

Ashcroft Indian Band
Consolidated Financial Statements
For the year ended March 31, 2016

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Consolidated Financial Statements
For the year ended March 31, 2016

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Ashcroft Indian Band are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Ashcroft Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Ashcroft Indian Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Band's Council.

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the members. The Chief and Council also appoint the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.

Chief

Finance Manager



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BDO Canada LLP
300-275 Lansdowne Street
Kamloops BC V2C 6J3 Canada

Independent Auditor's Report

To the Chief and Council of Ashcroft Indian Band

We have audited the accompanying consolidated financial statements of Ashcroft Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of change in net financial assets, operations 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 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 is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

In addition, we were unable to satisfy ourselves regarding the correct accounting treatment of the Band's investment in Nlaka'pamux Resources Limited Partnership due to incomplete information regarding ownership. As a result, we were unable to determine the value of the recorded investment and corresponding equity thereon, if any.



Ashcroft Indian Band derives revenue from one department through the racetrack activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records. Therefore, we were not able to determine whether any adjustments might be necessary to racetrack income, annual surplus and cash flows from operations for the year ended March 31, 2016, financial assets and accumulated surplus as at March 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Ashcroft Indian Band as at March 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP


Chartered Professional Accountants

Kamloops, British Columbia
July 22, 2016

Ashcroft Indian Band
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2016	2015
		(Restated)
Financial Assets		
Cash (Note 2)	\$ 62,877	\$ 45,378
Restricted cash (Note 3)	28,792	3,107
Accounts receivable (Note 4)	110,570	192,548
Investments (Note 6)	29,279	29,279
Due from related party (Note 7)	2,021,155	1,662,238
	<u>2,242,673</u>	<u>1,932,548</u>
Liabilities		
Cheques issued in excess of funds on deposit (Note 2)	-	81,980
Accounts payable (Note 8)	197,132	200,381
Deferred revenue (Note 9)	326,929	283,484
Due to social housing reserves (Note 10)	8,089	84,957
Long term debt (Note 11)	401,342	430,699
	<u>933,492</u>	<u>1,081,501</u>
Net Financial Assets	<u>1,309,181</u>	<u>851,047</u>
Non-financial Assets		
Prepaid expenses	30,499	36,558
Tangible capital assets (Note 12)	2,331,023	2,344,315
	<u>2,361,522</u>	<u>2,380,873</u>
Accumulated Surplus (Note 13)	<u>\$ 3,670,703</u>	<u>\$ 3,231,920</u>
Commitments (Note 14)		
Contingencies (Note 15)		

Approved on behalf of the Band Council:

 _____	Chief
 _____	Councillor

Ashcroft Indian Band

Exhibit B - Consolidated Statement of Change in Net Financial Assets

	2016	2015
		(Restated) (Note 23)
Annual surplus	\$ 407,913	\$ 370,475
Acquisition of tangible capital assets	(171,291)	(181,807)
Amortization of tangible capital assets	184,645	178,888
Disposal of tangible capital assets	-	250,724
	<u>421,267</u>	<u>618,280</u>
Change in prepaid expenses	6,059	(5,513)
Equity change in Ottawa Trust	685	682
Equity change in funded reserves	24,995	(125,002)
Equity change in investments	-	(77,119)
Transfer to Ashcroft Indian Band Development LLP	25	(23,750)
Equity transfer to operating reserves	5,103	20,226
	<u>30,808</u>	<u>(204,963)</u>
Change in net financial assets	458,134	407,804
Net financial assets, beginning of year	851,047	443,243
Net financial assets, end of year	\$ 1,309,181	\$ 851,047

