Band Generated Revenue	3,624,840	4,171,208	2,562,616
JBVT & Lekwungen Harvesters	-	92,095	65,695
Social Development	601,038	333,465	597,162
Treaty	28,000	39,899	42,206
Property Taxation and By-Laws	1,292,197	1,251,685	1,206,321
Social Housing Program	146,199	149,149	152,742
Ottawa Trust Fund	-	<u>1,316</u>	<u>2,657</u>
	<u>9,165,359</u>	<u>10,017,408</u>	<u>10,456,518</u>
<b>ANNUAL SURPLUS/(DEFICIT) BEFORE OTHER</b>	<b><u>(1,410,586)</u></b>	<b>(2,778,107)</b>	<b>(658,562)</b>
<b>OTHER</b>			
Transfer contributed surplus		(365,255)	(255,971)
Transfers Trusts/ Reserves		<u>245,052</u>	<u>244,394</u>
<b>ANNUAL SURPLUS/(DEFICIT)</b>		<b>(2,898,310)</b>	<b>(670,139)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b><u>19,128,883</u></b>	<b><u>19,799,022</u></b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b><u>\$16,230,573</u></b>	<b><u>\$19,128,883</u></b>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**For the year ended March 31, 2016**

	<b>2016</b> <b>Actual</b> <b>\$</b>	<b>2015</b> <b>Actual</b> <b>\$</b>
Annual surplus (deficit) - operations	(2,778,107)	(658,562)
- other (contributed surplus/trusts/reserves)	(120,203)	(11,577)
Acquisition of tangible capital assets	(168,250)	(62,287)
Amortization of tangible capital assets charged against Capital Fund and Social Housing Fund	425,284	423,614
Amortization of tangible capital assets charged against Operations Fund	<u>482,301</u>	<u>473,888</u>
	<u>(2,158,975)</u>	<u>165,076</u>
Acquisition of prepaid expenses	(99,984)	(181,405)
Use of prepaid expense	181,405	224,611
Acquisition of inventory	(37,705)	(38,070)
Use of inventory	<u>38,070</u>	<u>-</u>
<b>Change in Net Financial Assets/Net Debt</b>	(2,077,189)	170,212
<b>Net Debt, at beginning of year</b>	<u>(13,880,997)</u>	<u>(14,051,209)</u>
<b>Net debt, end of year</b>	<u>(15,958,186)</u>	<u>(13,880,997)</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

**SONGHEES FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the Year Ended March 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (2,778,107)	\$(658,562)
Items not requiring a current outlay of cash:		
- Amortization	907,585	897,502
Change in non-cash items:		
- (Increase) decrease in restricted cash	(22,180)	(17,934)
- (Increase) decrease in accounts receivable	65,356	(427,537)
- (Increase) decrease in prepaid expenses	81,421	43,206
- (Increase) decrease in inventory	365	(38,070)
- Increase (decrease) in accounts payable	884,348	(22,661)
- Increase (decrease) in replacement reserves	18,007	420,917
- Increase (decrease) in deferred revenue	<u>(60,000)</u>	<u>60,000</u>
	<u>(903,205)</u>	<u>256,861</u>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in contributed surplus	(365,254)	(255,971)
(Increase) decrease of investments	1,754,184	935,100
Increase (repayment) of long-term debt	<u>(452,025)</u>	<u>(493,987)</u>
	<u>936,905</u>	<u>185,142</u>
<b>INVESTING ACTIVITIES</b>		
Increase (decrease) in trust funds	-	1,368
Increase (decrease) in local revenue funds	245,051	244,178
(Increase) decrease in capital assets	<u>(168,250)</u>	<u>(62,287)</u>
	<u>76,801</u>	<u>183,259</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	110,501	625,262
<b>CASH – Beginning of year</b>	<u>2,898,136</u>	<u>2,272,874</u>
<b>CASH – End of year</b>	<u>\$3,008,637</u>	<u>\$ 2,898,136</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.



**SONGHEES FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These Summary Financial Statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The Songhees First Nation reporting entity includes the Songhees First Nation government and all related entities that are controlled by the First Nation.

**a) Fund Accounting**

Songhees First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements.

**b) Reporting Entity and Principles of Financial Reporting**

The reporting entity includes the Songhees First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Songhees First Nation Government Operations and Local Revenue (Taxation)
- Songhees First Nation Trust Funds
- Songhees First Nation Social Housing Program
- Songhees First Nation Controlled Entities

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessary been eliminated on the individual schedules.

**c) 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 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.

## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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**d) Cash**

Cash includes cash on hand and balances with banks net of bank overdraft.

**e) Tangible Capital Assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an on-going basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Contributions received specifically to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized to income at the same rate as the related asset.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service; interest on debt during construction is capitalized.

