

Alexis Creek Indian Band
Consolidated Financial Statements
March 31, 2016

Alexis Creek Indian Band

Contents

For the year ended March 31, 2016

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4

Notes to the Consolidated Financial Statements	5
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Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets	15
Schedule 2 - Consolidated Schedule of Expenses by Object	16
Schedule 3 - Band Support	17
Schedule 4 - Education	18
Schedule 5 - Social Assistance	19
Schedule 6 - Capital	20
Schedule 7 - Social Housing	21
Schedule 8 - Economic Development	22
Schedule 9 - Health	23



Alexis Creek First Nation

Management's Responsibility

To the Members of Alexis Creek Indian Band:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

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

MNP LLP is appointed by Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 24, 2016

Band Administrator

Independent Auditors' Report

To the Members of Alexis Creek Indian Band:

We have audited the accompanying consolidated financial statements of Alexis Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Prince George, British Columbia

August 24, 2016

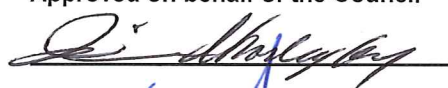

MNP LLP

Chartered Professional Accountants

Alexis Creek Indian Band
Consolidated Statement of Financial Position
As at March 31, 2016

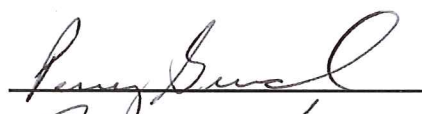

	2016	2015
Financial assets		
Cash	877,017	750,282
Accounts receivable (Note 3)	196,190	150,523
Inventory for resale	127,807	85,189
Funds held in trust (Note 4)	959,046	938,119
Restricted cash	12,157	1,404
Investments in Band partnerships and business entities (Note 5)	421,177	146,674
Guaranteed investment certificates (Note 6)	512,101	502,000
Total financial assets	3,105,495	2,574,191
Liabilities		
Accounts payable and accruals	817,450	622,130
Deferred revenue	100,301	1,750
Long-term debt (Note 7)	1,243,402	1,052,683
Total liabilities	2,161,153	1,676,563
Net financial assets	944,342	897,628
Contingencies (Note 8)		
Non-financial assets		
Tangible capital assets (Note 9) (Schedule 1)	6,186,122	4,481,653
Prepaid expenses	29,621	50,007
Total non-financial assets	6,215,743	4,531,660
Accumulated surplus (Note 10)	7,160,085	5,429,288

Approved on behalf of the Council

Chief

Councillor

Councillor

Councillor

Alexis Creek Indian Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	2016 Budget (Note 12)	2016	2015
Revenue				
Indigenous and Northern Affairs Canada		4,144,750	4,074,538	2,375,839
First Nations Health Authority		975,457	978,004	917,307
Canada Mortgage and Housing Corporation		53,456	53,456	55,811
Redstone Gas Bar		-	1,573,815	1,647,932
Other revenue		389,555	518,259	283,132
Forest Range Agreement		288,710	299,660	360,888
First Nation Education Steering Committee		60,141	125,155	66,403
Rental income		41,367	83,303	85,357
Interest income		-	20,926	23,644
CCATEC revenue		18,731	18,717	19,304
Gain (loss) from investments in Band partnerships and business entities		-	95,749	(137,469)
		5,972,167	7,841,582	5,698,148
Program expenses				
Band Support	3	721,569	1,083,483	1,101,927
Education	4	1,038,109	1,150,949	910,585
Social Assistance	5	461,177	434,659	492,231
Capital	6	237,249	549,833	527,307
Social Housing	7	56,056	181,105	66,786
Economic Development	8	130,417	1,819,202	1,752,768
Health	9	984,274	891,554	880,043
Total expenses		3,628,851	6,110,785	5,731,647
Annual surplus (deficit)		2,378,206	1,730,797	(33,499)
Accumulated surplus, beginning of year		5,429,288	5,429,288	5,462,787
Accumulated surplus, end of year		7,807,494	7,160,085	5,429,288

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Annual surplus (deficit)	2,378,206	1,730,797	(33,499)
Purchases of tangible capital assets	(1,977,293)	(2,190,473)	(202,971)
Amortization of tangible capital assets	-	486,003	421,637
Acquisition of prepaid expenses	-	(29,620)	(50,007)
Use of prepaid expenses	-	50,007	92,121
Increase in net financial assets	400,913	46,714	227,281
Net financial assets, beginning of year	897,628	897,628	670,347
Net financial assets, end of year	1,298,541	944,342	897,628