Ashcroft Indian Band
Exhibit C - Consolidated Statement of Operations

	2016	2015 (Restated) (Note 23)
Revenue		
Indigenous and Northern Affairs Canada	\$ 674,951	\$ 837,675
First Nations Health Authority	289,333	224,501
Canada Mortgage and Housing Corporation	48,000	-
CMHC Subsidy	22,662	22,662
Province of B.C.	49,408	198,948
Nlaka'pamux Legacy Trust	236,090	287,173
Miscellaneous income	827,243	1,144,536
Racetrack income	146,426	97,497
Rental income	77,850	86,991
	2,371,963	2,899,983
Expenses		
Band Administration	379,468	473,090
Chief and Council	172,673	161,403
Band Membership	18,741	20,322
Economic Development	14,450	76,087
Municipal Services	256,545	300,175
Band Employee Benefits	29,267	41,035
Miscellaneous Sales	-	17,712
Education	4,930	7,394
Post Secondary Education	125,085	110,860
Summer Student	5,700	7,163
Social Development	164,032	202,592
National Child Benefit	21,247	18,683
First Nations Health Authority	220,101	218,023
Community Garden	11,672	6,912
West Fraser - Work	-	1,483
Archaeology	-	1,295
Forest Range Agreement	-	452
Wastech	8,916	20,924
BC Capacities	18,065	72,231
Nlaka'pamux Legacy Trust	-	387,173
KGHM Ajax	-	2,060
Racetrack	183,188	127,891
New Relationship Trust	36,798	5,184
Kinder Morgan	-	6,318
National Energy Board	-	7,353
Turning Lane	-	26,859
McAbee Fossil	-	1,215
P&ID	19,933	-
Comprehensive Community Plan	58,008	-
Expenses paid in capital fund	113,737	40,545
Social Housing Project	96,268	139,770
Ashcroft Indian Band Holding Company	5,226	27,304
	1,964,050	2,529,508
Annual surplus (deficit) (Note 19)	\$ 407,913	\$ 370,475

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ashcroft Indian Band

Exhibit D - Consolidated Statement of Cash Flows

For the year ended	2016	2015
		(Restated) (Note 23)
Cash provided by (used for)		
Operating activities		
Cash receipts from various sources	\$ 2,497,388	\$ 2,854,241
Cash paid to employees and suppliers	(1,856,531)	(2,535,246)
Interest paid	(9,366)	(23,517)
Cash flows from operating activities	631,491	295,478
Capital activities		
Acquisition of tangible capital assets	(171,291)	(448,410)
Proceeds from sale of tangible capital assets	-	517,330
	(171,291)	68,920
Investing activities		
Change in equity in Ottawa Trust	685	682
Loans and advances with related parties	(316,364)	(347,812)
Cash flows from investing activities	(315,679)	(347,130)
Financing activities		
Repayment of long term debt	(29,357)	(217,739)
Cash flows from financing activities	(29,357)	(217,739)
Net increase (decrease) in cash and cash equivalents	115,164	(200,471)
Cash (bank indebtedness) and cash equivalents, beginning of year	(33,495)	166,976
Cash (bank indebtedness) and cash equivalents, end of year	\$ 81,669	\$ (33,495)
Represented by:		
Cash	\$ 52,877	\$ 45,378
Restricted cash	28,792	3,107
Cheques issued in excess of funds on deposit	-	(81,980)
	\$ 81,669	\$ (33,495)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ashcroft Indian Band

Summary of Significant Accounting Policies

March 31, 2016

Basis of Presentation These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Canada Public Sector Accounting Handbook, which encompasses the following principles.

Reporting Entity and Principles of Financial Reporting

The Ashcroft Indian Band reporting entity includes the Ashcroft Indian Band government and all related entities which are accountable to the Ashcroft Indian Band and are either owned or controlled by the Ashcroft Indian Band.

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

- Ashcroft Indian Band Holding Corporation

All inter-entity balances have been eliminated on consolidation.

Revenue Recognition Government grants and transfers, which include Federal funding agreements, are recognized in the the financial statements in the period in which events giving rise to the transfers occur, provided the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. When the eligibility criteria is not met, transfers received are reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Ashcroft Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Periodic revenue is recognized on an accrual basis commencing at the beginning of the month.

Ottawa Trust Funds Ashcroft Indian Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in revenue of the Band upon withdrawal from the Ottawa Trust Fund.

Ashcroft Indian Band Summary of Significant Accounting Policies

March 31, 2016

Investments

The Band accounts for its investments in All Nations Trust Company, Nlaka'pamux Resources Ltd. and Nlaka'pamux Resources Limited Partnership ("the partnership") using the cost method. Distributions received from the partnership are included in income as received.

