ULKATCHO FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2016

ULKATCHO FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016

INDEX **Page**

Management's Responsibility for the Consolidated Financial Statements	3
Independent Auditors' Report	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 21
Segment Disclosure	22 - 24
Appendix A - Government Business Entities - Condensed Financial Information	25
Appendix B - Tangible Capital Assets	26

ULKATCHO FIRST NATION

P.O. Box 3430
Anahim Lake, BC V0L 1C0
Phone: (250) 742-3288
Fax: (250) 742-3411
Email: Info@Ulkacho.ca

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 Chartered Professional Accountants of Canada 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 control to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfils 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, Brent Bursey & Company Inc., Chartered Professional 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

BRENT BURSEY & COMPANY INC.
Chartered Professional Accountants

1888 Third Avenue
Prince George, BC V2M 1G4
Phone (250) 562-4411
Email admin@bbca.ca

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, 2016, the consolidated statements of operations, changes 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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ulkatcho First Nation as at March 31, 2016 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.

Brent Bursey & Company Inc.

Chartered Professional Accountants
October 24, 2016
Prince George, British Columbia

CPA CHARTERED PROFESSIONAL ACCOUNTANTS

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	**$ 245,832**	$ 315,260
Accounts receivable (Note 2)	**143,442**	201,780
Restricted cash (Note 3)	**14,144**	14,118
Investments (Note 4)	**18,861**	18,861
Investments in government business entities (Note 5)	**234,907**	748,892
Ottawa trust assets (Note 6)	**59,944**	56,329
	717,130	1,355,240
LIABILITIES		
Bank indebtedness (Note 7)	**200,077**	128,338
Term demand loans (Note 8)	**1,008,090**	1,254,781
Accounts payable and accrued liabilities (Note 9)	**365,620**	295,238
Deferred revenue (Note 10)	**56,009**	108,278
Long-term debt (Note 11)	**529,990**	677,390
Unfunded replacement reserve (Note 3)	**409,717**	387,085
	2,569,503	2,851,110
NET DEBT	**(1,852,373)**	(1,495,870)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	**12,661,469**	13,403,607
Prepaid expenditure	**73,234**	33,796
	12,734,703	13,437,403
ACCUMULATED SURPLUS	**$ 10,882,330**	$ 11,941,533

CONTINGENT LIABILITIES (Note 13)

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

Approved on behalf of Ulkatcho First Nation:

Chief

Councillor

Councillor

Councillor

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2016

	(Note 21) Budget	2016	2015
REVENUE			
Indigenous and Northern Affairs Canada	$ 2,051,851	$ **3,362,664**	$ 3,341,614
First Nations Health Authority	1,008,013	**1,153,515**	978,313
Canada Mortgage and Housing Corporation	-	**64,491**	52,576
Province of British Columbia	264,000	**319,242**	288,832
Cariboo Chilcotin Aboriginal Training Employment Centre	62,538	**68,302**	88,790
First Nations Education Steering Committee	33,828	**35,894**	51,038
Ottawa trust funds	-	**3,615**	3,739
Income from investments in government business entities	-	**36,658**	107,081
Management and administration	104,691	**191,732**	132,733
Own Source	249,055	**229,765**	361,059
Interest, rent and other	202,482	**307,490**	343,028
Coast Economic Development Society	-	-	500,000
	3,976,458	**5,773,368**	6,248,803
EXPENDITURE			
Economic development	180,695	**299,253**	788,060
Education	1,424,263	**1,296,771**	1,192,273
Employment and training	64,788	**67,558**	83,579
Government development and administration	525,824	**846,116**	791,584
Health services	1,038,932	**1,092,799**	993,616
Housing	98,881	**270,634**	219,376
Public works operations and maintenance	387,633	**393,737**	506,328
Social and community services	-	**1,251,079**	1,146,552
Loss from investments in government business entities	-	**490,193**	11,763
Interest	94,398	**24,332**	35,882
Amortization	750,000	**750,304**	763,188
	4,565,414	**6,782,776**	6,532,201
ANNUAL DEFICIT	$ (588,956)	**(1,009,408)**	(283,398)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		**11,941,533**	12,188,867
(RECOVERIES) REIMBURSEMENT BY			
Indigenous and Northern Affairs Canada		**(117,922)**	7,411
First Nations Health Authority		**12,536**	-
INCREASE (DECREASE) IN RESTRICTED CASH		**26**	(1,479)
DECREASE IN DEFERRED CAPITAL REVENUE		**55,565**	30,132
ACCUMULATED SURPLUS, END OF YEAR		$ **10,882,330**	$ 11,941,533

