

Lutsel K'e Dene First Nation
Financial Statements
March 31, 2016

Independent Auditors' Report

To the Members of Lutsel K'e Dene First Nation:

We have audited the accompanying financial statements of Lutsel K'e Dene First Nation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 First Nation was not able to provide reasonable estimates on future reclamation costs associated with the restorations of the solid waste landfill or any other potentially contaminated sites. We were unable to satisfy ourselves concerning those reclamation liabilities which would factor in the determination of the results of operations, we were unable to determine whether adjustments to expenses, long-term liabilities and opening accumulated surplus for the year might be necessary.

The First Nation derives revenue from the general public in the form of cash receipts and incurs related cash expenses. The completeness of these transactions are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenue and expenses were limited to the amounts recorded in the records of the First Nation and we were unable to determine if further adjustments to revenue, expenses and opening accumulated surplus may be necessary.

The First Nation has not recorded the equity amount of business entities owned and controlled by the Nation and the financial statements for these entities were unaudited. Since the earnings (losses) of these entities enters into the determination of the results from operations and valuation of investments, we were unable to determine whether an adjustment might be necessary to investment in the First Nation business entities, earnings (loss) from investments in First Nation business entities, statement of operations and accumulated surplus.

We were unable to observe sufficient evidence of the review and approval of Lutsel K'e Dene First Nation's budget. Therefore, we were unable to determine whether adjustments to budgeted operations or budgeted changes in net debt might be necessary to present these figures as originally planned in the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lutsel K'e Dene First Nation as at March 31, 2016 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grande Prairie, Alberta

November 24, 2016

MNP LLP

Chartered Professional Accountants

Lutsel K'e Dene First Nation
Statement of Financial Position
As at March 31, 2016

	2016	2015
	<i>(Restated Note 21)</i>	
Financial assets		
Cash and cash equivalents (Note 3)	3,345,268	2,792,264
Accounts receivable (Note 5)	1,213,330	1,084,589
GST Receivable	440,213	349,572
Total financial assets	4,998,811	4,226,425
Liabilities		
Bank indebtedness	272,302	392,819
Accounts payable and accruals (Note 6)	423,501	659,169
Deferred revenue (Note 7)	4,060,157	3,435,774
Advances from related First Nation entities (Note 8)	20,458	20,458
Contributions repayable (Note 9)	29,808	29,808
Liability for source deductions	279,860	279,860
Total financial liabilities	5,086,086	4,817,888
Net debt	(87,275)	(591,463)
Contingencies (Note 11)		
Non-financial assets		
Tangible capital assets (Note 12)	3,937,557	3,986,486
Prepaid expenses	1,550	1,550
Total non-financial assets	3,939,107	3,988,036
Accumulated surplus (Note 14)	3,851,832	3,396,573

Approved on behalf of the First Nation



Chief



Councillor

Lutsel K'e Dene First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	2016	2015 (Restated Note 21)
Revenue			
Government transfers		4,307,825	4,364,773
Contract revenue		493,127	411,254
Other revenue (Schedule 13)		674,450	602,370
Deferred revenue opening		3,102,774	2,813,615
Deferred revenue closing		(3,727,157)	(3,102,774)
Water and sewer		132,033	125,312
		4,983,052	5,214,550
Program expenses			
Administration	1	1,953,417	1,665,805
Recreation	2	156,131	175,087
Wildlife	3	640,359	667,390
Public Works	4	928,800	812,901
Wellness	5	156,387	137,281
Education	6	354,167	385,655
Parks Canada	7	533,970	488,745
Negotiations	8	238,221	207,377
Health	9	-	99,778
Culture	10	348,373	147,276
IBA Coordinator	11	341,550	263,185
Contract Services	12	216,020	156,101
Total expenses		5,867,395	5,206,581
Excess revenue over expense before other items		(884,343)	7,969
IBA transactions			
IBA funding		1,359,352	1,514,924
IBA distributions to members		(2,500)	(344,000)
IBA scholarship		(17,250)	(12,450)
IBA distribution to members for business		-	(6,482)
		1,339,602	1,151,992
Excess of revenue over expenses		455,259	1,159,961
Accumulated surplus, beginning of year, as previously stated		3,729,573	2,236,612
Correction of an error (Note 21)		(333,000)	-
Accumulated surplus, beginning of year, as restated		3,396,573	2,236,612
Accumulated surplus, end of year (Note 14)		3,851,832	3,396,573

Lutsel K'e Dene First Nation
Statement of Change in Net Debt
For the year ended March 31, 2016

	2016	2015 (Restated Note 21)
Excess of revenue over expenses	455,259	1,159,961
Purchases of tangible capital assets	(326,740)	(890,000)
Amortization of tangible capital assets	375,669	362,085
	48,929	(527,915)
Decrease in net debt	504,188	632,046
Net debt, beginning of year	(591,463)	(1,223,509)
Net debt, end of year	(87,275)	(591,463)