**f) Amortization**

Tangible capital assets are amortized over their expected useful life using the straight-line method at the following rates:

General Housing	5%
Buildings and improvements	4%/5%
General equipment	20%
Infrastructure	4%
Docks	5%
Boats	15%
Automotive	30%

In the year of acquisition, 50% of the normal amortization is recorded.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to annual principal reduction in related long term debt, as required for CMHC reporting purposes.

**g) Net Debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial and accumulated surplus.



# SONGHEES FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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### **h) Revenue Recognition**

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

### **i) Measurement Uncertainty**

In preparing financial statements for the government of Songhees First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Significant areas of estimation include allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of long-lived assets, accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

### **j) Financial Instruments**

Songhees First Nation's financial instrument consists of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that Songhees First Nation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

## **2. ECONOMIC DEPENDENCE**

The government of Songhees First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

**3. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	Net Book Value <u>2016</u>	Net Book Value <u>2015</u>
<b>OPERATING</b>				
Float	58,638	48,369	10,269	\$13,201
Oceangoing canoes	26,405	26,405	-	-
Trailer – triple-wide	102,229	91,330	10,899	16,011
Trailer - youth centre	56,000	29,400	26,600	29,400
Band owned housing	316,299	71,153	245,146	92,711
Preschool addition	381,312	181,126	200,186	219,252
Van	19,293	19,293	-	-
Office equipment	115,082	97,180	17,902	23,656
Properties	<u>3,245,422</u>	<u>-</u>	<u>3,245,422</u>	<u>3,245,422</u>
	<u>4,320,680</u>	<u>564,256</u>	<u>3,756,424</u>	<u>3,639,653</u>
<b>LOCAL REVENUE</b>				
Infrastructure	583,766	256,856	326,910	350,261
Building	94,290	54,390	39,900	44,611
Playground	97,600	54,900	42,700	47,580
Tractor/backhoe	69,000	69,000	-	-
Trailer	182,572	127,923	54,649	63,778
Truck	30,424	30,424	-	-
General equipment	39,535	39,535	-	-
Boat	<u>9,000</u>	<u>5,850</u>	<u>3,150</u>	<u>4,950</u>
	<u>1,106,187</u>	<u>638,878</u>	<u>467,309</u>	<u>511,180</u>
<b>CMHC</b>				
CMHC Housing	<u>1,456,690</u>	<u>570,076</u>	<u>886,614</u>	<u>946,644</u>
<b>WELLNESS CENTRE</b>				
Building	27,064,889	1,082,596	25,982,293	26,523,592
Equipment and fixtures	1,054,528	421,812	632,716	843,622
Artwork	118,275	-	118,275	118,275
Carvings	<u>207,439</u>	<u>-</u>	<u>207,439</u>	<u>207,439</u>
	<u>28,445,131</u>	<u>1,504,408</u>	<u>26,940,723</u>	<u>27,692,928</u>
<b>TOTALS</b>	<u><b>\$35,328,688</b></u>	<u><b>\$3,277,618</b></u>	<u><b>\$32,051,070</b></u>	<u><b>\$32,790,405</b></u>



# SONGHEES FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

### 4. TRUST FUNDS

#### a) Ottawa Trust Fund and Highway Burning Trust Fund

*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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

	<u>Opening Balance</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2016</u>	<u>2015</u>
Revenue	2	1,316	1,316	2	2
Capital	<u>219</u>	<u>-</u>	<u>-</u>	<u>219</u>	<u>219</u>
Fund Total	<u>221</u>	<u>1,316</u>	<u>1,316</u>	221	221

*The Highway Burning Trust Fund* is a fund being jointly held by Songhees Nation and Esquimalt Nation. Only Songhees Nation's portion is reflected on the financial statements.

	<u>13,648</u>	<u>13,648</u>
Total	<u>13,689</u>	<u>13,689</u>

b) *James Bay Village Trust Fund* consist of funds received for the James Bay Settlement, being held in trust and administered by the Nation and BMO Trust. This trust fund has not been included in the consolidated financial statement and has not been included as part of the operations of the Nation. The trust fund balance as at March 31, 2016 is \$10,944,570 (2015 – balance \$11,281,038).

