

**ULKATCHO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

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CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

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ULKATCHO FIRST NATION

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

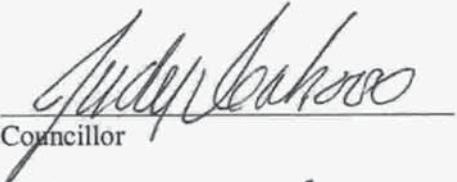
The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Bursey Buryn, Chartered Accountants, 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 Ulkatcho First Nation and meet when required.

On behalf of Ulkatcho First Nation:


Chief


Councillor


Councillor


Councillor

INDEPENDENT AUDITORS' REPORT

To the Members of Ulkatcho First Nation:

We have audited the accompanying consolidated financial statements of Ulkatcho First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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' judgement, including the assessment of the risk 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 also 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 evaluation of the overall presentation of the consolidated financial statements.

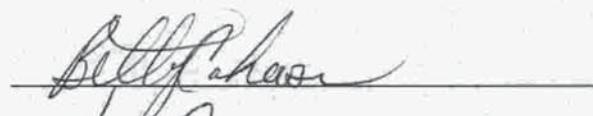
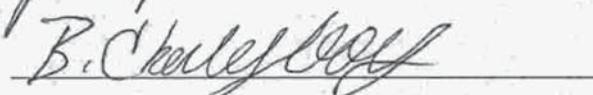
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Ulkatcho First Nation as at March 31, 2015 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Accountants
August 17, 2015
Prince George, British Columbia

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 315,260	\$ 315,808
Accounts receivable (Note 2)	201,780	552,035
Restricted cash (Note 3)	14,118	15,597
Investments in government business enterprises (Note 4)	767,753	996,324
Ottawa trust assets (Note 5)	56,329	52,590
	1,355,240	1,932,354
LIABILITIES		
Bank indebtedness (Note 6)	128,338	217,819
Term demand loans (Note 7)	1,254,781	1,489,920
Accounts payable and accrued liabilities (Note 8)	285,261	492,056
Recoveries payable	9,977	92,246
Deferred revenue (Note 9)	108,278	170,410
Long-term debt (Note 10)	677,390	889,378
Unfunded replacement reserve (Note 3)	387,085	369,363
	2,851,110	3,721,192
NET DEBT	(1,495,870)	(1,788,838)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	13,403,607	13,951,417
Prepaid expenditure	33,796	26,288
	13,437,403	13,977,705
ACCUMULATED SURPLUS	\$11,941,533	\$ 12,188,867
CONTINGENT LIABILITIES (Note 12)		
Approved on behalf of Ulkatcho First Nation:		
	Chief	
	Councillor	
	Councillor	
	Councillor	

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	Budget	2015	2014
REVENUE			
Aboriginal Affairs and Northern Development Canada	\$ 3,490,636	\$ 3,341,614	\$ 3,514,023
Health Canada	979,760	978,313	918,246
Canada Mortgage and Housing Corporation	50,000	52,576	54,569
Province of British Columbia	264,000	288,832	250,029
Interest, rent and other	233,850	343,028	506,256
Ottawa trust accounts	-	3,739	3,860
Income government business enterprises	-	107,081	11,222
Management and administration	78,882	93,779	93,147
Cariboo Chilcotin Aboriginal Training Employment Centre	67,000	88,790	46,047
First Nations Education Steering Committee	17,248	51,038	62,273
Own Source	345,900	361,059	427,219
Coast Economic Development Society	500,000	500,000	-
	<u>6,027,276</u>	<u>6,209,849</u>	<u>5,886,891</u>
EXPENDITURE			
Economic development	959,408	788,060	349,576
Education	1,339,066	1,153,319	1,151,632
Employment and training	69,250	83,579	62,772
Government development and administration	663,488	791,584	687,737
Health services	974,066	993,616	966,721
Housing	208,704	219,376	170,896
Public works operations and maintenance	461,369	506,328	440,693
Social and community services	1,244,876	1,146,552	1,161,241
Loss government business enterprises	-	11,763	801,738
Interest	42,230	35,882	52,312
Amortization	130,000	763,188	840,351
	<u>6,092,457</u>	<u>6,493,247</u>	<u>6,685,669</u>
ANNUAL DEFICIT	\$ (65,181)	(283,398)	(798,778)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		12,188,867	13,165,588
REIMBURSEMENT (RECOVERIES) BY GOVERNMENT OF CANADA		7,411	(92,246)
DECREASE IN FUNDED REPLACEMENT RESERVE		(1,479)	-
DECREASE (INCREASE) IN DEFERRED CAPITAL REVENUE		30,132	(85,697)
ACCUMULATED SURPLUS, END OF YEAR		\$ 11,941,533	\$ 12,188,867

