

**Yekooche First Nation
Consolidated Financial Statements**
March 31, 2016

Yekooche First Nation
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For the year ended March 31, 2016

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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 with, both the Council and management to discuss their audit findings.

July 28, 2016

Administrator

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, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The financial statements of the Nations' wholly owned business entity, 0830425 B.C. Ltd. for the year ending March 31, 2016 were not audited, nor prepared in accordance with International Financial Reporting Standards as required by Canadian public sector accounting standards for government business enterprises. Due to the financial statements not being reported in accordance with the required standards and being unaudited we were unable to determine whether adjustments to investment in Nation business entity and earnings (loss) from investment in Nation business entity, annual deficit and accumulated surplus were necessary.

Qualified Opinion

In our opinion, except for the 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, 2016 and the results of its operations and accumulated surplus, change in net debt and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Prince George, British Columbia

July 28, 2016

MNP LLP

Chartered Professional Accountants

Yekooche First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash	1,865,398	2,726,732
Accounts receivable (Note 3)	421,124	313,289
Investment in Nation business entity (Note 4)	129,606	302,824
Funds held in trust (Note 5)	16,527	15,657
Total financial assets	2,432,655	3,358,502
Liabilities		
Accounts payable and accruals	548,662	448,575
Deferred revenue (Note 7)	201,246	106,276
Term demand loans (Note 6)	1,447,116	1,549,441
Long term debt (Note 8)	6,841,972	6,689,332
Total liabilities	9,038,996	8,793,624
Net debt	(6,606,341)	(5,435,122)
Contingent liabilities (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	9,137,122	10,032,261
Prepaid expenses	36,218	37,154
Total non-financial assets	9,173,340	10,069,415
Accumulated surplus (Note 10)	2,566,999	4,634,293

Approved on behalf of the Council



Chief


Matthew Joseph

Councillor

Yekooche First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget (Note 12)</i>	<i>2016</i>	<i>2015</i>
Revenue				
Indigenous & Northern Affairs Canada (Note 13)		1,420,770	1,345,895	1,334,977
Other income		829,201	841,427	561,561
Resource industry revenue		51,604	51,604	1,313,314
Earnings (loss) from investment in Nation business entity		-	(179,803)	230,745
British Columbia Treaty Commission		423,303	211,561	223,480
Province of British Columbia		182,301	182,442	205,690
Rental revenue		175,800	177,295	189,767
First Nation Education Steering Committee		136,761	137,618	166,600
Carrier Sekani Family Services		196,763	196,763	163,474
First Nation Health Authority		73,526	73,526	62,448
PG Nchako Aboriginal Employment and Training Association		56,387	56,387	38,341
Interest income		13,200	13,920	23,675
Department of Fisheries and Oceans Canada		7,000	7,000	17,000
		3,566,616	3,115,635	4,531,072
Expenses				
Administration	3	587,425	505,650	435,402
Social Development	4	474,452	473,288	418,710
Education	5	1,105,909	1,088,216	885,129
Capital	6	140,000	1,081,798	1,070,033
Economic Development	7	440,549	429,447	581,497
Operations & Maintenance	8	1,020,397	728,477	582,707
Health	9	301,717	294,455	210,010
Treaty	10	579,891	547,799	372,600
Natural Resources	11	28,300	33,799	54,175
		4,678,640	5,182,929	4,610,263
Annual deficit		(1,112,024)	(2,067,294)	(79,191)
Accumulated surplus, beginning of year		4,634,293	4,634,293	4,713,484
Accumulated surplus, end of year		3,522,269	2,566,999	4,634,293

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

Yekooche First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2016

	2016 <i>Budget</i> <i>(Note 12)</i>	2016	2015
Annual deficit	(1,112,024)	(2,067,294)	(79,191)
Purchases of tangible capital assets	-	(165,379)	(11,930)
Disposal of tangible capital assets	-	48,529	-
Amortization of tangible capital assets	-	1,011,986	1,005,806
Use of prepaid expenses	-	939	5,152
Increase (decrease) in net debt	(1,112,024)	(1,171,219)	919,837
Net debt, beginning of year	(5,435,122)	(5,435,122)	(6,354,959)
Net debt, end of year	(6,547,146)	(6,606,341)	(5,435,122)

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

Yekooche First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(2,067,294)	(79,191)
Non-cash items		
Amortization	1,011,986	1,005,806
Disposal of tangible capital assets	48,530	-
Trust Fund	(870)	(899)
Bad debts	-	49,749
Loss (earnings) from investment in Nation business entity	179,803	(230,745)
	(827,845)	744,720
Changes in working capital accounts		
Accounts receivable	(107,835)	(113,597)
Accounts payable and accruals	100,086	156,961
Deferred revenue	94,970	(59,323)
Prepaid expenses	939	5,152
	(739,685)	733,913
Financing activities		
Repayment of term demand loans	(102,325)	(97,353)
Advances of long-term debt	152,640	-
	50,315	(97,353)
Capital activities		
Purchases of tangible capital assets	(165,379)	(11,930)
Investing activities		
Advances to Nation business entity	(6,585)	-
Increase (decrease) in cash resources	(861,334)	624,630
Cash resources, beginning of year	2,726,732	2,102,102
Cash resources, end of year	1,865,398	2,726,732

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

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Operations

The 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 including the following significant accounting policies:

Reporting entity consolidated

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 Nation are excluded from the Nation reporting entity.