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, 2016

	(Note 21) Budget	2016	2015
INCREASE IN FINANCIAL POSITION			
Annual deficit	$ (583,575)	**$ (1,009,408)**	$ (283,398)
(Recoveries) reimbursements	-	**(105,386)**	7,411
Increase (decrease) in restricted cash	-	**26**	(1,479)
Decrease in deferred capital revenue	-	**55,565**	30,132
	(583,575)	**(1,059,203)**	(247,334)
CHANGES IN TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(45,000)	**(8,166)**	(215,378)
Amortization	750,000	**750,304**	763,188
Decrease in tangible capital assets	705,000	**742,138**	547,810
CHANGE IN NON-FINANCIAL ASSET			
Net change in prepaid expenditure	(10,000)	**(39,438)**	(7,508)
(INCREASE) DECREASE IN NET DEBT	$ 111,425	**(356,503)**	292,968
NET DEBT, BEGINNING OF YEAR		**(1,495,870)**	(1,788,838)
NET DEBT, END OF YEAR		**$ (1,852,373)**	$ (1,495,870)

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

ULKATCHO FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2016

	2016	2015
OPERATING TRANSACTIONS		
Annual deficit	$ (1,009,408)	$ (283,398)
(Recoveries) reimbursements by Government of Canada	(105,386)	7,411
Increase (decrease) in funded replacement reserve	26	(1,479)
Decrease in deferred capital revenue	55,565	30,132
	(1,059,203)	(247,334)
Items not involving cash		
Allocation to replacement reserve	25,386	25,386
Amortization	750,304	763,188
Income from government business enterprises	(36,658)	(107,081)
Loss from government business enterprises	490,193	11,763
Ottawa trust accounts	(3,615)	(3,739)
	166,407	442,183
Cash provided by (used in) operating activities		
Accounts receivable	58,338	350,255
Prepaid expenditure	(39,438)	(7,508)
Accounts payable and accrued liabilities	70,382	(289,064)
Deferred revenue	(52,269)	(62,132)
	203,420	433,734
CAPITAL TRANSACTIONS		
Purchase and construction of tangible capital assets	(8,166)	(215,378)
FINANCING TRANSACTIONS		
Repayment of term demand loans	(246,691)	(235,139)
Proceeds of long-term debt	87,061	-
Repayment of long-term debt	(234,461)	(211,988)
Contributions to replacement reserve	(2,754)	(7,664)
	(396,845)	(454,791)
INVESTING TRANSACTIONS		
Advances to government business entities	(246,691)	(13,162)
Repayment from government business entities	307,141	337,051
	60,450	323,889
(DECREASE) INCREASE DURING YEAR	(141,141)	87,454
CASH, BEGINNING OF YEAR	201,040	113,586
CASH, END OF YEAR	$ 59,899	$ 201,040
Cash, consists of:		
Cash	$ 245,832	$ 315,260
Restricted cash	14,144	14,118
Bank indebtedness	(200,077)	(128,338)
	$ 59,899	$ 201,040

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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 enterprises 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 enterprises or government business partnership and their share of the entity's net income and other changes in equity are recorded. No adjustments are made for accounting policies of the entities that are different from those of Ulkatcho First Nation.