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2015

	2015	2014
(DECREASE) INCREASE IN FINANCIAL POSITION		
Annual deficit	\$ (283,398)	\$ (798,778)
Reimbursement (recoveries) by Government of Canada	7,411	(92,246)
(Decrease) increase in funded replacement reserve	(1,479)	-
Decrease (increase) in deferred capital revenue	<u>30,132</u>	<u>(85,697)</u>
	<u>(247,334)</u>	<u>(976,721)</u>
CHANGES IN TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(215,378)	(104,996)
Proceeds on disposal of tangible capital assets	-	269,684
Gain on disposal of tangible capital assets	-	(150,357)
Amortization	<u>763,188</u>	<u>840,351</u>
Decrease in tangible capital assets	<u>547,810</u>	<u>854,682</u>
CHANGE IN NON-FINANCIAL ASSET		
Net change in prepaid expenditure	<u>(7,508)</u>	<u>41,183</u>
DECREASE (INCREASE) IN NET DEBT	292,968	(80,856)
NET DEBT, BEGINNING OF YEAR	<u>(1,788,838)</u>	<u>(1,707,982)</u>
NET DEBT, END OF YEAR	<u>\$ (1,495,870)</u>	<u>\$ (1,788,838)</u>

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2015

	2015	2014
OPERATING TRANSACTIONS		
Annual deficit	\$ (283,398)	\$ (798,778)
Reimbursement (recoveries) by Government of Canada	7,411	(92,246)
(Decrease) increase in funded replacement reserve	(1,479)	-
Decrease (increase) in deferred capital revenue	<u>30,132</u>	<u>(85,697)</u>
	<u>(247,334)</u>	<u>(976,721)</u>
Items not involving cash		
Allocation to replacement reserve	25,386	25,386
Amortization	763,188	840,351
Gain on disposal of tangible capital assets	-	(150,357)
Income government business enterprises	107,081	(11,222)
Loss government business enterprises	11,763	801,738
Ottawa trust accounts	<u>(3,739)</u>	<u>(3,860)</u>
	<u>442,183</u>	<u>525,315</u>
Cash provided by (used in) operating activities		
Accounts receivable	350,255	(88,653)
Prepaid expenditure	(7,508)	41,183
Accounts payable and accrued liabilities	(206,795)	(162,739)
Recoveries payable	(82,269)	62,623
Deferred revenue	<u>(62,132)</u>	<u>117,697</u>
	<u>433,734</u>	<u>495,426</u>
CAPITAL TRANSACTIONS		
Purchase and construction of tangible capital assets	(215,378)	(104,996)
Proceeds on disposal of tangible capital assets	-	269,684
	<u>(215,378)</u>	<u>164,688</u>
FINANCING TRANSACTIONS		
Proceeds from term demand loans	-	114,254
Repayment of term demand loans	(235,139)	(224,542)
Repayment of long-term debt	(211,988)	(312,636)
Advances to replacement reserve	<u>(7,664)</u>	<u>(79)</u>
	<u>(454,791)</u>	<u>(423,003)</u>
INVESTING TRANSACTIONS		
Advances to investments in government business enterprises	(13,162)	(428,329)
Repayment from investments in government business enterprises	337,051	110,611
Advances from replacement reserve	<u>1,479</u>	<u>-</u>
	<u>325,368</u>	<u>(317,718)</u>
INCREASE (DECREASE) DURING YEAR	88,933	(80,607)
CASH, BEGINNING OF YEAR	<u>97,989</u>	<u>178,596</u>
CASH, END OF YEAR	<u>\$ 186,922</u>	<u>\$ 97,989</u>
Cash, consists of:		
Cash	\$ 315,260	\$ 315,808
Bank indebtedness	<u>(128,338)</u>	<u>(217,819)</u>
	<u>\$ 186,922</u>	<u>\$ 97,989</u>

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

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbooks, and encompass the following principles:

Reporting Entity and Principles of Financial Reporting

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

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise or government business partnership, which are included in these consolidated financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Ulkatcho First Nation's investment in the government business enterprise or government business partnership and their share of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Ulkatcho First Nation.