The Band accounts for its 99.99% interest in Ashcroft Indian Band Development LLP using the modified equity method. Under the modified equity method the cost of this investment is adjusted by the earnings or losses of Ashcroft Indian Band Development LLP from the date of acquisition.

Inter-entity balances and transactions are not eliminated under the modified equity method.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization and are recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources are charged to operations through interfund transfers and matched with the applicable revenue source in the year of expenditure. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is charged against tangible capital assets and equity in tangible capital assets on a declining balance basis at the following rates:

Automotive equipment	30%
Buildings	4%
Computer equipment	50%
Furniture and equipment	20%
Infrastructure	4%
Machinery	30%

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

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could be different from those estimates.

Ashcroft Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

1. Economic Dependence

The Band receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

2. Cash

	2016	2015
Operating Fund	\$ 48,094	\$ 12,277
Operating Fund - cheques issued in excess of funds on deposit	-	(81,980)
Social Housing Project	4,783	33,101
	<u>\$ 52,877</u>	<u>\$ (36,602)</u>

3. Restricted Cash

	2016	2015
Ottawa trust funds	\$ 2,702	\$ 2,017
Social housing replacement reserve	26,090	1,090
	<u>\$ 28,792</u>	<u>\$ 3,107</u>

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. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

The Housing restricted cash is derived under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the account is to be credited annually. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation.

Ashcroft Indian Band Notes to Consolidated Financial Statements

March 31, 2016

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2016	2015
Operating Fund		
Trade accounts receivable	\$ 98,771	\$ 178,799
Loans receivable	20,003	20,003
Employee loan receivable	48,970	50,920
Allowance for doubtful loans receivable	(64,923)	(64,923)
	<u>102,821</u>	<u>184,799</u>
Social Housing Project	1,929	1,929
Ashcroft Indian Band Holding Corporation	5,820	5,820
	<u>\$ 110,570</u>	<u>\$ 192,548</u>

5. Rent Receivable

Rents receivable are the accumulated arrears and vary in amount based on the unit being rented.

	2016	2015
Rents receivable	\$ 250,701	\$ 228,237
Less: Allowance for doubtful accounts	(250,701)	(228,237)
	<u>\$ -</u>	<u>\$ -</u>

Ashcroft Indian Band Notes to Consolidated Financial Statements

March 31, 2016

6. Investments

	2016	2015
Investment in All Nations Trust Co.	\$ 8,175	\$ 8,175
Investment in Nlaka'pamux Resources Ltd.	21,104	21,104
	<u>\$ 29,279</u>	<u>\$ 29,279</u>

During the previous year, the band acquired a 99.99% partnership share in Ashcroft Indian Band Development LLP.

Summary of the audited financial statements of Ashcroft Indian Band Development LLP for the year ended March 31, 2016 are as follows:

Statement of Financial Position

	2016	2015
Cash	\$ 3,277	\$ -
Accounts receivable	98,782	107,380
Prepaid expenses	1,023,648	1,049,629
Tangible capital assets	3,161,524	3,360,424
Inventory	154,270	146,568
Franchise fees	19,000	32,972
	<u>\$ 4,460,501</u>	<u>\$ 4,696,973</u>
Line of credit	\$ 145,000	\$ 65,000
Cheques issued in excess of bank balance	-	24,256
Accounts payable	108,044	87,610
Due to related parties	2,021,155	1,704,791
Other current liabilities	129,722	157,427
Long-term debt	2,896,191	3,074,237
Partners' deficiency	(839,611)	(416,348)
	<u>\$ 4,460,501</u>	<u>\$ 4,696,973</u>

Statement of Operations

	2016	2015
Revenue	\$ 3,911,286	\$ 1,651,852
Cost of sales	3,046,944	1,092,216
Gross profit	864,342	559,636
Expenses	1,287,605	1,076,843
Net loss for the year	<u>\$ (423,263)</u>	<u>\$ (517,207)</u>

Ashcroft Indian Band Notes to Consolidated Financial Statements

March 31, 2016

7. Due From Related Party

The advances to Ashcroft Indian Band Development LLP, a government business partnership, are non-interest bearing with no specific terms of repayment.