Yekooche 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

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. 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.

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, 2016

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 consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

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

Net debt

The Nation's consolidated 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 combined with non-financial assets comprise a second indicator of financial position, 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 prepaid expenses.

Revenue recognition

Government Funding

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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.

Nation Revenue Trust Funds

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

Other income

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

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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. Liabilities for contaminated sites are estimated based on their 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 annual deficit in 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 services 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 14. 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 sites

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, 2016.

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. As at March 31, 2016 no liabilities for contaminated sites exist.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Recent accounting pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The Nation does not expect the application of the new Standard to have a material effect on the consolidated financial statements.

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

PS 3420 Inter-entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued new PS 3420 Inter-entity Transactions.

The new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 Related Party Disclosures.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new standard to have a material effect on the consolidated financial statements

3. Accounts receivable

	2016	2015
Yekooche First Nation Members	2,674	1,024
INAC	72,500	220,295
Province of British Columbia	1,014	-
Department of Fisheries and Oceans	2,400	-
GST receivable	18,838	18,314
Other	323,698	123,465
 Subtotal	 421,124	 363,098
Less: allowance for doubtful accounts	-	(49,809)
 	 421,124	 313,289

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Investments in Nation business entity

The Nation has an investment in the following entity:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>2016 Total investment</i>
Wholly-owned Business:				
0830425 B.C. Ltd.	2	2,836	126,768	129,606
2015				
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>Total investment</i>
Wholly-owned Business:				
0830425 B.C. Ltd.	2	3,920	298,902	302,824
	2	3,920	298,902	302,824

The following financial information for 0830425 B.C. Ltd. is not audited.

Summary financial information for the Nation business entity, accounted for using the modified equity method, for its March 31, 2016 year ended is as follows.

<i>0830425 B.C. Ltd. As at March 31, 2016</i>	
Assets	
Investment	100
Investment in joint venture	135,364
Total assets	135,464
Liabilities	
Accounts payable and accruals	9,000
Due to Yekooche First Nation	126,768
Total liabilities	135,768
Deficit	(304)
Total revenue	119,934
Total expenses	120,084
	(150)
	(150)

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Funds held in trust

Revenue trust money is transferred to the Nation on the authorization of the Minister of Indigenous & Northern Affairs Canada, with the consent of the Nation's Council.

	2016	2015
Revenue Trust		
Balance, beginning of year	15,657	14,758
Interest	870	899
Balance, end of year	16,527	15,657

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 the 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.

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Term demand loans

	2016	2015
Royal Bank of Canada (Phase 1)		
- Interest at 2.64% per annum, compounded monthly		
- Monthly blended payments of \$4,164		
- Maturity date of April 1, 2021		
- Secured by Government of Canada ministerial guarantee		
- Loan is callable on demand	418,703	452,197
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		
- Loan is callable on demand	414,187	443,510
Royal Bank of Canada (Phase 3)		
- Interest at 2.26% per annum, compounded monthly		
- Monthly blended payments of \$2,307		
- Maturity date of April 1, 2020		
- Secured by Government of Canada ministerial guarantee		
- Loan is callable on demand	333,109	352,855
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		
- Loan is callable on demand	54,967	58,831
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		
- Loan is callable on demand	124,119	132,844
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		
- Loan is callable on demand	102,031	109,204
	1,447,116	1,549,441

Yekooche First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Term demand loans *(Continued from previous page)*

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

2017	105,726
2018	109,037
2019	112,454
2020	115,982
2021	119,625
	<hr/> 562,824
Thereafter	884,292

7. Deferred revenue

	2016	2015
Indigenous & Northern Affairs Canada - capital funding	57,399	57,399
External funding	143,847	48,877
	<hr/> 201,246	106,276

8. Long-term debt

Treaty Negotiation Loan Agreement

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

The loan is due and payable 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 advances by Canada, to the 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; or
- 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.

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9. Contingent liabilities

Under the terms of agreements with Indigenous and Northern Affairs 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.

Yekooche First Nation has been granted Forest Licence 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.

10. Accumulated Surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in Ottawa Trust Fund	16,527	15,657
Equity in operating fund	(5,269,140)	(4,167,008)
Equity in tangible capital assets	7,690,006	8,482,820
Investments in business entity	129,606	302,824
	<hr/> 2,566,999	<hr/> 4,634,293

11. Economic dependence

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

12. 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, 2016. 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 the Chief and Council is included below:

Budgeted deficit per Statement of Operations	(1,112,024)
Adjusted for:	
Prior period surplus	3,507,650
Annual surplus as approved by Chief and Council	2,395,626

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13. Indigenous & Northern Affairs Canada funding reconciliation

	2016	2015
Direct band funding		
INAC revenue per confirmation	1,623,219	1,681,402
INAC recoveries from 2012/2013	-	(172,676)
INAC recoveries from 2014/2015	(177,725)	(109,438)
INAC recoveries from 2014/2015	-	(67,138)
Reimbursement from 2011/2012	-	2,827
Deferred capital funding	(99,599)	-
	1,345,895	1,334,977

14. Segments

The 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 Nation.

Social Development

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

Education

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

Capital

Includes revenue and expenditures related to capital projects.

Economic development

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

Operations & Maintenance

Includes the maintenance of infrastructure owned by the Nation.

Health

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

Treaty

Includes revenues and expenditures related to programs put on to support the 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 Nation.

15. Comparative figures

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