The consolidated financial statements include the following controlled entity:

- Ulkatcho First Nation CMHC Social Housing Program

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.

The government business partnership, of which Ulkatcho First Nation holds a limited partnership interest and which is not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method is as follows:

- Yun Ka Whu'ten Development Limited Partnership

Cash

Cash includes 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.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Tangible Capital Assets

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%
Computer equipment	30%
Equipment	20%
Infrastructure	4%
Land improvements	4%
Rental housing	4%
Roads	4%

Social housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt.

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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for in the consolidated statement of operations and consolidated statement of changes in net debt when they occur.

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.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Expenditure, continued

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.

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.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization, and collectability of accounts receivable. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE

	2016	2015
Indigenous and Northern Affairs Canada	$ 17,775	$ -
Other Government	44,074	30,563
First Nation members	-	76,398
Other	81,593	94,819
	$ 143,442	$ 201,780

3. RESTRICTED CASH AND REPLACEMENT RESERVE

	2016	2015
Fund reserves consists of:		
Funded replacement reserve	$ 14,144	$ 14,118
Unfunded replacement reserve	409,717	387,085
	$ 423,861	$ 401,203

Under the terms of the Agreement with Canada Mortgage and Housing Corporation, 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 $409,717 (2015 - $387,085) and is in technical default of their agreement with CMHC.

4. INVESTMENTS

	2016	2015
Gatcho Resort	$ 4,969	$ 4,969
Traplines	13,892	13,892
	$ 18,861	$ 18,861

Investments are recorded at cost.

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A)

	2016	2015
Ulkatcho Mercantile Ltd.		
Year ended October 31, 2015		
- share	$ 1	$ 1
- contributed surplus	560,867	560,867
- deficiency	(464,328)	(500,986)
- advances to	73,903	70,820
Balance forward	$ 170,443	$ 130,702

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A), continued

	2016	2015
Balance forward	$ 170,443	$ 130,702
West Chilcotin Forest Products Ltd.		
Year ended July 31, 2016		
- shares	3	3
Yun Ka Whu'ten Development Limited Partnership		
Period ended March 31, 2016		
- partners' capital	64,642	618,319
690361 B.C. Ltd.		
Year ended July 31, 2016		
- shares	2	2
- deficiency	(183)	(134)
	(181)	(132)
	$ 234,907	$ 748,892

Shares and partnership units of the government business enterprises and government business partnership 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 four to six 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 Development Limited Partnership.

Yun Ka Whu'ten Development Limited Partnership is actively involved in logging 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.

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTITIES (Appendix A), continued

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

6. OTTAWA TRUST ASSETS

	Revenue	Capital	Total 2016	Total 2015
Balance, beginning of year	$ 23,304	$ 33,025	$ 56,329	$ 52,590
Interest	1,209	-	1,209	1,325
BC Special	2,406	-	2,406	2,414
Balance, end of year	$ 26,919	$ 33,025	$ 59,944	$ 56,329

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".

7. 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, 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., and are supported by corporate guarantees in the amount of $2,000,000. The rate of interest is prime plus .75% (March 31, 2016 - 3.45%).

8. TERM DEMAND LOANS

	2016	2015
Term demand loan repayable in monthly instalments of $3,117 including interest at prime plus 0.75% (March 31, 2016 - 3.45%)	$ 132,796	$ 164,910
Term demand loan repayable in monthly instalments of $3,388 including interest at prime plus 0.75% (March 31, 2016 - 3.45%)	141,761	176,969
Balance forward	$ 274,557	$ 341,879

8. TERM DEMAND LOANS, continued

	2016	2015
Balance forward	$ **274,557**	$ 341,879
Term demand loan repayable in monthly instalments of $2,200 including interest at prime plus 0.75% (March 31, 2016 - 3.45%)	**97,545**	120,077
Term demand loan repayable in monthly instalments of $15,181 including interest at prime plus 0.75% (March 31, 2016 - 3.45%)	**635,988**	792,825
	$ **1,008,090**	$ 1,254,781

The above term demand loans are secured by a Band Council Resolution and general security agreement registered with a floating charge over all assets of West Chilcotin Forest Products Ltd., Yun Ka Whu'ten Development Limited Partnership and 690361 B.C. Ltd., and are 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 payments have been made.