Lutsel K'e Dene First Nation
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
	<i>(Restated Note 21)</i>	
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenue over expenses	455,259	1,159,961
Non-cash items		
Amortization	375,669	362,085
	830,928	1,522,046
Changes in working capital accounts		
Accounts receivable	(128,741)	(375,990)
GST Recoverable	(90,641)	2,192
Accounts payable and accruals	(235,668)	(632,764)
Deferred revenue	624,383	622,159
Contributions repayable	-	(1,045)
	1,000,261	1,136,598
Capital activities		
Purchases of tangible capital assets	(326,740)	(890,000)
Increase in cash resources	673,521	246,598
Cash resources, beginning of year	2,399,445	2,152,847
Cash resources, end of year	3,072,966	2,399,445
Cash resources are composed of:		
Cash	3,345,268	2,792,264
Bank indebtedness	(272,302)	(392,819)
	3,072,966	2,399,445

1. Operations

Lutsel K'e Dene First Nation (the "First Nation") was established pursuant to the *Indian Act* of Canada. The First Nation's Chief and Council administers the affairs of the First Nation. The First Nation is economically dependant on the Government of Canada, the Government of the Northwest Territories and the Akaitcho Territory Government. The First Nation is classified as an Indian Band which is a non-taxable entity under the *Income Tax Act*. Operating activities of the First Nation include the administration and delivery of services to the community of Lutsel K'e, Northwest Territories.

2. Significant accounting policies

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

Solid waste landfill closure and post-closure liability

The First Nation is required to recognize a liability related to the closure of its solid waste landfill site and for the provision of post-closure care of the facility and for any other potentially contaminated sites. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, control and visual inspection. The requirement has not been satisfied as described in Note 11.

Investments in First Nation owned entities

Investments in entities that are owned, controlled or influenced by the First Nation reporting entity are not recorded in the financial statements.

The First Nation has applied the following significant accounting policies in accordance with Canadian public sector accounting standards.

Reporting entity

The financial statements reflect the assets, liabilities, revenue and expenses, change in net debt and change in financial position of the reporting entity. This entity is comprised of operations and all organizations that are owned or controlled by the First Nation and are, therefore, accountable to the Council for administration of their financial affairs and resources.

The First Nation received significant funding from the Government of the Northwest Territories in the form of operating grants and capital grants. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

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.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable 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. Liability for source deductions are estimated based on wages paid in the period for which the liability was recorded.

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.

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

Net financial assets (net debt)

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

Cash and cash equivalents

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

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line or declining balance basis over the estimated useful life. One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for use. Contributed tangible capital assets are initially recorded at fair value at the date of receipt and are also recorded as revenue.

Amortization

Amortization of tangible capital assets is provided using rates intended to amortize the cost of the assets over their estimated useful lives. Assets under construction are not amortized until the asset is available for use. One-half of the annual amortization is charged in the year of acquisition. The methods and rates of calculating amortization are as follows:

	Method	Rate
Buildings	straight-line	25-50 years
Infrastructure	straight-line	10-20 years
Leasehold improvements	straight-line	25-40 %
Equipment	declining balance	20 %
Automotive	declining balance	30 %
Floating dock	declining balance	20 %
Computers	declining balance	30-100 %

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at the fair value at the date of receipt and also are recorded as revenue.

Long-lived assets

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

The First 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. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value.

Revenue recognition

Government transfers

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Pension expenditures

Contributions for current and past service benefits are recorded as expenses in the year in which they become due.

Segments

The First Nation conducts its business through 12 (2015 - 12) reportable segments: Administration, Recreation, Wildlife, Public Works, Wellness, Education, Parks Canada, Negotiations, Health, Culture, IBA Coordinator, and Contracted Services. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reportable segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the Significant Accounting Policies.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its financial statements.

3. Cash and cash equivalents

	2016	2015
General bank account	577	577
IBA bank account	194,759	212
Gas Tax	114,843	114,921
CPI	3,035,089	2,676,554
	<hr/> 3,345,268	<hr/> 2,792,264

Cash accounts bear interest at prime less 2.50% per annum (2015 - prime less 2.50% per annum). As at March 31, 2016, prime was 2.70% (2015 - 2.85%).

Current year bank indebtedness relates to \$77,356 cash, less outstanding cheques of \$349,658 as at March 31, 2016.

Prior year bank indebtedness relates to \$34,545 cash, less outstanding cheques of \$427,364 as at March 31, 2015.