8. Accounts Payable

	2016	2015
Operating Fund		
Trade payables and accruals	\$ 183,887	\$ 187,082
Social Housing Project	8,245	8,299
Ashcroft Indian Band Holding Corporation	5,000	5,000
	<u>\$ 197,132</u>	<u>\$ 200,381</u>

9. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	2016	2015
Operating Fund		
Indigenous and Northern Affairs Canada		
Safe Water Operations Program	\$ 3,120	\$ 6,240
Guardian Financial Assistance	2,483	3,476
National Child Benefit	9,202	14,997
Basic Needs	73,482	41,216
Special Needs	11,346	6,799
In Home Care	33,486	24,846
	<u>133,119</u>	<u>97,574</u>
Other deferred revenue	112,684	104,536
	<u>245,803</u>	<u>202,110</u>
Capital Fund		
Indigenous and Northern Affairs Canada		
Water - CPMS #10529	81,126	81,374
	<u>\$ 326,929</u>	<u>\$ 283,484</u>

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

10. Social Housing Reserves

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$8,647 (2015 - \$8,647) annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used for approved expenditures. Withdrawals are credited to interest first and then principal.

In addition, the agreement with Canada Mortgage and Housing Corporation requires that the surplus in operations be transferred into an operating reserve fund for all post-1997 housing phases.

The balance due to reserves at the end of the year is comprised of:

	<u>2016</u>	<u>2015</u>
Replacement reserve	\$ 8,089	\$ 79,854
Operating reserve	-	5,103
	<u>\$ 8,089</u>	<u>\$ 84,957</u>

The Band is not in compliance with the Canada Mortgage and Housing Corporation agreement as the replacement reserve is not fully funded.

Ashcroft Indian Band Notes to Consolidated Financial Statements

March 31, 2016

11. Long Term Debt

	2016	2015
<u>Social Housing Project Pre 1997 Phase 4 and 5</u>		
All Nations Trust Company mortgage, repayable in monthly instalments of \$1,104 including interest at 1.64% per annum, due December 2016	71,679	83,651
<u>Social Housing Project Post 1997 Phase 1 and 2</u>		
All Nation Trust Company mortgage, repayable in monthly instalments of \$1,663 including interest at 2.63% per annum, due June 2016	249,561	262,780
All Nations Trust Company mortgage, repayable in monthly instalments of \$464 including interest at 1.71% per annum, due September 2017	80,102	84,268
	\$ 401,342	\$ 430,699

All Social Housing Project mortgages are secured by a ministerial guarantee from the federal government.

The estimated principal repayments on the above long term debt required over the next three years are as follows:

2017	\$ 325,476
2018	75,866
	\$ 401,342

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

12. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Assets under construction	\$ 56,351	\$ -	\$ 56,351	\$ -
Automotive equipment	245,905	144,802	211,692	108,802
Buildings	841,307	340,727	717,562	318,591
Computer equipment	84,018	74,928	79,337	68,185
Furniture and equipment	267,151	205,863	266,761	190,143
Infrastructure	879,985	175,466	879,985	146,111
Leasehold improvements	431,108	292,923	431,108	264,063
Machinery	349,612	317,343	341,350	300,930
	3,155,437	1,552,052	2,984,146	1,396,825
Social Housing Project Buildings	1,995,635	1,267,997	1,995,635	1,238,641
	5,151,072	2,820,049	4,979,781	2,635,466
Net book value		\$ 2,331,023		\$ 2,344,315

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

12. Tangible Capital Assets (continued)

	2016								
	Assets under construction	Automotive equipment	Buildings	Land	Computer equipment	Furniture and equipment	Infrastructure improvements	Machinery	Total
Cost, beginning of year	\$ 56,351	\$ 211,692	\$ 2,713,197	\$ -	\$ 79,337	\$ 266,761	\$ 879,986	\$ 431,108	\$ 4,979,782
Additions		34,213	123,745	-	4,681	391	-	-	171,291
Cost, end of year	56,351	245,905	2,836,942	-	84,018	267,152	879,986	431,108	5,151,073
Accumulated amortization, beginning of year	-	108,802	1,557,232	-	68,185	190,143	146,111	264,063	2,635,467
Amortization	-	36,000	51,492	-	6,743	15,720	29,355	-	184,583
Accumulated amortization, end of year	-	144,802	1,608,724	-	74,928	205,863	175,466	264,063	2,820,050
Net carrying amount, end of year	\$ 56,351	\$ 101,103	\$ 1,228,218	\$ -	\$ 9,090	\$ 61,289	\$ 704,520	\$ 167,045	\$ 2,331,023