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

2017	$ 255,911
2018	264,871
2019	274,146
2020	213,162
	$ 1,008,090

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables and accrued liabilities	$ **214,791**	$ 268,875
Accrued wages and payroll deductions payable	**32,907**	16,386
Government recoveries payable	**117,922**	9,977
	$ **365,620**	$ 295,238

10. DEFERRED REVENUE

	2016	2015
Capital Surplus	$ **47,791**	$ 47,791
Stella West Unit	**4,922**	4,922
Special Services - ACRS	**-**	55,565
	52,713	108,278
CMHC - Rent	**3,296**	-
	$ **56,009**	$ 108,278

The Nation has recorded the above surpluses as deferred capital revenue to be used in the completion of projects and recorded prepaid rent revenue for the CMHC Housing Program.

11. LONG-TERM DEBT

	2016	2015
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	$ **31,907**	$ 65,344
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	**140,565**	192,222
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	**161,189**	211,956
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	**70,903**	89,023
Balance forward	$ **404,564**	$ 558,545

11. LONG-TERM DEBT, continued

	2016	2015
Balance forward	$ **404,564**	$ 558,545
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 mature December 15, 2016	**20,056**	77,630
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	**20,148**	25,832
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	**11,998**	15,383
Conditional sales contract repayable in monthly instalments of $2,201 including interest at 9.83% per annum, secured by equipment with a net book value of $57,557, due to mature June 2019	**73,224**	-
	$ **529,990**	$ 677,390

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

2017	$ 205,265
2018	164,076
2019	138,574
2020	22,075
	$ 529,990

12. TANGIBLE CAPITAL ASSETS (Appendix B)

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Automotive	$ 824,390	$ 730,305	$ 94,085	$ 134,407
Band housing	9,191,775	6,870,735	2,321,040	2,417,750
Buildings	8,042,781	3,223,369	4,819,412	5,020,221
CMHC social housing	1,962,122	1,628,460	333,662	469,523
Computer equipment	171,349	141,117	30,232	58,080
Equipment	877,366	712,087	165,279	206,599
Infrastructure	5,168,724	1,835,250	3,333,474	3,467,564
Land improvements	319,799	174,100	145,699	151,770
Rental housing	676,741	397,753	278,988	290,612
Roads	1,971,349	831,751	1,139,598	1,187,081
	$ 29,206,396	$ 16,544,927	$ 12,661,469	$ 13,403,607

13. 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 Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the 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.

14. RELATED PARTY TRANSACTIONS

During the year the Nation made contributions of Nil ($500,000 - 2015) to Yun Ka Whu'ten Development Limited Partnership.

15. ECONOMIC DEPENDENCE

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

16. RECONCILIATION OF INAC FUNDING AGREEMENT REVENUE

Pursuant to the Indigenous and Northern Affairs Canada Financial Reporting Requirements for the fiscal period 2015 - 2016, the following reconciliation has been prepared:

Recipient total as per 2015/2016 INAC funding confirmation	**$ 3,362,664**
Variance	-
Recipient total as per consolidated statement of operations	**$ 3,362,664**

17. GOVERNMENT TRANSFERS

	2016			2015		
	Operating	**Capital**	**Total**	Operating	Capital	Total
Federal government transfers:						
Indigenous and Northern Affairs Canada	**$ 3,362,664**	$ -	**$ 3,362,664**	$ 3,341,614	$ -	$ 3,341,614
First Nations Health Authority	**1,153,515**	-	**1,153,515**	978,313	-	978,313
Canada Mortgage and Housing Corporation	**64,491**	-	**64,491**	52,576	-	52,576
	4,580,670	-	**4,580,670**	4,372,503		4,372,503
Provincial Government transfers	**319,242**	-	**319,242**	288,832	-	288,832
	$ 4,899,912	$ -	**$ 4,899,912**	$ 4,661,335	$ -	$ 4,661,335

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 floating rates 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 a floating rate 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 2015 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, Indigenous and Northern Affairs Canada (INAC) 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.

