

**Yekooche First Nation
Consolidated Financial Statements
*March 31, 2015***

Yekooche First Nation
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For the year ended March 31, 2015

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YEKOOCHE FIRST NATION

Finance Office
1890 Third Avenue
Prince George, BC V2M 1G4
Ph: (250) 562-0592
Fax: (250) 562-0530



Band Office
Ph: (250) 649-2044 ext. 8044
Fax: (250) 649-2031
www.yekooche.com

Management's Responsibility

To the Members of Yekooche First Nation:

The accompanying consolidated financial statements of Yekooche First Nation 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 Yekooche First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfills 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 Nation's external auditors.

MNP LLP is appointed by 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.

July 29, 2015

Syrithea Hil

Finance Director

Independent Auditors' Report

To the Members of Yekooche First Nation:

We have audited the accompanying consolidated financial statements of Yekooche First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations and accumulated surplus, 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 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 statement.

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

Basis for Qualified Opinion

We were unable to review financial information to March 31, 2015 for the Nation's wholly owned business entity, 0830425 BC Ltd. As a result, we were unable to obtain sufficient appropriate audit evidence to support transactions which occurred between the Nation and the company and the balance of the investment in the company at the year-end date. We were unable to verify the existence, completeness and valuation of the investment in Nation business entity.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Yekooche First Nation as at March 31, 2015 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Nation for the year ended March 31, 2014 were audited by another firm of public accountants who issued an unqualified audit opinion on September 18, 2014.

Prince George, British Columbia

July 29, 2015

MNP LLP
Chartered Accountants

Yekooche First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

| | 2015 | 2014 |
|---|--------------------|--------------------|
| Financial assets | | |
| Cash | 2,726,732 | 2,102,102 |
| Accounts receivable (Note 3) | 313,289 | 249,442 |
| Investment in Nation business entity (Note 4) | 302,824 | 72,079 |
| Funds held in trust (Note 5) | 15,657 | 14,758 |
| Total financial assets | 3,358,502 | 2,438,381 |
| Financial liabilities | | |
| Accounts payable and accruals | 448,577 | 291,616 |
| Deferred revenue (Note 6) | 106,276 | 165,599 |
| Term demand loans (Note 7) | 1,549,441 | 1,646,794 |
| Long-term debt (Note 8) | 6,689,332 | 6,689,332 |
| Total financial liabilities | 8,793,626 | 8,793,341 |
| Net debt | (5,435,124) | (6,354,960) |
| Contingencies (Note 9) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 10,032,261 | 11,026,136 |
| Prepaid expenses | 37,154 | 42,306 |
| | 10,069,415 | 11,068,442 |
| Accumulated surplus (Note 10) | 4,634,291 | 4,713,482 |

Approved on behalf of Council

Allen Jueyl _____

Chief

Joseph _____

Councillor

W.D. Shu _____

Councillor

Yekooche First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

| | <i>Schedules</i> | <i>2015 Budget (Note 14)</i> | <i>2015</i> | <i>2014</i> |
|--|------------------|--------------------------------------|------------------|------------------|
| Revenue | | | | |
| Aboriginal Affairs and Northern Development Canada (Note 12) | | 1,645,880 | 1,334,977 | 1,392,630 |
| Other income | | 620,110 | 561,561 | 433,701 |
| Resource industry revenue | | 462,150 | 1,313,314 | 563,571 |
| Earnings from investment in Nation business entity | | - | 230,745 | |
| British Columbia Treaty Commission | | 255,542 | 223,480 | 200,000 |
| Province of British Columbia | | 246,658 | 205,690 | 152,072 |
| Rental revenue | | 189,300 | 189,767 | 188,222 |
| Administration fee revenue | | 155,000 | 183,290 | 136,681 |
| First Nations Education Steering Committee | | 174,036 | 166,600 | 102,077 |
| Carrier Sekani Family Services | | 159,474 | 163,474 | 113,902 |
| First Nation Health Authority | | 62,681 | 62,448 | 62,510 |
| PG Nechako Aboriginal Employment and Training Association | | 38,341 | 38,341 | 38,612 |
| Interest income | | 20,050 | 23,675 | 45,370 |
| Department of Fisheries and Oceans Canada | | 17,000 | 17,000 | - |
| | | 4,046,222 | 4,714,362 | 3,429,348 |
| Expenses | | | | |
| Administration | 3 | 671,053 | 618,692 | 320,478 |
| Social Development | 4 | 403,942 | 418,710 | 354,864 |
| Education | 5 | 862,708 | 885,129 | 624,946 |
| Capital | 6 | - | 1,070,033 | 1,030,981 |
| Economic Development | 7 | 699,950 | 581,497 | 779,591 |
| Operations & Maintenance | 8 | 725,322 | 582,707 | 546,728 |
| Health | 9 | 223,138 | 210,010 | 216,837 |
| Treaty | 10 | 555,535 | 372,600 | 167,938 |
| Natural Resources | 11 | 58,900 | 54,175 | - |
| | | 4,200,548 | 4,793,553 | 4,042,363 |
| Annual deficit | | (154,326) | (79,191) | (613,015) |
| Accumulated surplus, beginning of year | | 4,713,482 | 4,713,482 | 5,326,497 |
| Accumulated surplus, end of year | | 4,559,156 | 4,634,291 | 4,713,482 |