### 5. LONG-TERM DEBT

	<u>2016</u>	<u>2015</u>
Fixed rate business mortgage, from Van City Credit Union, \$13,500,000, repayable monthly \$69,910 blended at 3.85%, secured by own source revenue (currently FN GST)	12,797,847	13,139,691
Less: portion due within one year	<u>357,404</u>	<u>335,368</u>
	<u>12,440,443</u>	<u>12,804,323</u>

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2016**

	<u>2016</u>	<u>2015</u>
Promissory Note payable to First Nations Finance Authority, repayable yearly at \$93,857 principal, plus interest at 3.79%, payments commencing June 26, 2015, amortized over 30 years; the promissory note has a term of ten (10) years, expiring June 26, 2024.		
	5,096,934	5,193,607
Less: portion due within one year	<u>93,857</u>	<u>96,674</u>
	<u>5,003,077</u>	<u>5,096,933</u>
Loan payable, All Nations Trust, on the housing unit located at #5 Maple Bank Songhees Nation, secured by ministerial guarantee from AANDC, repayable @ \$983 per month, interest at 5.25 %		
	156,612	160,089
Less: portion due within one year	<u>3,665</u>	<u>3,477</u>
	<u>152,947</u>	<u>156,612</u>
Canada Mortgage and Housing Corporation Mortgages, secured by ministerial guarantees from AANDC and first mortgages on twenty-four housing units.		
- Loan #153-52495002, repayable @ \$1,379 per month, including interest at 1.62%	62,878	78,194
- Loan #193-62409001, repayable @ \$1,534 per month, including interest at 1.82%	219,379	233,326
- Loan #193-62409002 repayable @ \$3,420 per month, including interest at 1.53%	<u>604,356</u>	<u>635,124</u>
	886,613	946,644
Less: portion due within one year	<u>53,476</u>	<u>61,198</u>
	<u>833,136</u>	<u>885,446</u>
Loan payable, Greater Victoria Harbour Authority, non-interest bearing, maturing March 31, 2017 – current portion	<u>50,000</u>	-
	<u>\$ 18,988,006</u>	<u>\$19,440,031</u>

Principal repayments required over the next five years:

2017 - \$558,402	2020 - \$557,914
2018 - \$523,093	2021 - \$559,392
2019 - \$539,093	

**SONGHEES FIRST NATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**March 31, 2016**

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**6. SOCIAL HOUSING RESERVES**

**a) Replacement Reserve**

Under the terms of the agreement with CMHC, a replacement reserve is maintained to provide for future asset replacement. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to expenditures approved by CMHC.

**b) Subsidy Surplus Reserve**

Under the terms of the agreement with CMHC, express federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit. These funds, along with accumulated interest, must be held in a separate bank account. The funds in this account may only be used to meet future subsidy requirements.

**c) Operating Reserve**

Under the terms of the agreement with CMHC (Section 95, Post 1997 on Reserve Program), any surplus revenue will be retained within an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account. Use of these funds is restricted to ongoing operating costs of housing projects committed under the Post 1997 On Reserve Program.

**7. RESTRICTED CASH**

	<u>2016</u>	<u>2015</u>
Comprised of the following		
Band Housing reserve funds	\$ 9,626	\$9,626
CMHC reserve funds	<u>191,307</u>	<u>169,127</u>
	<u>\$200,933</u>	<u>\$178,753</u>

**8. ACCUMULATED SURPLUS / (DEFICIT)**

	<u>2016</u>	<u>2015</u>
Represented by:		
Operations Surplus cumulative	638,257	3,416,365
Trust Funds	13,648	13,648
Local Revenue (Property Taxation)	2,591,449	2,346,397
Contributed surplus Operations	<u>12,987,219</u>	<u>13,352,473</u>
	<u>16,230,573</u>	<u>19,128,883</u>



## SONGHEES FIRST NATION

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

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#### 9. CONTINGENT LIABILITIES

- a) Restricted (set) unexpended surpluses can be recovered by the funding agency.
- b) The Nation has Ministerial Guarantees for loan balances outstanding. The contingent liability as at year-end amounts to \$1,168,662 as per confirmation provided by Aboriginal Affairs and Northern Development Canada.
- c) The Nation commenced a law suit against the governments of Canada and British Columbia claiming damages for breach of treaty rights. The action remains outstanding. The action may result in a substantial judgment in favor of the Nation, or there is a possibility that the action may be dismissed and the Nation will be liable for the Court costs of both governments. Specific amounts related to the above have yet to be identified.

#### 10. WEST BAY MARINA ACQUISITION

On May 9, 2005, Songhees First Nation entered into a purchase agreement with Her Majesty the Queen in the Right of Canada to purchase certain lands in Esquimalt for \$1,880,000. The purchase was facilitated by the use of Xhamasung Holdings LLP which has two partners, Kosapsum Development Corporation (Esquimalt First Nation shareholder) and Lekwungen Development Corporation (Songhees First Nation shareholder). The purchase was financed by a down payment of \$42,720 and annual payments of \$42,720 for 15 years and a balloon payment at the end of term for \$1,937,699. Interest is charged at 4.94% per year.