Ulkatcho First Nation CMHC Social Housing is consolidated in Ulkatcho First Nation's consolidated financial statements.

Commercial government business enterprises, which are wholly-owned by Ulkatcho First Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- Ulkatcho Mercantile Ltd.
- West Chilcotin Forest Products Ltd.
- 690361 B.C. Ltd.

Yun Ka Whu'ten Development Limited Partnership is included in the consolidated financial statements using the modified equity method as the commercial government business partnership is not dependent on the First Nation for their continuing operations.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days, and cash held in trust on behalf of the Nation.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Tangible Capital Assets and Amortization

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Transfers of tangible capital assets from related parties are recorded at carrying value.

Tangible capital assets are amortized using the declining balance method at rates calculated to amortize the cost less salvage value as follows:

Automotive equipment	30%
Band housing	4%
Buildings	4%
CMHC Social Housing	4%
Computer equipment	30%
Equipment	20%
Infrastructure	4%
Land improvements	4%
Rental housing	4%
Roads	4%

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Revenue and Expenditure

Revenue and expenditure are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and recognized in the statement of operations as the stipulation liabilities are settled.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Expenditure, continued

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Funding Recoveries and Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management 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 revenues and expenditures during the reporting period. Significant areas requiring the use of administration estimates relate to the impairment of assets and rates for amortization. Actual results could differ from those estimates.

Liability for Contaminated Sites

During the year the Nation adopted new accounting standard PS 3260 - Liability for Contaminated Sites, effective for years beginning on or after April 1, 2014. The standard requires the Nation to identify contaminated sites which meet the requirements of the standard, specifically those sites where:

- i. An environmental standard exists
- ii. Contamination exceeds the environmental standards
- iii. The Nation is directly responsible or accepts responsibility
- iv. It is expected that future economic benefits will be given up and
- v. A reasonable estimate of the amount of those benefits can be made

The Nation has elected to apply this standard prospectively. As at the date of these financial statements no contaminated sites have been identified that meet the criteria outline in the standard.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

2. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and Northern Development	\$ -	\$ 239,591
Other Government	30,563	156,049
First Nation members	76,398	74,435
Other	<u>94,819</u>	<u>81,960</u>
	<u><u>\$ 201,780</u></u>	<u><u>\$ 552,035</u></u>

3. RESTRICTED CASH AND REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$25,386 annually plus interest. 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 or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At year end the program has unfunded reserves of \$387,085 (2014 - \$369,363) and is in technical default of their agreement with CMHC.

4. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A)

	2015	2014
<u>Modified Equity Method</u>		
Ulkatcho Mercantile Ltd.		
Year ended October 31, 2014		
- share	\$ 1	\$ 1
- contributed surplus	560,867	560,867
- deficiency	(500,986)	(489,223)
- advances to	<u>70,820</u>	<u>57,658</u>
	<u><u>130,702</u></u>	<u><u>129,303</u></u>
West Chilcotin Forest Products Ltd.		
Year ended July 31, 2014		
- shares	3	3
Balance forward	<u><u>\$ 130,703</u></u>	<u><u>\$ 129,306</u></u>

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

4. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A), continued

	2015	2014
Balance forward	\$ 130,703	\$ 129,306
Yun Ka Whu'ten Development Limited Partnership		
Period ended March 31, 2015		
- deficiency	(1,331,787)	(1,438,858)
- advances to	<u>1,950,106</u>	<u>2,287,157</u>
	<u>618,319</u>	<u>848,299</u>
690361 B.C. Ltd.		
Year ended July 31, 2014		
- shares	2	2
- deficiency	<u>(134)</u>	<u>(144)</u>
	<u>(132)</u>	<u>(142)</u>
<u>Cost Method</u>		
Gatcho Resort	4,969	4,969
Traplines	<u>13,892</u>	<u>13,892</u>
	<u>18,861</u>	<u>18,861</u>
	<u>\$ 767,753</u>	<u>\$ 996,324</u>

Shares and partnership units of the commercial government business enterprises and government business partnerships above are held by Ulkatcho First Nation, as represented by Chief and Council, on behalf of and for the benefit of the Ulkatcho First Nation membership.

Ulkatcho Mercantile Ltd. is operating a grocery store in the Cariboo Chilcotin region of British Columbia and employs 4 to 6 members of the Nation on a regular basis. Advances due from Ulkatcho Mercantile Ltd. are unsecured, non-interest bearing with no scheduled terms of repayment.