The accompanying notes are an integral part of these financial statements

Alexis Creek Indian Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	1,730,797	(33,499)
Non-cash items		
Amortization	486,003	421,637
Bad debts	61,526	44,327
Gain (loss) from investments in Band partnerships and business entities	(95,749)	137,469
Trust fund interest revenue	(20,926)	(23,644)
	2,161,651	546,290
Changes in working capital accounts		
Accounts receivable	(107,193)	43,407
Prepaid expenses	20,387	42,114
Inventory for resale	(42,620)	(22,259)
Restricted cash	(10,753)	(889)
Accounts payable and accruals	(102,141)	(429,227)
Deferred revenue	98,551	1,750
Guaranteed investment certificates	(10,101)	78,626
	2,007,781	259,812
Financing activities		
Advances of long-term debt	241,839	299,772
Repayment of long-term debt	(51,120)	(371,995)
Advances to related Band entities and departments	(178,753)	(76,296)
	11,966	(148,519)
Capital activities		
Purchases of tangible capital assets	(1,893,012)	(178,371)
Increase (decrease) in cash resources	126,735	(67,078)
Cash resources, beginning of year	750,282	817,360
Cash resources, end of year	877,017	750,282

Alexis Creek Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

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

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

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

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

- Redstone Gas Bar
- Crazy Horse Energy Drink

All inter-entity balances have been eliminated on consolidation.

Alexis Creek Indian Band business entities, owned or controlled by the Band's Council but not dependent on the Band for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Tsideldel Development Corporation
- Tsi'deldel Limited Partnership

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Net financial assets

The Band's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

Asset classification

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

Cash

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

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Funds held in trust

Funds held in trust on behalf of Band members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust moneys consist of:

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the rights of the Band, such as reserve land, forests, water and mineral resources are not recognized in the Band's consolidated financial statements.

As amounts from prior years could not be reasonably estimated, the following tangible capital assets are recorded at a nominal value of \$1 - land, automotive equipment, community centre, band office building, fire hall, fire truck, kindergarten building, office equipment, pump house and shop equipment.

Amortization

Tangible capital assets are amortized over the expected useful life of the assets using the straight-line method. In the year of acquisition, amortization is taken at one-half of the following rates:

	Rate
Buildings	4 %
Infrastructure	4 %
Equipment	20-30 %

Revenue recognition

- i) Government Funding
The Band recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.
- ii) First Nation Capital and Revenue Trust Funds
The Band recognizes revenue of the Capital and Revenue trusts when earned.
- iii) Canada Mortgage and Housing Corporation ("CMHC")
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under the funding agreements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.
- iv) Housing Rental Income
Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- v) Other Revenue
Other revenue is recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.
- vi) Investment Income
Investment income is recognized by the Band when the investment income is earned.

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

Portfolio investments

Portfolio investments include long-term investments in entities that are owned, but not controlled or influenced by the Band reporting entity and guaranteed investment certificates. Both of these portfolio investments are accounted for using the cost method as described in Note 5 and 6 respectively. They are recorded at cost, less any provision for other than temporary impairment.

Inventory for resale

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

Prepaid expenses

Prepaid expenses included in non-financial assets include payment for services that have not been provided as of year end.

Measurement uncertainty (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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related Band entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Band is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the surplus of the period in which they become known.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Band performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

The Band does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair value.

Segments

The Band conducts its business through seven reportable segments as described in Note 11. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 *Significant accounting policies*.

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

Liability for contaminated site

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

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

Recent accounting pronouncements

PS 2200 Related Party Disclosures

This accounting pronouncement is effective for the 2018 fiscal year and defines related party and established disclosures required for related party transactions. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 2601 Foreign Currency Translation

This accounting pronouncement is effective for the 2017 fiscal year and revises and replaces PS 2600 *Foreign Currency Translation*. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3401 Portfolio Investments

This accounting pronouncement is effective for the 2017 fiscal year and revises and replaces PS 3030 *Temporary Investments* and PS 3040 *Portfolio Investments*. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3210 Assets

This accounting pronouncement is effective for the 2018 fiscal year and provides guidance for applying the definitions of assets set out in PS 1000 *Financial Statement Concepts* and establishes general disclosure standards for assets. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3320 Contingent Assets