#### 11. LOAN TO SALISH SEA INDUSTRIAL SERVICES LTD.

Songhees Nation has a 25.5% interest (bare trust) in Salish Sea Industrial Services Ltd. It is a corporation that provides industrial marine and construction services as well as a First Nations employment programs. The loan is non interest, unsecured and with no specific terms of repayment, as follows:

	<u>2016</u>	<u>2015</u>
Loan receivable	\$ <u>350,000</u>	\$ <u>350,000</u>



# SONGHEES FIRST NATION

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2016

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### 12. INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	<u>2016</u>	<u>2015</u>
<b>Lekwungen Development Corp. (unaudited):</b>		
- advances	98,346	77,692
- membership equity (net assets)	<u>23,897</u>	<u>51,958</u>
Total	<u>122,243</u>	<u>129,650</u>

Unaudited financial information for the year ended March 31, 2016 is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Net Income</u>
Year ended March 31, 2016	<u>\$122,243</u>	<u>\$106,302</u>	<u>\$ -</u>	<u>\$(20,564)</u>

	<u>2016</u>	<u>2015</u>
<b>Songhees Nation Investment Corp. (unaudited):</b>		
- advances	91,070	38,373
- share capital	1	1
- equity (loss)	<u>(88,175)</u>	<u>(39,416)</u>
Total	<u>2,896</u>	<u>(1,042)</u>

Financial information for the fiscal year ended March 31, 2016 prepared from unaudited financial statements is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit</u>
Year ended March 31, 2016	<u>\$1,812,945</u>	<u>\$92,570</u>	<u>\$32,278</u>	<u>\$(48,759)</u>

### 13. COMPARATIVE FIGURES

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

# 14. SEGMENTED DISCLOSURE

## Songhees First Nation Schedule of Segmented Operations (unaudited) 2016

FOR THE YEAR ENDED MARCH 31, 2016

	Admin.	Lands	Public Works	Education	Health	Band Funds	JBVT & Lekwungen Harvesters	Social Dev.	Treaty	Local Revenue (Taxation)	By-Law	CMHC Housing	Ottawa Trust Fund	TOTAL
<b>Revenue</b>														
AANDC	397,336	204,536	140,862	1,496,205	10,243	25,590	-	601,038	-	-	6,980	-	-	2,882,790
Health Canada	-	-	-	-	351,788	-	-	-	-	-	9,473	-	-	361,261
CMHC	-	-	-	-	-	-	-	-	-	-	-	41,186	-	41,186
CSETS	-	-	-	123,390	-	-	-	-	-	-	-	-	-	123,390
Local Revenue (Taxation)	-	-	-	-	-	-	-	-	-	1,323,924	-	-	-	1,323,924
FNCS	-	-	-	-	-	1,492,808	-	-	-	-	-	-	-	1,492,808
Other	436,787	52,646	47,310	292,865	85,011	954,327	-	-	31,719	-	1,084	103,915	1,316	2,006,980
Prior year funding recoveries	-	-	-	-	-	-	-	(993,038)	-	-	-	-	-	-993,038
	834,123	257,182	188,172	1,912,460	447,042	2,472,725	-	-392,000	31,719	1,323,924	17,537	145,101	1,316	7,239,301
<b>Expenditure</b>														
Salaries and benefits	409,612	78,244	64,682	487,341	264,567	51,231	837	51,916	39,899	-	-	-	-	1,448,329
Amortization	-	-	473,888	-	-	8,413	-	-	-	-	-	60,030	-	542,331
Direct Assistance	-	-	-	-	-	138,651	-	267,658	-	-	-	-	-	406,309
Debt Servicing	-	-	696,581	-	-	-	-	-	-	-	-	-	-	696,581
Professional fees	230,652	82,715	14,239	1,129	211	1,405,292	-	-	-	-	-	7,774	-	1,742,012
Local revenue taxation	-	-	-	-	-	-	-	-	-	987,110	-	-	-	987,110
Reserve fund allocation	-	-	-	-	-	-	-	-	-	236,814	-	-	-	236,814
Tuition	-	-	-	1,242,705	-	-	-	-	-	-	-	-	-	1,242,705
Other	450,573	105,680	565,592	372,765	199,157	805,878	91,258	13,891	-	-	27,762	52,576	1,316	2,686,448
Department transfers	-240,723	-	-1,521,019	-	-	1,761,742	-	-	-	100,000	-100,000	-	-	-
	850,114	266,639	293,963	2,103,940	463,935	4,171,207	92,095	333,465	39,899	1,323,924	-72,238	149,149	1,316	10,017,408
<b>Surplus/(deficit)</b>	-15,991	-9,457	-105,791	-191,480	-16,893	-1,698,482	-92,095	-725,465	-8,180	-	89,775	-4,048	-	-2,778,107