West Chilcotin Forest Products Ltd. is the agent for West Chilcotin Forest Products a division of Yun Ka Whut'en Limited Partnership.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

4. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Appendix A), continued

Yun Ka Whu'ten Development Limited Partnership is actively involved in logging and sawmill operations in the Cariboo Chilcotin region of British Columbia and employs members of the Nation on a regular basis. Advances due from Yun Ka Whu'ten Development Limited Partnership are unsecured, non-interest bearing with no scheduled terms of repayment.

690361 B.C. Ltd. is the general partner in Yun Ka Whu'ten Development Limited Partnership and holds a 0.0001% interest in the partnership.

Condensed financial information for the commercial government business enterprises and government business partnership is presented in Appendix A to the financial statements.

5. OTTAWA TRUST ASSETS

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the "Indian Act". These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the "Indian Act".

	Revenue	Capital	Total 2015	Total 2014
Balance, beginning of year	\$ 19,565	\$ 33,025	\$ 52,590	\$ 48,730
Interest	1,325	-	1,325	1,423
BC Special	2,414	-	2,414	2,437
Balance, end of year	<u>\$ 23,304</u>	<u>\$ 33,025</u>	<u>\$ 56,329</u>	<u>\$ 52,590</u>

6. BANK INDEBTEDNESS

Bank indebtedness consists of cheques issued in excess of cash on hand and is drawn on an operating line of credit authorized to \$200,000, secured by a Band Council Resolution, and general security agreement registered with a floating charge over all company assets of West Chilcotin Forest Products Ltd., Yun Ka Whu'ten Development Limited Partnership and 690361 B.C. Ltd., supported by corporate guarantees in the amount of \$2,000,000, interest at prime plus .75% (March 31, 2015 - 3.60%).

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

7. TERM DEMAND LOANS

	2015	2014
Term demand loan repayable in monthly instalments of \$3,117 including interest at prime plus 0.75% (March 31, 2015 - 3.60%)	\$ 164,910	\$ 195,557
Term demand loan repayable in monthly instalments of \$3,388 including interest at prime plus 0.75% (March 31, 2015 - 3.60%)	176,969	210,363
Term demand loan repayable in monthly instalments of \$2,200 including interest at prime plus 0.75% (March 31, 2015 - 3.60%)	120,077	141,570
Term demand loan repayable in monthly instalments of \$15,181 including interest at prime plus 0.75% (March 31, 2015 - 3.60%)	<u>792,825</u>	<u>942,430</u>
	<u>\$ 1,254,781</u>	<u>\$ 1,489,920</u>

The above term demand loans are secured by a Band Council Resolution and general security agreement registered with a floating charge over all company assets of West Chilcotin Forest Products Ltd., Yun Ka Whu'ten Development Limited Partnership and 690361 B.C. Ltd., supported by corporate guarantees in the amount of \$2,000,000.

Ulkatcho First Nation has breached debt covenants on the above term demand loans. There has been no demand for repayment from the lender and all scheduled repayments have been made.

Provided the lender does not demand repayment of the loans in full, principal repayments due in each of the next five years are scheduled as follows:

2016	\$ 245,534
2017	254,510
2018	263,815
2019	273,461
2020	<u>217,461</u>
	<u>\$ 1,254,781</u>

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables	\$ 210,486	\$ 331,272
Accrued wages and payroll deductions payable	16,386	80,784
Other accrued liabilities	<u>58,389</u>	80,000
	\$ 285,261	\$ 492,056

9. DEFERRED REVENUE

	2015	2014
Capital Surplus	\$ 47,791	\$ 47,791
Stella West Unit	4,922	4,922
Special Services - ACRS	<u>55,565</u>	85,697
Other Projects	-	32,000
	\$ 108,278	\$ 170,410

The Nation has recorded the above surpluses as deferred revenue to be used in the completion of projects.