This accounting pronouncement is effective for the 2018 fiscal year and establishes disclosure standards on contingent assets. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3430 Restructuring Transactions

This accounting pronouncement is effective for the 2018 fiscal year and establishes disclosure standards on restructuring transactions. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

PS 3380 Contractual Rights

This accounting pronouncement is effective for the 2018 fiscal year and defines and establishes disclosure standards on contractual rights. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

3. Accounts receivable

	2016	2015
Union of BC Municipalities	-	52,662
Indigenous and Northern Affairs Canada	11,809	5,590
Other receivables	670,196	586,663
	682,005	644,915
Less: Allowance for doubtful accounts	(485,815)	(494,392)
	196,190	150,523

Included in the above balance is \$21,269 (2015 - \$Nil) in related party balances.

Included in the above balance is \$10,820 (2015 - \$53,998) that has been outstanding for more than one year.

4. Funds held in trust

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

	2016	2015
Capital Trust		
Balance, beginning and end of year	365,086	365,086
Revenue Trust		
Balance, beginning of year	573,033	549,390
Interest	19,335	22,063
BC Special	1,592	1,580
Balance, end of year	593,960	573,033
	959,046	938,119

Ottawa Trust Funds

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

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Investments in Band partnerships and business entities

The Band has investments in the following entities:

			<i>2016</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>
			<i>Total investment</i>
Wholly-owned Businesses:			
Tsideldel Development Corporation	100	(66,328)	(67,812)
Band Partnerships – Modified Equity:			
Tsi'deldel Limited Partnership - 99.99%	100	465,559	89,304
First Nation Investments - Recorded at Cost:			
Tsi Del Del Enterprises Ltd.	1	-	-
River West Forest Products Ltd.	1	-	-
Eniyud Community Forests Ltd.	1	249	-
Cariboo Indian Enterprises Ltd.	1	-	-
Tsilhqot'in Forest Products Inc.	1	-	-
	205	399,480	21,492
			421,177

2015

Wholly-owned Businesses:			
Tsideldel Development Corporation	100	(250)	6
Band Partnerships – Modified Equity:			
Tsi'deldel Limited Partnership - 99.99%	100	140,827	(74,363)
First Nation Investments - Recorded at Cost:			
Tsi Del Del Enterprises Ltd.	1	80,000	-
River West Forest Products Ltd.	1	-	-
Eniyud Community Forests Ltd.	1	249	-
Cariboo Indian Enterprises Ltd.	1	-	-
Tsilhqot'in Forest Products Inc.	1	-	-
	205	220,826	(74,357)
			146,674

The advances made to the Band partnerships and business entities are recorded net of allowances, have no set terms of repayments, are non-interest bearing and are unsecured.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Investments in Band partnerships and business entities *(Continued from previous page)*

The following financial information for the Band's business entities is not audited.

Summary financial information for each Band business entity, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Tsideldel Development Corporation As at March 31, 2016</i>	<i>Tsi'deldel Limited Partnership As at March 31, 2016</i>
Assets		
Cash	285,314	246,696
Accounts receivable	493	-
Prepaid expenses	-	28,590
Investments	2	-
Total assets	285,809	275,286
Liabilities		
Accounts payable and accruals	4,719	258,460
Advances from related parties	348,800	53,287
Total liabilities	353,519	311,747
Net debt	(67,710)	(36,461)
Total revenue	(10)	74,229
Total expenses	67,812	36,451
Net income (loss)	(67,822)	37,778

6. Guaranteed investment certificates

	2016	2015
Guaranteed investment certificate bearing interest at 2.0% per annum and matures on March 12, 2018. Deposit is held as collateral against demand loans held by the Band.	510,032	500,000
Guaranteed investment certificate bearing interest at 1.7% per annum and matures on December 6, 2016.	2,069	2,000
	512,101	502,000