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

12. Tangible Capital Assets (continued)

	2015						
	Assets under construction	Automotive equipment	Buildings	Land	Computer equipment	Furniture and equipment	Leasehold improvements
						Infrastructure	Machinery
							Total
Cost, beginning of year	\$ 56,351	\$ 206,881	\$ 2,837,037	\$ 53,612	\$ 76,130	\$ 268,611	\$ 431,108
Additions		73,424	67,634	-	3,207	-	7,458
Disposals		(68,613)	(191,474)	(53,612)	-	(1,850)	-
Cost, end of year	56,351	211,692	2,713,197	-	79,337	266,761	431,108
Accumulated amortization, beginning of year	-	141,246	1,512,997	-	58,649	171,173	235,203
Amortization	-	28,365	48,064	-	9,536	19,155	28,860
Disposals		(60,809)	(3,829)	-	-	(185)	-
Accumulated amortization, end of year	-	108,802	1,557,232	-	68,185	190,143	264,063
Net carrying amount, end of year	\$ 56,351	\$ 102,890	\$ 1,155,965	\$ -	\$ 11,152	\$ 76,618	\$ 167,045
							\$ 40,419
							\$ 2,344,315

Ashcroft Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

13. Accumulated Surplus

Accumulated surplus of the Band is comprised of the following:

	2016	2015
		(Restated)
		(Note 23)
Funded reserves	\$ 26,090	\$ 1,090
Equity in investments	29,479	29,479
Equity in Ottawa Trust	2,702	2,017
Equity in tangible capital assets	1,479,353	1,463,290
Contributed surplus - Social Housing Project	231,145	231,145
Unrestricted surplus	1,901,934	1,504,899
	<u>\$ 3,670,703</u>	<u>\$ 3,231,920</u>

14. Commitments

Ashcroft Indian Band has entered into lease agreements for a truck and for a photocopier. Minimum annual lease payments due over the next five years, until expiry, are approximately as follows:

2017	\$ 9,219
2018	8,148
2019	8,148
2020	4,753
	<u>\$ 30,268</u>

15. Contingencies

The Band was named as a defendant in a lawsuit. The outcome and/or amount of the settlement cannot be estimated at the present time. If a loss is incurred, the amount will be charged to operations in the year of the settlement.

Ashcroft Indian Band has signed a guarantee and postponement of claim in the amount of \$3,210,000 for a loan made to Ashcroft Indian Band Development LLP.

16. Fiscal Plan

Canadian public sector accounting standards requires that the Band's budget be presented in the financial statements. As the Band currently does not prepare a budget, no budgeted figures have been presented as otherwise required.

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

17. Employee Benefits

The Band has a defined contribution plan providing pension benefits to certain employees. The pension cost charge represents contributions payable by the Band to the plan and amounts to \$32,991 (2015 - \$29,866).

18. Related Party Transactions

During the prior year, the Band transferred a franchise fee with a carrying amount of \$23,750 to Ashcroft Indian Band Development LLP. This related party transaction was reported at the carrying amount.

During the year, a prior period adjustment was made recording an adjustment of \$42,555 for subcontractor fees paid to its subsidiary, Ashcroft Development LLP, these fees were recorded at their carrying amount (See Note 23).