10. LONG-TERM DEBT

	2015	2014
Mortgage repayable in monthly instalments of \$2,993 including interest at 4.99% per annum, secured by a Government of Canada ministerial guarantee, due to renew February 1, 2017	\$ 65,344	\$ 97,174
Mortgage repayable in monthly instalments of \$4,695 including interest at 2.79% per annum, secured by a Government of Canada ministerial guarantee, due to renew September 1, 2018	192,222	240,881
Mortgage repayable in monthly instalments of \$4,667 including interest at 2.79% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 1, 2019	<u>211,956</u>	259,343
Balance forward	\$ 469,522	\$ 597,398

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

10. LONG-TERM DEBT

	2015	2014
Balance forward	\$ 469,522	\$ 597,398
Mortgage repayable in monthly instalments of \$1,697 including interest at 2.79% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 1, 2016	89,023	105,775
Mortgage repayable in monthly instalments of \$5,054 including interest at 5.95% per annum, secured by a Government of Canada ministerial guarantee, due to renew December 15, 2015	77,630	131,905
Mortgage repayable in monthly instalments of \$527 including interest at 2.79% per annum, secured by a Government of Canada ministerial guarantee, due to renew July 1, 2016	25,832	31,123
Mortgage repayable in monthly instalments of \$614 including interest at 2.79% per annum, secured by a Government of Canada ministerial guarantee, due to renew July 1, 2016	15,383	18,533
Mortgage	-	1,071
Mortgage	-	1,031
Mortgage	-	2,542
	<u>\$ 677,390</u>	<u>\$ 889,378</u>

Principal repayments due in each of the next five years are scheduled as follows:

2016	\$ 224,170
2017	188,931
2018	134,509
2019	114,183
2020	<u>15,597</u>
	<u>\$ 677,390</u>

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

11. TANGIBLE CAPITAL ASSETS (Appendix B)

			2015	2014
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	\$ 824,390	\$ 689,983	\$ 134,407	\$ 74,547
Band housing	9,191,775	6,774,025	2,417,750	2,518,490
Buildings	8,042,781	3,022,560	5,020,221	5,229,397
CMHC social housing	1,962,122	1,492,599	469,523	597,398
Computer equipment	167,890	109,810	58,080	25,405
Equipment	877,366	670,767	206,599	227,536
Infrastructure	5,164,017	1,696,453	3,467,564	3,581,286
Land improvements	319,799	168,029	151,770	158,094
Rental housing	676,741	386,129	290,612	302,721
Roads	1,971,349	784,268	1,187,081	1,236,543
	\$29,198,230	\$15,794,623	\$13,403,607	\$13,951,417

12. CONTINGENT LIABILITIES

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

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

13. RELATED PARTY TRANSACTIONS

During the year the Nation made contributions of \$500,000 (\$Nil - 2014) to Yun Ka Whu'ten Development Limited Partnership. The funds were received by the Nation from the Coast Economic Development Society for the purposes of maintaining full production year round at the West Chilcotin Forest Products sawmill.

14. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada and Health Canada. Any disruption in this funding would have a negative effect on the Nation's operations.

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

15. SUPPLEMENTAL CASH FLOW INFORMATION

	2015	2014
Interest paid	\$ 35,882	\$ 52,312

16. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Aboriginal Affairs and Northern Development Canada Year-End Financial Reporting Handbook for funding agreements covering fiscal period 2014-2015 for First Nations, Tribal Councils and First Nation Political Organizations, the following reconciliation has been prepared:

Recipient total as per 2014/2015 AANDC funding confirmation	\$ 3,341,614
AANDC funding as per consolidated financial statements	<u>3,341,614</u>
Variance	\$ -

17. GOVERNMENT TRANSFERS

	2015			2014		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 3,341,614	\$ -	\$ 3,341,614	\$ 3,406,933	\$ 107,090	\$ 3,514,023
Health Canada	978,313	-	978,313	918,246		918,246
Canada Mortgage and Housing Corporation	<u>52,576</u>	-	<u>52,576</u>	54,569		54,569
	<u>4,372,503</u>		<u>4,372,503</u>	4,379,748	107,090	4,486,838
Provincial Government transfers	<u>288,832</u>		<u>288,832</u>	250,029		250,029
	<u><u>\$ 4,661,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,661,335</u></u>	<u><u>\$ 4,629,777</u></u>	<u><u>\$ 107,090</u></u>	<u><u>\$ 4,736,867</u></u>

ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

18. RISK MANAGEMENT

The Nation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Nation has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

The Nation maintains its cash and deposits with a single federally regulated Canadian financial institution, and thus has not experienced any change in risk exposure.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Nation's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The term demand loans are subject to a floating rate of interest that may expose the Nation to interest rate risk due to fluctuations in the prime rate. The Nation maintains an operating line of credit subject to floating rates of interest, a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2014 and there is expected to be no substantive change in the next fiscal period.