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

7. Long-term debt

	2016	2015
Bank of Montreal loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$499 guaranteed by Alexis Creek Indian Band general agreement. The loan matures on October 31, 2024.	44,154	48,625
All Nations Trust loan bearing interest at 2.04% per annum, repayable in monthly blended payments of \$2,848 guaranteed by CMHC social housing with a net book value of \$724,792 (2015 - \$756,304). The loan matures on March 1, 2039.	624,159	645,390
Peace Hill Trust demand loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$15,150 guaranteed by commitment letter in the amount of \$303,000. The loan matures on March 15, 2021.	153,319	-
Bank of Montreal loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$825 guaranteed by Alexis Creek Indian Band general agreement. The loan matures on October 31, 2029.	106,513	112,837
Peace Hill Trust demand loan bearing interest at prime plus 2% per annum, repayable in monthly blended payments of \$1,892 guaranteed by commitment letter in the amount of \$98,489 and equipment with a net book value of \$109,007 (2015 - \$121,118). The loan matures on August 12, 2020.	88,520	-
Bank of Montreal loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$748 guaranteed by Alexis Creek Indian Band general agreement. The loan matures on October 31, 2027.	85,045	91,146
Bank of Montreal loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$563 guaranteed by Alexis Creek Indian Band general agreement. The loan matures on October 31, 2029.	72,739	77,059
Bank of Montreal loan bearing interest at prime plus 0.5% per annum, repayable in monthly blended payments of \$448 guaranteed by Alexis Creek Indian Band general agreement. The loan matures on October 31, 2029.	57,817	61,251
CMHC RRAP forgivable loan bearing interest (when payable) at 7.35%, forgivable over the next 15 months at \$430 per month, and at \$215 for the subsequent 22 months. Loan is unsecured.	11,136	16,375
	1,243,402	1,052,683
Less: term loans due on demand	241,839	-
	1,001,563	1,052,683

Repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2017	122,247
2018	123,260
2019	126,497
2020	128,210
2021	114,528
	<u>614,742</u>

Interest on long-term debt amounted to \$31,888 (2015 - \$16,139). Prime rate at March 31, 2016 was 2.7% (2015 - 2.85%).

Alexis Creek Indian Band

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

8. Contingencies

These financial statements are subject to review by Indigenous and Northern Affairs Canada, First Nations Health Authority and Canada Mortgage Housing Corporation. It is possible that adjustments could be made based on the results of their review.

9. Tangible Capital Assets

Included in Schedule 1 is acquisition of tangible capital asset of \$322,061 (2015 - \$24,600) included in accounts payable and accruals on the consolidated statement of financial position. This amount was excluded from the consolidated statement of cash flows for presentation purposes.

10. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Ottawa Trust Funds	959,046	938,119
Operating fund	772,291	765,000
Enterprise fund	366,592	175,718
Tangible capital assets	4,933,790	3,428,971
Replacement and operating reserve	128,366	121,480
	7,160,085	5,429,288

11. Segments

The Band receives revenue from many different projects and sources. For management and reporting purposes, the revenue, expenses, and surplus or deficits are organized by the following segments:

Band Support

Includes general operations, support, and financial management of Alexis Creek Indian Band.

Education

Includes revenue and expenses related to primary, secondary and post secondary education of the members of Alexis Creek Indian Band.

Social Assistance

Includes revenue and expenses relating to the delivery of social assistance to members of Alexis Creek Indian Band.

Capital

Includes revenue and expenditures of capital projects.

Social Housing

Includes revenue and expenditures relating to the operation of Alexis Creek Indian Band's social housing program.

Economic Development

Includes activities related to the growth of revenue producing projects within Alexis Creek Indian Band.

Health

Includes activities related to the provision of health services for Alexis Creek Indian Band.

Alexis Creek Indian Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Budget information

The disclosed budget information has been approved by the Chief and Council of the Alexis Creek Indian Band at the Chief and Council meeting held on May 26, 2015. The Band does not budget for all activities presented in these consolidated financial statements, therefore, the budget figures on the consolidated statement of operations do not include amounts for the Redstone Gas Bar, Crazy Horse Energy Drink or earnings from investments in Band partnerships and business entities. The budget information on the consolidated statement of operations and accumulated surplus is presented using the same accounting policies as the actual results.

Budget figures on the consolidated statement of operations	\$ 2,378,206
Adjusted for:	
Acquisition of tangible capital assets	(1,977,293)
Replacement reserve transfers	(5,400)
Budgeted surplus approved by Chief and Council	<u>\$ (395,513)</u>

13. Economic dependence

Alexis Creek Indian Band receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by INAC under the terms and conditions of the *Indian Act*. The ability of the Band to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

14. Guarantees

The Band has entered into an agreement to guarantee mortgages of Members' residences on reserve. The total amount of outstanding guarantees as at March 31, 2016 is \$990,427 (2015 - \$1,036,308).