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:

20. SEGMENT DISCLOSURE, continued

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;

Other - Ottawa Trust assets and government business entities provide programs and services for the social, economic and capital needs of Nation members;

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

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been approved by the Chief and Council.

22. COMPARATIVE FIGURES

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

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2016

	ECONOMIC DEVELOPMENT			EDUCATION			EMPLOYMENT AND TRAINING			GOVERNMENT DEVELOPMENT AND ADMINISTRATION		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE												
Indigenous and Northern Affairs Canada	$ 53,956	$ 53,956	$ 54,592	$ 1,385,090	$ 1,347,155	$ 1,269,583	$ -	$ -	$ -	$ 312,413	$ 447,900	$ 521,380
First Nations Health Authority	-	-	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Province of British Columbia	264,000	319,242	288,832	-	-	-	-	-	-	-	-	-
Cariboo Chilcotin Aboriginal Training Employment Centre	-	-	-	-	-	-	62,538	68,302	88,790	-	-	-
First Nations Education Steering Committee	-	-	-	33,828	35,894	51,038	-	-	-	-	-	-
Ottawa trust assets	-	-	-	-	-	-	-	-	-	-	-	-
Income from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-
Management and administration	-	-	-	-	-	-	-	-	-	104,691	191,732	132,733
Own Source	249,055	229,765	361,059	-	-	-	-	-	-	-	-	-
Interest, rent and other	-	7,350	500,000	11,225	15,914	27,934	2,250	6,970	34,208	13,815	46,987	95,562
TOTAL REVENUE	567,011	610,313	1,204,483	1,430,143	1,398,963	1,348,555	64,788	75,272	122,998	430,919	686,619	749,675
EXPENDITURE												
Amortization and interest	-	-	-	5,880	5,973	-	-	-	-	-	-	-
Consulting and contract services	-	28,795	750	-	7,795	-	-	-	-	-	8,587	-
Honoraria	17,000	21,740	-	-	845	150	-	-	-	124,800	127,780	126,400
Materials and supplies	3,540	9,269	562	127,511	79,686	104,760	2,735	1,624	7,404	-	22,330	1,792
Professional fees	139,000	78,044	237,586	-	-	2,196	-	-	-	182,295	231,855	162,207
Rent	-	-	-	-	4,188	4,188	-	-	-	4,800	2,351	403
Telephone and utilities	-	-	-	18,996	11,553	25,643	4,025	8,396	6,430	11,684	41,786	34,464
Travel and accommodations	21,155	105,217	16,427	42,042	19,236	238,867	1,575	2,546	472	2,471	29,535	46,391
Wages and benefits	-	43,848	23,313	376,145	288,563	303,480	48,324	50,526	56,290	142,700	234,851	222,484
Workshops and training	-	4,159	2,750	27,513	3,559	7,415	-	1,875	1,879	-	5,011	2,364
Other	-	8,181	506,672	832,056	881,346	505,574	8,129	2,591	11,104	57,074	142,030	195,079
Loss from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	180,695	299,253	788,060	1,430,143	1,302,744	1,192,273	64,788	67,558	83,579	525,824	846,116	791,584
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	386,316	311,060	416,423	-	96,219	156,282	-	7,714	39,419	(94,905)	(159,497)	(41,909)
TRANSFER TO TANGIBLE CAPITAL ASSETS	-	-	-	-		(114,024)	-	-	-	-	(3,459)	(61,622)
	$ 386,316	$ 311,060	$ 416,423	$ -	$ 96,219	$ 42,258	$ -	$ 7,714	$ 39,419	$ (94,905)	$ (162,956)	$ (103,531)