19. MANAGEMENT ACTION PLAN

Based on the financial position of the Nation for fiscal year ended March 31, 2013, Aboriginal Affairs and Northern Development Canada (AANDC) initiated intervention requiring the Nation to implement a Management Action Plan (MAP). The MAP has been prepared and implemented by the Nation and covers the five year period ending March 31, 2019.

**ULKATCHO FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

20. SEGMENT DISCLOSURE

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segments and services provided are as follows:

Economic Development - manages the development of economic opportunities from the land and natural resources for the Nation and its entities;

Education - provides elementary instructional services and financial support to post-secondary students;

Employment and Training - provides training and work opportunities for Nation members to improve their job skills and participate effectively in the labour market;

Government Development and Administration - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Health Services - provides a variety of health care programs, services and support to Nation members;

Housing - provides housing and services to Nation members;

Public Works Operations and Maintenance - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings;

Social and Community Services - provides programs and services for the social benefit and welfare of Nation members;

Tangible Capital Assets - provides for capital infrastructure development for Nation members.

ULKATCHO FIRST NATION

SEGMENT DISCLOSURE

YEAR ENDED MARCH 31, 2015

	ECONOMIC DEVELOPMENT		EDUCATION		EMPLOYMENT AND TRAINING		GOVERNMENT DEVELOPMENT AND ADMINISTRATION	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
AANDC	\$ 54,592	\$ 52,296	\$ 1,269,583	\$ 1,391,383	\$ -	\$ -	\$ 521,380	\$ 426,974
Health Canada	-	-	-	-	-	-	-	-
CMHC	-	-	-	-	-	-	-	-
Province of British Columbia	288,832	250,029	-	-	-	-	-	-
Interest, rent and other	861,059	427,219	78,972	62,810	122,998	47,879	189,341	275,617
Trust funds held by federal government	-	-	-	-	-	-	-	-
Net income (loss) from Government	-	-	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-	-	-
TOTAL REVENUE	1,204,483	729,544	1,348,555	1,454,193	122,998	47,879	710,721	702,591
EXPENDITURE								
Amortization and interest	-	-	-	-	-	-	-	-
Consulting and contract services	750	4,381	-	415	-	-	-	154
Honoraria	-	-	150	-	-	-	126,400	129,210
Materials and supplies	562	2,422	104,760	74,200	7,404	2,275	1,792	598
Professional fees	237,586	281,627	2,196	-	-	-	162,207	84,045
Rent	-	-	4,188	4,188	-	-	403	5,634
Telephone and utilities	-	1,486	25,643	22,688	6,430	6,361	34,464	41,365
Travel and accommodations	16,427	5,378	238,867	245,703	472	1,666	46,391	30,871
Wages and benefits	23,313	46,656	303,480	295,464	56,290	50,778	222,484	261,303
Workshops and training	2,750	3,465	7,415	9,090	1,879	455	2,364	810
Other	506,672	4,161	466,620	499,884	11,104	1,237	195,879	133,747
TOTAL EXPENDITURE	788,660	349,576	1,153,319	1,151,632	83,579	62,772	791,584	687,737
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	416,423	379,968	195,236	302,561	39,419	(14,893)	(80,863)	14,854
TRANSFER TO TANGIBLE CAPITAL ASSETS			(114,024)	-	-	-	(61,622)	-
	\$ 416,423	\$ 379,968	\$ 81,212	\$ 302,561	\$ 39,419	\$ (14,893)	\$ (142,485)	\$ 14,854