15. Comparative figures

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

Alexis Creek Indian Band
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Land</i>	<i>Equipment</i>	<i>2016</i>	<i>2015</i>
Cost						
Balance, beginning of year	7,930,806	2,501,219	78,000	56,868	10,566,893	10,363,922
Acquisition of tangible capital assets	99,000	1,942,476	-	148,997	2,190,473	202,971
Balance, end of year	8,029,806	4,443,695	78,000	205,865	12,757,366	10,566,893
Accumulated amortization						
Balance, beginning of year	4,519,260	1,549,726	-	16,255	6,085,241	5,663,603
Annual amortization	319,212	138,898	-	27,893	486,003	421,637
Balance, end of year	4,838,472	1,688,624	-	44,148	6,571,244	6,085,240
Net book value of tangible capital assets	3,191,334	2,755,071	78,000	161,717	6,186,122	4,481,653
2015 Net book value of tangible capital assets	3,411,546	951,493	78,000	40,614	4,481,653	

Alexis Creek Indian Band
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Consolidated expenses by object			
Administration (recovery)	48,917	(29,523)	101,830
Advertising and promotion	7,041	12,808	10,354
Allowances	129,980	122,977	141,723
Amortization	-	486,003	421,637
Bad debts	-	61,526	44,327
Bank charges and interest	34,176	59,346	51,918
Community events	24,718	46,284	49,925
Equipment purchase	-	10,298	-
Honourarium	60,400	62,112	41,075
Insurance	45,761	40,805	45,956
Lease/rental	22,996	10,902	31,116
Management fee	-	29,550	48,854
Office	3,077	17,557	10,190
Other	20,962	23,960	45,047
Professional fees	96,640	222,091	172,535
Purchases	-	1,286,922	1,228,183
Repairs and maintenance	-	3,541	7,194
Salaries and benefits	1,636,985	1,936,448	1,847,942
Service contracts	440,549	356,313	226,866
Social assistance payments	255,559	272,161	300,709
Supplies	295,232	384,891	308,711
Telephone	44,566	56,496	56,382
Travel	249,343	358,328	358,506
Tuition	131,953	171,743	85,881
Utilities	79,996	107,246	94,786
	3,628,851	6,110,785	5,731,647

Alexis Creek Indian Band
Band Support
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	464,626	474,973	513,846
Other revenue	232,713	263,812	126,835
First Nation Education Steering Committee	60,141	125,155	66,403
Rental income	-	25,967	11,282
Interest income	-	20,926	23,644
CCATEC revenue	18,731	18,717	19,304
	776,211	929,550	761,314
Expenses			
Administration (recovery)	(226,582)	-	(1,800)
Advertising and promotion	6,000	-	-
Allowances	-	125	-
Amortization	-	72,992	57,657
Bad debts	-	6,720	42,522
Bank charges and interest	-	8,110	977
Community events	5,150	8,246	3,645
Equipment purchase	-	2,520	-
Honourarium	58,400	61,876	41,000
Insurance	14,128	7,129	10,820
Lease/rental	13,647	6,765	14,452
Office	2,952	2,910	2,826
Other	8,808	9,416	21,234
Professional fees	4,404	19,465	58,358
Salaries and benefits	480,343	505,659	502,543
Service contracts	73,316	129,238	101,315
Supplies	111,070	71,085	79,498
Telephone	27,444	26,933	29,150
Travel	84,838	93,088	109,901
Tuition	28,735	21,774	11,654
Utilities	28,916	29,432	16,175
	721,569	1,083,483	1,101,927
Surplus (deficit) before transfers	54,642	(153,933)	(340,613)
Transfers between programs	12,300	25,478	49,394
Surplus (deficit)	66,942	(128,455)	(291,219)