The accompanying notes are an integral part of these financial statements

Yekooche First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2015

| | 2015 Budget (Note 14) | 2015 | 2014 |
|---|--------------------------------------|--------------------|--------------------|
| Annual deficit | (154,326) | (79,191) | (613,015) |
| Purchases of tangible capital assets | - | (11,930) | - |
| Amortization of tangible capital assets | - | 1,005,806 | 1,023,923 |
| Change in prepaids | - | - | (35,580) |
| Use of prepaid expenses | - | 5,151 | - |
| (Increase) decrease in net debt | (154,326) | 919,836 | 375,328 |
| Net debt, beginning of year | (6,354,960) | (6,354,960) | (6,730,288) |
| Net debt, end of year | (6,509,286) | (5,435,124) | (6,354,960) |

Yekooche First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual deficit | (79,191) | (613,015) |
| Non-cash items | | |
| Amortization | 1,005,806 | 1,023,923 |
| Trust fund | (899) | (931) |
| Bad debts | 49,749 | - |
| Earnings from investment in Nation business entity | (230,745) | - |
| | 744,720 | 409,977 |
| Changes in working capital accounts | | |
| Accounts receivable | (113,596) | (42,910) |
| Accounts payable and accruals | 156,961 | 101,796 |
| Deferred revenue | (59,323) | 80,330 |
| Prepaid expenses | 5,151 | (35,580) |
| | 733,913 | 513,613 |
| Financing activities | | |
| Repayment of term demand loans | (97,353) | (93,706) |
| Capital activities | | |
| Purchases of tangible capital assets | (11,930) | - |
| Investing activities | | |
| Advances to related party | - | (27,456) |
| Increase in cash resources | 624,630 | 392,451 |
| Cash resources, beginning of year | 2,102,102 | 1,709,651 |
| Cash resources, end of year | 2,726,732 | 2,102,102 |

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

Yekooche First Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Yekooche First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

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

Reporting entity

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

Yekooche First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation 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 Nation. Thus, the Nation'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:

- 0830425 B.C. Ltd.

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.

Tangible capital assets

Tangible capital assets exceeding \$5,000 are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life of the assets. In the year of acquisition amortization is taken at one-half of the rates. See below for amortization rates of specific asset categories.

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

| | | |
|--------------------------------|---------------|--------------|
| Equipment | straight-line | 4 years |
| Buildings | straight-line | 5 - 20 years |
| Roadways and bridges | straight-line | 20 years |
| Water and sewer | straight-line | 20 years |
| Housing | straight-line | 15 years |
| Computer hardware and software | straight-line | 4 years |

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Funds held in Trust

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

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

Net financial debt

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

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 prepaids expenses.

Revenue recognition

ii) **Government Funding**

The Nation recognizes a government transfer as revenues 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 Nation 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 Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

iii) **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.

iv) **Other income**

Other income is recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.

Financial instruments

The Nation's financial instruments consist of cash, funds held in trust, accounts receivable, accounts payable and accruals, deferred revenue, term demand loans and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable 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. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

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

Long-lived assets

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

The Nation 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. Any impairment is included in deficit for the year. Prices for similar items are used to measure fair value of long-lived assets.

The Nation 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 market value.

Segments

The Nation conducts its business through a number of reportable segments as described in Note 13. These operating segments are established by senior management to facilitate the achievement of the Nation'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*.

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 Nation 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, 2015.