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2015

	HEALTH SERVICES		HOUSING		PUBLIC WORKS		SOCIAL AND COMMUNITY SERVICES	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 316,966	\$ 350,486	\$ 1,179,093	\$ 1,185,794
Health Canada	\$ 978,313	\$ 918,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CMHC	\$ -	\$ -	\$ 52,576	\$ 54,569	\$ -	\$ -	\$ -	\$ -
Province of British Columbia	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest, rent and other	\$ 5,396	\$ 570	\$ 177,378	\$ 311,047	\$ 2,550	\$ 9,800	\$ -	\$ -
Trust funds held by federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income(loss) from Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business Enterprises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 983,709	\$ 918,816	\$ 229,954	\$ 365,616	\$ 319,516	\$ 360,286	\$ 1,179,093	\$ 1,185,794
EXPENDITURE								
Amortization and interest	\$ -	\$ -	\$ 163,757	\$ 172,597	\$ -	\$ -	\$ -	\$ -
Consulting and contract services	\$ 1,380	\$ 18,692	\$ -	\$ -	\$ 127,890	\$ 161,448	\$ 66	\$ 103
Honoraria	\$ 9,179	\$ 10,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635
Materials and supplies	\$ 69,076	\$ 96,557	\$ -	\$ -	\$ 17,749	\$ 9,297	\$ 44,134	\$ 44,444
Professional fees	\$ 6,757	\$ 2,165	\$ 6,500	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Rent	\$ 8,577	\$ 7,350	\$ -	\$ -	\$ -	\$ -	\$ 1,800	\$ -
Telephone and utilities	\$ 17,666	\$ 9,054	\$ 7,950	\$ -	\$ 53,404	\$ 62,674	\$ 2,927	\$ 2,684
Travel and accommodations	\$ 184,640	\$ 122,395	\$ -	\$ -	\$ 7,632	\$ 12,859	\$ 2,080	\$ 1,261
Wages and benefits	\$ 482,726	\$ 394,424	\$ -	\$ -	\$ 143,258	\$ 116,523	\$ 200,653	\$ 153,150
Workshops and training	\$ 96,951	\$ 91,699	\$ -	\$ -	\$ 563	\$ -	\$ 4,165	\$ 1,505
Other	\$ 116,664	\$ 213,575	\$ 204,926	\$ 165,896	\$ 155,832	\$ 77,892	\$ 890,727	\$ 957,459
TOTAL EXPENDITURE	\$ 993,616	\$ 966,721	\$ 383,133	\$ 343,493	\$ 506,328	\$ 440,693	\$ 1,146,552	\$ 1,161,241
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	\$ (9,907)	\$ (47,905)	\$ (153,179)	\$ 22,123	\$ (186,812)	\$ (80,407)	\$ 32,541	\$ 24,553
TRANSFER TO TANGIBLE CAPITAL ASSETS	\$ -	\$ (92,912)	\$ -	\$ -	\$ (9,600)	\$ -	\$ -	\$ -
	\$ (9,907)	\$ (140,817)	\$ (153,179)	\$ 22,123	\$ (196,412)	\$ (80,407)	\$ 32,541	\$ 24,553

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2015

	OTHER		TANGIBLE CAPITAL ASSETS		TOTAL BEFORE ADJUSTMENTS		CONSOLIDATION ADJUSTMENTS		CONSOLIDATED TOTALS	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE										
AANDC	\$ -	\$ -	\$ -	\$ 107,090	\$ 3,341,614	\$ 3,514,023	\$ -	\$ -	\$ 3,341,614	\$ 3,514,023
Health Canada	-	-	-	-	978,313	918,246	-	-	978,313	918,246
CMHC	-	-	-	-	52,576	54,569	-	-	52,576	54,569
Province of British Columbia	-	-	-	-	288,832	250,029	-	-	288,832	250,029
Interest, rent and other	-	-	-	-	1,437,694	1,134,942	-	-	1,437,694	1,134,942
Trust funds held by federal government	3,739	3,860	-	-	3,739	3,860	-	-	3,739	3,860
Net income/(loss) from Government										
Business Enterprises	95,318	(790,516)	-	-	95,318	(790,516)	11,763	801,738	107,081	11,222
TOTAL REVENUE	99,057	(786,656)	-	107,090	6,198,086	5,085,153	11,763	801,738	6,209,849	5,886,891
EXPENDITURE										
Amortization and interest	-	-	-	-	163,757	172,597	635,313	720,066	799,070	892,663
Consulting and contract services	-	-	24,064	-	154,150	185,193	(24,064)	-	130,086	185,193
Honoraria	-	-	-	-	135,729	140,655	-	-	135,729	140,655
Materials and supplies	-	-	-	-	245,477	229,793	-	-	245,477	229,793
Professional fees	-	-	-	-	415,246	372,837	-	-	415,246	372,837
Rent	-	-	-	-	14,968	17,172	-	-	14,968	17,172
Telephone and utilities	-	-	-	-	148,484	146,312	-	-	148,484	146,312
Travel and accommodations	-	-	-	-	496,509	420,133	-	-	496,509	420,133
Wages and benefits	-	-	4,340	7,096	1,436,544	1,325,394	(4,340)	(7,096)	1,432,204	1,318,298
Workshops and training	-	-	-	-	116,087	107,024	-	-	116,087	107,024
Other	-	-	1,728	2,213	2,549,352	2,056,064	10,035	799,525	2,559,387	2,855,589
TOTAL EXPENDITURE	-	-	30,132	9,309	5,876,303	-	616,944	1,512,495	6,493,247	6,685,669
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)										
	99,057	(786,656)	(30,132)	97,781	321,783	5,085,153	(605,181)	(710,757)	(283,398)	(798,778)
TRANSFER TO TANGIBLE CAPITAL ASSETS										
			185,246	92,912	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)										
	\$ 99,057	\$ (786,656)	\$ 155,114	\$ 190,693	\$ 321,783	\$ 5,085,153	\$ (605,181)	\$ (710,757)	\$ (283,398)	\$ (798,778)