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2016

	HEALTH SERVICES			HOUSING			PUBLIC WORKS OPERATIONS AND MAINTENANCE			SOCIAL AND COMMUNITY SERVICES		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE												
Indigenous and Northern Affairs Canada	$ -	$ -	$ -	$ -	$ -	$ -	$ 300,392	$ 312,946	$ 316,966	$ -	$ 1,200,707	$ 1,179,093
First Nations Health Authority	1,008,013	1,153,515	978,313	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	64,491	52,576	-	-	-	-	-	-
Province of British Columbia	-	-	-	-	-	-	-	-	-	-	-	-
Cariboo Chilcotin Aboriginal Training Employment Centre	-			-			-			-	-	
First Nations Education Steering Committee	-	-	-	-	-	-	-	-	-	-	-	-
Ottawa trust assets	-	-	-	-	-	-	-	-	-	-	-	-
Income from investments in government business entities	-	-	-	-	-	-	-	-	-	-	-	-
Management and administration	-	-	-	-	-	-	-	-	-	-	-	-
Own Source	-	-	-	-	-	-	-	-	-	-	-	-
Interest, rent and other	30,840	1,500	5,396	64,110	227,850	177,378	80,242	919	2,550	-	-	-
TOTAL REVENUE	1,038,853	1,155,015	983,709	64,110	292,341	229,954	380,634	313,865	319,516	-	1,200,707	1,179,093
EXPENDITURE												
Amortization and interest	-	-	-	88,518	154,220	163,757	-	-	-	-	-	-
Consulting and contract services	1,000	49,941	1,380	-	-	-	101,066	135,590	127,890	-	780	66
Honoraria	11,085	22,755	9,179	-	-	-	-	-	-	-	-	-
Materials and supplies	66,142	80,614	69,076	-	-	-	5,611	16,496	17,749	-	38,432	44,134
Professional fees	-	-	6,757	-	6,500	6,500	-	-	-	-	-	-
Rent	7,200	4,739	8,577	-	-	-	-	-	-	-	-	1,800
Telephone and utilities	28,560	22,773	17,666	56,212	1,321	7,950	109,919	68,920	53,404	-	3,049	2,927
Travel and accommodations	3,602	159,022	184,640	-	-	-	2,850	3,489	7,632	-	(494)	2,080
Wages and benefits	579,929	500,037	482,726	-	-	-	82,762	85,370	143,258	-	211,075	200,653
Workshops and training	37,449	7,612	96,951	-	-	-	-	-	563	-	803	4,165
Other	303,965	245,306	116,664	42,669	262,813	204,926	85,425	83,872	155,832	-	997,434	890,727
Loss from investments in government business enterprises	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	1,038,932	1,092,799	993,616	187,399	424,854	383,133	387,633	393,737	506,328	-	1,251,079	1,146,552
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	(79)	62,216	(9,907)	(123,289)	(132,513)	(153,179)	(6,999)	(79,872)	(186,812)	-	(50,372)	32,541
TRANSFER TO TANGIBLE CAPITAL ASSETS	-	-	-	-	-	-	-		(9,600)	-	-	-
	$ (79)	$ 62,216	$ (9,907)	$ (123,289)	$ (132,513)	$ (153,179)	$ (6,999)	$ (79,872)	$ (196,412)	$ -	$ (50,372)	$ 32,541

ULKATCHO FIRST NATION
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31, 2016