Alexis Creek Indian Band
Education

Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	989,331	1,053,129	1,018,524
Other revenue	102,438	85,747	64,484
Rental income	-	-	50
	1,091,769	1,138,876	1,083,058
Expenses			
Administration	65,804	-	-
Advertising and promotion	1,041	3,278	-
Allowances	129,980	122,852	141,723
Amortization	-	2,280	1,140
Community events	-	3,326	8,672
Honourarium	2,000	236	-
Insurance	25,912	13,920	15,037
Lease/rental	5,347	-	-
Other	2,100	1,109	977
Professional fees	16,500	22,977	19,186
Repairs and maintenance	-	-	599
Salaries and benefits	565,751	574,712	490,079
Service contracts	34,569	82,397	22,949
Supplies	39,470	82,799	69,257
Telephone	4,622	6,256	5,042
Travel	27,047	58,049	41,698
Tuition	75,074	129,996	48,057
Utilities	42,892	46,762	46,169
	1,038,109	1,150,949	910,585
Surplus (deficit) before transfers	53,660	(12,073)	172,473
Transfers between programs	5,000	2,491	10,890
Surplus (deficit)	58,660	(9,582)	183,363

Alexis Creek Indian Band
Social Assistance
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	479,384	439,574	486,935
Other revenue	35,880	37,696	38,371
	515,264	477,270	525,306
Expenses			
Administration	27,075	-	7,342
Community events	-	10,734	23,126
Equipment purchase	-	2,848	-
Other	2,000	2,463	4,006
Salaries and benefits	124,909	101,599	132,089
Service contracts	12,448	7,055	19,036
Social assistance payments	250,559	267,568	287,294
Supplies	33,416	15,267	4,095
Telephone	1,800	3,199	2,430
Travel	6,970	21,655	11,631
Tuition	2,000	2,271	1,182
	461,177	434,659	492,231
Surplus before transfers	54,087	42,611	33,075
Transfers between programs	-	(5,351)	-
Surplus	54,087	37,260	33,075

Alexis Creek Indian Band
Capital

Schedule 6 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	2,176,104	2,061,046	323,839
Other revenue	-	18,619	16,384
Rental income	-	8,808	30,666
	2,176,104	2,088,473	370,889
Expenses			
Administration (recovery)	30,913	(29,523)	-
Amortization	-	354,627	312,661
Bank charges and interest	-	7,955	18,047
Insurance	-	8,207	8,686
Other	-	-	2,735
Professional fees	10,000	1,150	321
Salaries and benefits	18,634	76,388	73,471
Service contracts	172,702	58,406	39,984
Supplies	-	47,432	46,713
Telephone	-	2,084	1,165
Travel	5,000	10,377	5,983
Tuition	-	100	120
Utilities	-	12,630	17,421
	237,249	549,833	527,307
Surplus (deficit) before transfers	1,938,855	1,538,640	(156,418)
Transfers between programs	38,438	(18,776)	10,354
Surplus (deficit)	1,977,293	1,519,864	(146,064)

Alexis Creek Indian Band
Social Housing
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Canada Mortgage and Housing Corporation	53,456	53,456	55,811
Other revenue	8,000	10,023	-
Rental income	41,367	43,767	42,117
	102,823	107,246	97,928
Expenses			
Administration	4,440	-	-
Amortization	-	29,199	29,199
Bad debts	-	45,187	-
Bank charges and interest	34,176	15,823	8,447
Community events	-	146	-
Insurance	2,004	4,205	5,088
Other	116	186	3,831
Professional fees	1,236	1,240	1,240
Salaries and benefits	-	26,502	6,281
Service contracts	14,084	15,432	4,518
Supplies	-	37,619	4,959
Travel	-	5,566	3,223
	56,056	181,105	66,786
Surplus (deficit) before transfers	46,767	(73,859)	31,142
Transfers between programs	8,000	8,000	(24,188)
Surplus (deficit)	54,767	(65,859)	6,954

Alexis Creek Indian Band
Economic Development
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	35,305	45,816	35,407
Redstone Gas Bar	-	1,573,815	1,647,932
Other revenue	-	76,923	9,019
Forest Range Agreement	288,710	299,660	360,888
Gain (loss) from investments in Band partnerships and business entities	-	95,749	(137,469)
	324,015	2,091,963	1,915,777
Expenses			
Administration	22,768	-	96,288
Advertising and promotion	-	9,530	10,354
Amortization	-	18,488	18,166
Bad debts	-	9,620	1,805
Bank charges and interest	-	27,457	24,447
Community events	-	1,920	966
Insurance	-	2,408	2,408
Lease/rental	-	4,136	16,664
Management fee	-	29,550	48,854
Office	-	11,441	7,365
Other	-	4,826	1,599
Professional fees	33,000	135,058	69,258
Purchases	-	1,286,922	1,228,183
Repairs and maintenance	-	3,541	6,595
Salaries and benefits	-	195,311	166,476
Service contracts	49,274	7,641	-
Supplies	23,375	37,709	15,223
Telephone	-	3,912	4,010
Travel	2,000	13,567	23,356
Tuition	-	6,474	3,545
Utilities	-	9,691	7,206
	130,417	1,819,202	1,752,768
Surplus before transfers	193,598	272,761	163,009
Transfers between programs	(28,508)	(25,850)	(24,300)
Surplus	165,090	246,911	138,709