At each financial reporting date, the Nation 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 Nation 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.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Accounts receivable

| | 2015 | 2014 |
|---------------------------------------|----------------|----------------|
| Yekooche First Nation members | 1,024 | 736 |
| Federal government | 220,295 | 58,968 |
| GST receivable | 18,314 | 10,694 |
| Other | 123,465 | 179,104 |
| Subtotal | 363,098 | 249,502 |
| Less: allowance for doubtful accounts | (49,809) | (60) |
| | 313,289 | 249,442 |

4. Investment in First Nation business entity

The Nation has investment in the following entity:

| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Cumulative share of earnings (loss)</i> | 2015 |
|-------------------------------|------------------------|-------------------------|--|----------------|
| Wholly-owned Business: | | | | |
| 0830425 B.C. Ltd. | 2 | 3,920 | 298,902 | 302,824 |

| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Cumulative share of earnings (loss)</i> | 2014 |
|-------------------------------|------------------------|-------------------------|--|---------------|
| Wholly-owned Business: | | | | |
| 0830425 B.C. Ltd. | 2 | 3,920 | 68,157 | 72,079 |

Financial information for 0830425 BC Ltd. for the year ended March 31, 2015 was not available at date of financial statements.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

5. Funds held in trust

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

| | 2015 | 2014 |
|-----------------------------|---------------|---------------|
| Revenue Trust | | |
| Balance, beginning of year | 14,758 | 13,827 |
| Interest | 899 | 931 |
| Balance, end of year | 15,657 | 14,758 |

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 Sections 63 to 69 of the Indian Act.

6. Deferred revenue

| | 2015 | 2014 |
|-----------------------|----------------|----------------|
| Public Works Facility | - | 27,870 |
| AANDC capital funding | 57,399 | 57,399 |
| External funding | 48,877 | 80,330 |
| | 106,276 | 165,599 |

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Term demand loans

| | 2015 | 2014 |
|---|------------------|------------------|
| Royal Bank of Canada (Phase 1) | | |
| - Interest at 3.77% per annum, compounded monthly | | |
| - Monthly blended payments of \$4,164 | | |
| - Maturity date of April 1, 2016 | | |
| - Secured by Government of Canada ministerial guarantee | | 452,197 |
| - Loan is callable on demand | | 484,505 |
| Royal Bank of Canada (Phase 2) | | |
| - Interest at 2.70% per annum, compounded monthly | | |
| - Monthly blended payments of \$3,412 | | |
| - Maturity date of January 1, 2018 | | |
| - Secured by Government of Canada ministerial guarantee | | 443,510 |
| - Loan is callable on demand | | 472,087 |
| Royal Bank of Canada (Phase 3) | | |
| - Interest at 3.61% per annum, compounded monthly | | |
| - Monthly blended payments of \$2,530 | | |
| - Maturity date of April 1, 2015 | | |
| - Secured by Government of Canada ministerial guarantee | | 352,855 |
| - Loan is callable on demand | | 370,175 |
| Royal Bank of Canada (Phase 5) | | |
| - Interest at 3.31% per annum, compounded monthly | | |
| - Monthly blended payments of \$479 | | |
| - Maturity date of September 1, 2016 | | |
| - Secured by Government of Canada ministerial guarantee | | 58,831 |
| - Loan is callable on demand | | 62,575 |
| Royal Bank of Canada (Phase 6) | | |
| - Interest at 3.31% per annum, compounded monthly | | |
| - Monthly blended payments of \$1,083 | | |
| - Maturity date of September 1, 2016 | | |
| - Secured by Government of Canada ministerial guarantee | | 132,844 |
| - Loan is callable on demand | | 141,298 |
| Royal Bank of Canada (Phase 7) | | |
| - Interest at 3.31% per annum, compounded monthly | | |
| - Monthly blended payments of \$890 | | |
| - Maturity date of September 1, 2016 | | |
| - Secured by Government of Canada ministerial guarantee | | 109,204 |
| - Loan is callable on demand | | 116,154 |
| | 1,549,441 | 1,646,794 |

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Term demand loans (Continued from previous page)

Principal repayments on long-term debt in each of the next five years are estimated as follows:

| | |
|-------------------|---------------------|
| 2016 | \$ 100,507 |
| 2017 | 103,916 |
| 2018 | 107,442 |
| 2019 | 111,090 |
| <u>2020</u> | <u>114,864</u> |
| Subtotal | 537,819 |
| Thereafter | 1,011,622 |
| Total | \$ 1,549,441 |

8. Long-term debt

Treaty Negotiation Loan

The Yekooche First Nation has signed loan agreements representing advances made by Canada for negotiation.