	OTHER			TANGIBLE CAPITAL ASSETS			TOTAL BEFORE ADJUSTMENTS			CONSOLIDATION ADJUSTMENTS			CONSOLIDATED TOTALS		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
REVENUE															
Indigenous and Northern Affairs Canada	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,051,851	$ 3,362,664	$ 3,341,614	$ -	$ -	$ -	$ 2,051,851	$ 3,362,664	$ 3,341,614
First Nations Health Authority	-	-	-	-	-	-	1,008,013	1,153,515	978,313	-	-	-	1,008,013	1,153,515	978,313
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	64,491	52,576	-	-	-	-	64,491	52,576
Province of British Columbia	-	-	-	-	-	-	264,000	319,242	288,832	-	-	-	264,000	319,242	288,832
Cariboo Chilcotin Aboriginal Training Employment Centre	-	-	-	-	-	-	62,538	68,302	88,790	-	-	-	62,538	68,302	88,790
First Nations Education Steering Committee	-	-	-	-	-	-	33,828	35,894	51,038	-	-	-	33,828	35,894	51,038
Ottawa trust assets	-	3,615	3,739	-	-	-	-	3,615	3,739	-	-	-	-	3,615	3,739
Income from investments in government business entities	-	36,658	95,318	-	-	-	-	36,658	95,318	-	-	11,763	-	36,658	107,081
Management and administration	-	-	-	-	-	-	104,691	191,732	132,733	-	-	-	104,691	191,732	132,733
Own Source	-	-	-	-	-	-	249,055	229,765	361,059	-	-	-	249,055	229,765	361,059
Interest, rent and other	-	-	-	-	-	-	202,482	307,490	843,028	-	-	-	202,482	307,490	843,028
TOTAL REVENUE	-	40,273	99,057	-	-	-	3,976,458	5,773,368	6,237,040	-	-	11,763	3,976,458	5,773,368	6,248,803
EXPENDITURE															
Amortization and interest	-	-	-	-	-	-	94,398	160,193	163,757	750,000	614,443	635,313	844,398	774,636	799,070
Consulting and contract services	-	-	-	-	-	24,064	102,066	231,488	154,150	-	-	(24,064)	102,066	231,488	130,086
Honoraria	-	-	-	-	-	-	152,885	173,120	135,729	-	-	-	152,885	173,120	135,729
Materials and supplies	-	-	-	-	-	-	205,539	248,451	245,477	-	-	-	205,539	248,451	245,477
Professional fees	-	-	-	-	-	-	321,295	316,399	415,246	-	-	-	321,295	316,399	415,246
Rent	-	-	-	-	-	-	12,000	11,278	14,968	-	-	-	12,000	11,278	14,968
Telephone and utilities	-	-	-	-	-	-	229,396	157,798	148,484	-	-	-	229,396	157,798	148,484
Travel and accommodations	-	-	-	-	-	-	73,695	318,551	496,509	-	-	-	73,695	318,551	496,509
Wages and benefits	-	-	-	-	-	4,340	1,229,860	1,414,270	1,436,544	-	-	(4,340)	1,229,860	1,414,270	1,432,204
Workshops and training	-	-	-	-	-	-	64,962	23,019	116,087	-	-	-	64,962	23,019	116,087
Other	-	-	-	45,000	55,565	1,728	1,374,318	2,679,138	2,588,306	(45,000)	(55,565)	(1,728)	1,329,318	2,623,573	2,586,578
Loss from investments in governement business enterprises	-	490,193	-	-	-	-	-	490,193	-	-	-	11,763	-	490,193	11,763
TOTAL EXPENDITURE	-	490,193	-	45,000	55,565	30,132	3,860,414	6,223,898	5,915,257	705,000	558,878	616,944	4,565,414	6,782,776	6,532,201
EXCESS REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	-	(449,920)	99,057	(45,000)	(55,565)	(30,132)	116,044	(450,530)	321,783	(705,000)	(558,878)	(605,181)	(588,956)	(1,009,408)	(283,398)
TRANSFER TO TANGIBLE CAPITAL ASSETS	-	-	-	-	3,459	185,246	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	$ -	$ (449,920)	$ 99,057	$ (45,000)	$ (52,106)	$ 155,114	$ 116,044	$ (450,530)	$ 321,783	$ (705,000)	$ (558,878)	$ (605,181)	$ (588,956)	$ (1,009,408)	$ (283,398)