**Alexis Creek Indian Band
Health**

Schedule 9 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016 Budget (Note 12)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada (recovery)	-	-	(2,712)
First Nations Health Authority	975,457	978,004	917,307
Other revenue	10,524	25,438	28,038
Rental income	-	4,761	1,242
	985,981	1,008,203	943,875
Expenses			
Administration	124,499	-	-
Amortization	-	8,417	2,814
Community events	19,568	21,912	13,515
Equipment purchase	-	4,930	-
Honourarium	-	-	75
Insurance	3,717	4,936	3,916
Lease/rental	4,002	-	-
Office	125	3,207	-
Other	7,937	5,958	10,663
Professional fees	31,500	42,202	24,172
Salaries and benefits	447,349	456,277	477,003
Service contracts	84,156	56,143	39,064
Social assistance payments	5,000	4,592	13,416
Supplies	87,901	92,982	88,965
Telephone	10,700	14,112	14,586
Travel	123,488	156,026	162,715
Tuition	26,144	11,129	21,323
Utilities	8,188	8,731	7,816
	984,274	891,554	880,043
Surplus before transfers	1,707	116,649	63,832
Transfers between programs	(9,660)	(18,990)	370
Surplus (deficit)	(7,953)	97,659	64,202

Alexis Creek Indian Band
Consolidated Schedule of Remuneration
and Expenses Paid to Elected Officials
For the year ended March 31, 2016
(Unaudited)



Alexis Creek First Nation

Management's Responsibility

To the Members of Alexis Creek Indian Band:

Management is responsible for the preparation and presentation of the accompanying consolidated schedule of remuneration and expenses paid to elected officials, including responsibility for significant accounting judgments and estimates in accordance with the First Nations Financial Transparency Act. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated schedule of remuneration and expenses paid to elected officials, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial information.

Chief and Council is composed primarily of individuals who are neither management nor employees of the First Nation. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to review the consolidated schedule of remuneration and expenses paid to elected officials and report directly to them; their report follows. The external accountants have full and free access to, and meet periodically, with both the Council and management to discuss their findings.

August 24, 2016


Band Administrator

Review Engagement Report

To the Members of Alexis Creek Indian Band:

We have reviewed the consolidated schedule of remuneration and expenses paid to elected officials of the Alexis Creek Indian Band for the year ended March 31, 2016. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by management.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this consolidated schedule of remuneration and expenses paid to elected officials.

Based on our review, nothing has come to our attention that causes us to believe that this consolidated schedule of remuneration and expenses paid to elected officials is not, in all material respects, in accordance with the First Nation's Financial Transparency Act.

Prince George, British Columbia

August 24, 2016

MNP LLP

Chartered Professional Accountants

Alexis Creek Indian Band
Consolidated Schedule of Remuneration and Expenses
Paid to Elected Officials
For the year ended March 31, 2016
(Unaudited)

Name	Position	Number of Months (1)	Remuneration (2)	Expenses (3)
Percy Guichon	Chief/Council	12	\$59,944	\$12,291
Irvine Charleyboy	Chief	2	\$13,860	\$2,787
Maryanne Boyd	Council	2	\$3,000	\$1,714
Terry Char	Council	12	\$12,000	\$9,187
Otis Guichon	Council	12	\$12,219	\$15,168
Herman Billy	Council	10	\$9,458	\$226
Harold Corn	Council	10	\$9,458	\$1,632
Clayton Charleyboy	Council	12	\$12,219	\$9,139
Rocky Guichon	Council	12	\$12,219	\$11,820
			\$144,378	\$63,964

(1) The number of months during the fiscal year the individual was an elected or appointed official or was on staff.

(2) As per the First Nations Financial Transparency Act:

“remuneration” means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary benefits – other than the reimbursement of expenses – and non-monetary benefits.

(3) As per the First Nations Financial Transparency Act:

“expenses” includes the costs of transportation, accommodation, meals, hospitality and incidental expenses.