19. Comparative Figures

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

Ashcroft Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

20. Expenses by Object

	2016	2015
		(Restated)
		(Note 23)
Advertising	\$ -	\$ 3,573
Allocation to replacement reserve	8,647	8,647
Amortization	184,645	178,888
Bad debts	22,476	66,414
Bank charges	5,005	5,084
Contract services	56,984	101,706
Donations	-	1,367
Economic development	-	387,173
Honoraria	170,324	152,853
Insurance	48,700	43,154
Interest on long term debt	9,366	23,517
Materials and supplies	128,730	221,376
Miscellaneous expense	25,115	31,963
Office supplies	4,715	6,256
Professional fees	209,876	236,295
Program activities	54,708	78,053
Rent	21,524	20,041
Repairs and maintenance	44,587	35,727
Social development	129,262	170,122
Student allowances	66,818	60,109
Telephone	41,553	34,181
Training	22,241	10,729
Travel	53,024	55,034
Tuition	20,731	26,061
Utilities	69,868	65,743
Vehicle expenses	-	3,691
Wages and benefits	451,414	461,206
Expenses paid in capital fund	113,737	40,545
	\$ 1,964,050	\$ 2,529,508

Ashcroft Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

21. Segment Disclosure

The Band is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Community Welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Administration

This item relates to the revenues and expenses that relate to the operations of the Band itself and cannot be directly attributed to a specific segment.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Band's Members.

Natural Resources and Economic Development

This service area provides for the development of economic opportunities to the Members, along with the exploration of the development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Social Housing

This service area provides for social housing to the Members.

Ashcroft Indian Band

Notes to Consolidated Financial Statements

March 31, 2016

22. Segment Disclosure - continued

2016

	Community Welfare	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 169,608	\$ 260,387	\$ 84,945	\$ 117,933	\$ 14,183	\$ 27,895	\$ -	\$ 674,951
Other	-	418,612	26,855	-	1,102,747	48,286	100,512	1,697,012
Total	169,608	678,999	111,800	117,933	1,116,930	76,181	100,512	2,371,963
Expenses								
Wages & benefits	33,619	281,513	69,061	31,156	36,065	-	-	451,414
Purchases	130,413	655,299	80,512	98,860	182,259	113,737	66,911	1,327,991
Amortization	-	-	106,970	-	48,319	-	29,356	184,645
Total	164,032	936,812	256,543	130,016	266,643	113,737	96,267	1,964,050
Surplus (deficit)	\$ 5,576	\$ (257,813)	\$ (144,743)	\$ (12,083)	\$ 850,287	\$ (37,556)	\$ 4,245	\$ 407,913

2015

(Restated)
(Note 23)

	Community Welfare	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
INAC	\$ 185,772	\$ 175,755	\$ 90,571	\$ 104,089	\$ 169,322	\$ 112,166	\$ -	\$ 837,675
Other	-	343,039	44,235	-	1,532,061	23,750	119,223	2,062,308
Total	185,772	518,794	134,806	104,089	1,701,383	135,916	119,223	2,899,983
Expenses								
Wages & benefits	28,491	334,408	66,687	18,486	13,134	15,668	-	476,874
Purchases	174,101	612,223	123,614	99,768	729,554	24,877	109,609	1,873,746
Amortization	-	-	109,874	-	38,853	-	30,161	178,888
Total	202,592	946,631	300,175	118,254	781,541	40,545	139,770	2,529,508
Surplus (deficit)	\$ (16,820)	\$ (427,837)	\$ (165,369)	\$ (14,165)	\$ 919,842	\$ 95,371	\$ (20,547)	\$ 370,475

Ashcroft Indian Band
Notes to Consolidated Financial Statements

March 31, 2016

23. Prior Period Adjustment

During the year the Band was notified by a funder that an expenditure relating to a special funding agreement had not been recorded in Ashcroft Indian Band. Upon further investigation, it was determined that the expenditure had to be recognized in Ashcroft Indian Band's subsidiary, Ashcroft Indian Band Development LLP. The funder required the expenditure to be flowed through the Band. To meet this requirement, the expenditure has now been recorded as an economic development expense in the prior year. As a result the following amounts have been adjusted in the prior year:

Increase to subcontractor expense	\$42,555
Increase due from subsidiary	\$42,555

The following reconciles the impact to accumulated surplus for the 2015 year:

Accumulated surplus, end of year as previously stated	\$3,274,475
Prior period adjustment	<u><\$42,555></u>
Accumulated surplus, end of year as restated	<u>\$3,231,920</u>