The loan is due and payable by Yekooche First Nation to Canada, and the First Nation will pay the loan to Canada, on the earliest of the following dates:

- a) the date a treaty is signed by the negotiating parties takes effect unless otherwise agreed in the treaty;
- b) the later of:
 - i) the twelfth anniversary of the date of the first loan advanced by Canada to the First Nation under the earliest First Nation Funding Agreement, which occurred on September 7, 1995; or
 - ii) if an extension to the date that the cumulative liabilities are due and payable has been agreed to, the extended due date, which is September 7, 2017;
- c) the later of:
 - i) the seventh anniversary after the signing of an Agreement in Principle, which occurred on August 22, 2005; or
 - ii) if an extension to the date that the cumulative liabilities are due and payable has been agreed to, the extended due date, which is September 7, 2017;
- d) the date the Federal Minister demands payment of the loan due to an event of default under this agreement or under any First Nation Funding Agreement.

2015

2014

British Columbia Treaty Commission loan

6,689,332

6,689,332

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Contingencies

- a) Under the terms of agreements with Aboriginal Affairs and Northern Development Canada and other government agencies, certain surpluses may be recoverable and so repayable to the government. The amount of the liability for the current year, if any, of the Yekooche First Nation is not determinable at this time.
- b) Yekooche First Nation has been granted Forest License A71378 by the Province of British Columbia. Yekooche First Nation, for consideration received, relinquished all interest in the forest license to Vesco Contracting Ltd., an unrelated entity, and Vesco Contracting Ltd. has agreed to assume all regulatory and license requirements which apply to the license. The amount of the liability Yekooche First Nation may have, if any, with respect to any terms and conditions of the license as the named licensee is not determinable at this time.
- c) The Nation may be contingently liable with respect to Ministerial guarantees for "On Reserve Housing Loans" to various financial institutions in the amount of \$1,553,692.

10. Accumulated surplus

Accumulated surplus (deficit) consists of the following:

| | 2015 | 2014 |
|-----------------------------------|------------------|------------------|
| Equity in Ottawa Trust Fund | 15,657 | 14,758 |
| Equity in operating fund | (4,167,010) | (4,748,777) |
| Equity in tangible capital assets | 8,482,820 | 9,379,344 |
| Investment in business entity | 302,824 | 68,157 |
| | 4,634,291 | 4,713,482 |

11. Economic dependence

Yekooche First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

12. Aboriginal Affairs and Northern Development Canada funding reconciliation

| | 2015 | 2014 |
|-------------------------------------|------------------|------------------|
| Direct Band Funding | | |
| AANDC revenue per confirmation | 1,681,402 | 1,392,630 |
| AANDC recoveries from 2012/2013 | (172,676) | - |
| AANDC recoveries from 2014/2015 | (109,438) | - |
| Anticipated recovery from 2014/2015 | (67,138) | - |
| Reimbursement from 2011/2012 | 2,827 | - |
| | 1,334,977 | 1,392,630 |

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Segments

The First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by the following segments:

Administration

Includes general operations, support, and financial management of the First Nation.

Social Development

Includes revenues and expenses relating to the social assistance of the members of the First Nation.

Education

Includes revenues and expenses related to primary, secondary and post secondary education of the members of the First Nation.

Capital

Includes revenue and expenditures related to capital projects.

Economic Development

Includes activities related to the growth of revenue producing projects with the First Nation.

Operations & Maintenance

Includes the maintenance of infrastructure owned by the First Nation.

Health

Includes activities related to the provision of health services within the First Nation.

Treaty

Includes revenues and expenditures related to programs put on to support the First Nation's treaty negotiation activities.

Natural Resources

Includes revenues and expenditures related to conservation and stewardship of the First Nation's land and resources.

Trust Fund

Includes revenues and expenditures relating to the Ottawa Trust Fund held on behalf of the First Nation.

14. Budget information

The disclosed budget information has been approved by Chief and Council of Yekooche First Nation at the Chief and Council meeting held on March 27, 2015. The budget information on the Statement of Operations and Accumulated Surplus is presented using the same accounting policies as the actual results. A reconciliation from those results to the surplus amount budgeted by Chief and Council is included below:

| | |
|--|-----------|
| Budgeted deficit per Statement of Operations | (154,326) |
| Adjusted for: | |
| Prior period surplus | 3,661,975 |
| Surplus as approved by Chief and Council | 3,507,650 |

15. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

16. Change in accounting policy

Liability for contaminated sites

Effective April 1, 2014, the Nation adopted the recommendations relating to PS3260 Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied retroactively, and prior periods have been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2 *Significant Accounting Policies*.

There was no effect on the First Nation's financial statements of adopting the above-noted change in accounting policy.