ULKATCHO FIRST NATION
GOVERNMENT BUSINESS ENTERPRISES
CONDENSED FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2015

APPENDIX A

	Ulkatcho Mercantile Ltd.	West Chilcotin Forest Products Ltd.	Yun ka Whu'ten Development Limited Partnership	690361 B.C. Ltd.	Total	Total
					2015	2014
Assets						
Financial Assets	\$ 90,182	\$ 3	\$ 1,571,332	\$ 2	\$ 1,661,519	\$ 1,875,787
Tangible Capital Assets	6,856	-	704,725	-	711,581	787,705
Other Assets	48,093	-	324,760	-	372,853	481,899
Total Assets	\$ 145,131	\$ 3	\$ 2,600,817	\$ 2	\$ 2,745,953	\$ 3,145,391
Liabilities and Partner's Deficiency						
Liabilities	\$ 17,963	\$ -	\$ 1,977,630	\$ -	\$ 1,995,593	\$ 2,145,049
Debt	-	-	-	-	-	17,878
Equity (Deficit)	59,882	3	618,187	(132)	677,940	(1,367,496)
Total Liabilities and Equity	\$ 77,845	\$ 3	\$ 2,595,817	\$ (132)	\$ 2,673,533	\$ 795,431
Related Party Loans						
Intercompany Loans	\$ 67,286	\$ -	\$ 5,000	\$ 144	\$ 72,420	\$ 2,349,960
Ulkatcho First Nation Advances	-	-	5,000	-	5,000	5,000
Related Party Loans	\$ 67,286	\$ -	\$ 5,000	\$ 144	\$ 72,430	\$ 2,349,960
Revenue						
Revenue	\$ 733,479	\$ -	\$ 10,204,538	\$ 11	\$ 10,938,028	\$ 3,141,189
Expenses	743,508	-	10,021,473	-	10,764,981	3,929,448
Amortization	1,734	-	75,984	-	77,718	2,175
Total Expenses	745,242	-	10,097,457	-	10,842,699	3,931,623
Net Income (Loss)	\$ (11,763)	\$ -	\$ 107,081	\$ 11	\$ 95,329	\$ (790,434)

ULKATCHO FIRST NATION
TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2015

APPENDIX B

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE			
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	2015	2014
Automotive equipment	\$ 727,656	\$ 96,734	\$ -	\$ 824,390	\$ 653,109	\$ 36,874	\$ -	\$ 689,983	\$ 134,407	\$ 74,547
Band housing	9,191,775	-	-	9,191,775	6,673,285	100,740	-	6,774,025	2,417,750	2,518,490
Buildings	8,042,781	-	-	8,042,781	2,813,384	209,176	-	3,022,560	5,020,221	5,229,397
CMHC social housing	1,962,122	-	-	1,962,122	1,364,724	127,875	-	1,492,599	469,523	597,398
Computer equipment	106,678	61,212	-	167,890	81,273	28,537	-	109,810	58,080	25,405
Equipment	850,066	27,300	-	877,366	622,530	48,237	-	670,767	206,599	227,536
Infrastructure	5,133,885	30,132	-	5,164,017	1,552,599	143,854	-	1,696,453	3,467,564	3,581,286
Land improvements	319,799	-	-	319,799	161,705	6,324	-	168,029	151,770	158,094
Rental housing	676,741	-	-	676,741	374,020	12,109	-	386,129	290,612	302,721
Roads	1,971,349	-	-	1,971,349	734,806	49,462	-	784,268	1,187,081	1,236,543
	\$ 28,982,852	\$ 215,378	\$ -	\$ 29,198,230	\$ 15,031,435	\$ 763,188	\$ -	\$ 15,794,623	\$ 13,403,607	\$ 13,951,417