ULKATCHO FIRST NATION
GOVERNMENT BUSINESS ENTITIES
CONDENSED FINANCIAL INFORMATION
YEAR ENDED MARCH 31, 2016

	Ulkatcho Mercantile Ltd.	West Chilcotin Forest Products Ltd.	Yun ka Whu'ten Development Limited Partnership	690361 B.C. Ltd.	Total 2016	Total 2015
Assets						
Financial Assets	$ 183,066	$ 3	$ 1,384,199	$ 2	$ **1,567,270**	$ 1,871,226
Tangible Capital Assets	24,149	-	621,729	-	**645,878**	711,581
Other Assets	851	-	-	-	**851**	163,146
Total Assets	$ 208,066	$ 3	$ 2,005,928	$ 2	$ **2,213,999**	$ 2,745,953
Liabilities and Partner's Equity (Deficiency)						
Liabilities	$ 27,369	$ -	$ 1,936,468	$ -	$ **1,963,837**	$ 1,995,593
Debt	16,871	-	-	-	**16,871**	-
Equity (Deficit)	96,540	3	64,460	(181)	**160,822**	677,940
Total Liabilities and Equity	$ 140,780	$ 3	$ 2,000,928	$ (181)	$ **2,141,530**	$ 2,673,533
Related Party Loans	$ 67,286	$ -	$ 5,000	$ 183	$ **72,469**	$ 72,420
Intercompany Loans	$ -	$ -	$ 5,000	$ -	$ **5,000**	$ 5,000
Ulkatcho First Nation Advances	67,286	-	-	183	**67,469**	67,430
Related Party Loans	$ 67,286	$ -	$ 5,000	$ 183	$ **72,469**	$ 72,430
Revenue	$ 824,265	$ -	$ 769,506	$ -	$ **1,593,771**	$ 10,938,028
Expenses	784,150	-	1,176,702	49	**1,960,901**	10,764,981
Amortization	3,457	-	82,997	-	**86,454**	77,718
Total Expenses	787,607	-	1,259,699	49	**2,047,355**	10,842,699
Net Income (Loss)	$ 36,658	$ -	$ (490,193)	$ (49)	$ **(453,584)**	$ 95,329
Ulkatcho First Nation Share	$ 36,658	$ -	$ (490,144)	$ (49)	$ **(453,535)**	$ 95,318

ULKATCHO FIRST NATION
TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2016

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year	2016
Automotive equipment	$ 824,390	$ -	$ -	$ 824,390	$ 689,983	$ 40,322	$ -	$ 730,305	$ 94,085
Band housing	9,191,775	-	-	9,191,775	6,774,025	96,710	-	6,870,735	2,321,040
Buildings	8,042,781	-	-	8,042,781	3,022,560	200,809	-	3,223,369	4,819,412
CMHC social housing	1,962,122	-	-	1,962,122	1,492,599	135,861	-	1,628,460	333,662
Computer equipment	167,890	3,459	-	171,349	109,810	31,307	-	141,117	30,232
Equipment	877,366	-	-	877,366	670,767	41,320	-	712,087	165,279
Infrastructure	5,164,017	4,707	-	5,168,724	1,696,453	138,797	-	1,835,250	3,333,474
Land improvements	319,799	-	-	319,799	168,029	6,071	-	174,100	145,699
Rental housing	676,741	-	-	676,741	386,129	11,624	-	397,753	278,988
Roads	1,971,349	-	-	1,971,349	784,268	47,483	-	831,751	1,139,598
	$ 29,198,230	$ 8,166	$ -	$ 29,206,396	$ 15,794,623	$ 750,304	$ -	$ 16,544,927	$ 12,661,469

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