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2016

4. Restricted cash

	<i>2016 Unspent deposits</i>	<i>2016 Bank balance</i>	<i>2016 Receivable</i>	<i>2016 Deposit surplus (deficiency)</i>
IBA - internally restricted	577,290	194,759	-	(382,531)
Gas Tax	322,772	114,843	224,767	16,838
CPI	3,206,761	3,035,089	-	(171,672)
	4,106,823	3,344,691	224,767	(537,365)

5. Accounts receivable

	<i>2016</i>	<i>2015</i>
GNWT	146,051	198,672
INAC	294,328	188,325
Akiatcho Territory Government	95,662	48,664
MACA	224,767	-
Parks Canada	-	108,669
The Nature Conservancy	117,931	25,000
	878,739	569,330
Trade/Member/Other	344,620	525,288
Allowance for doubtful accounts	(10,029)	(10,029)
	1,213,330	1,084,589

6. Accounts payable and accruals

Included in accounts payable and accruals is \$70,309 (2015 - \$39,285) in payroll and source deduction liabilities.

7. Deferred revenue

	<i>2016</i>	<i>2015 (Restated Note 21)</i>
Community Public Infrastructure	3,206,761	2,787,954
Federal Gas Tax	322,772	98,005
Traditional Knowledge Archive	62,906	20,395
Parks Canada	-	61,702
GNWT - Public Transit - MACA	110,000	110,000
CANOR	24,718	24,718
Debeers Canada Inc.	333,000	333,000
	4,060,157	3,435,774

The First Nation does not currently have sufficient funds to cover their deferred revenue.

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2016

8. Advances from related First Nation entities

Advances from related First Nation entities are unsecured, non-interest bearing, and have no specific terms of repayment.

	2016	2015
East Arm Air Services - related through common control	20,458	20,458

9. Contributions repayable

	2016	2015
INAC	4,620	4,620
Walter Duncan Foundation	25,188	25,188
	29,808	29,808

10. Liability for source deduction

The First Nation has received demands to pay from Canada Revenue Agency related to source deductions not withheld from employee's payroll. The First Nation did not deduct the withholdings as required by current legislation as they are of the opinion that the collection of tax is in violation of their Treaty rights. However, the legislation as it currently stands does not exempt the First Nation from withholding and remitting amounts for territorial and federal income taxes. As the liability is difficult to determine as Canada Revenue Agency will first seek restitution from the employee, whether they continue to work for the First Nation or whether they are employed elsewhere, the First Nation has recorded an estimate for the amounts. The estimate has been determined by considering the total remuneration paid to employees in 2009, 2010, 2011 and 2012 and comparing the actual remittances to an estimate of what the correct withholdings would have been. No estimate has been prepared for years prior to 2008 although it is probable that additional amounts may become payable. These amounts are unknown at this time and will be recorded as they are known. During the year the First Nation is deducting, withholding and remitting current territorial and federal income taxes on behalf of all employees.

11. Contingencies

These financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews.

The total liability to close the landfill and solid waste landfill can not be reasonably estimated at this time due to the uncertainty of the future costs. When the costs can be reasonably estimated a liability will be accrued to record the future costs.

12. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2016
					Net book value
Buildings	3,644,061	11,368	-	2,149,993	1,505,436
Equipment	311,658	-	-	264,832	46,826
Infrastructure	3,191,885	50,818	-	1,312,126	1,930,577
Computers	351,999	19,604	-	354,898	16,705
Leasehold improvements	87,891	-	-	66,610	21,281
Automotive	1,299,105	244,950	-	1,128,202	415,853
Floating dock	22,204	-	-	21,325	879
	8,908,803	326,740	-	5,297,986	3,937,557

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2016

12. Tangible capital assets (Continued from previous page)

	Cost	Additions	Disposals	Accumulated amortization	2015 Net book value
Buildings	3,503,784	140,277	-	2,051,356	1,592,705
Equipment	311,658	-	-	253,126	58,532
Infrastructure	2,509,536	682,348	-	1,183,365	2,008,519
Computers	351,999	-	-	347,195	4,804
Leasehold improvements	87,891	-	-	63,700	24,191
Automotive	1,231,730	67,375	-	1,002,469	296,636
Floating Dock	22,204	-	-	21,105	1,099
	8,018,802	890,000	-	4,922,316	3,986,486

13. Amortization on tangible capital assets

Amortization by asset type	2016	2015
Buildings	98,637	100,067
Equipment	11,706	14,633
Infrastructure	128,760	126,727
Computer	7,703	4,782
Leasehold improvements	2,909	2,909
Automotive	125,734	112,692
Floating dock	220	275
	375,669	362,085

14. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015 (Restated Note 21)
General operating	(663,015)	(984,418)
Equity in tangible capital assets	3,937,557	3,986,486
IBA reserve (Note 15)	577,290	394,505
	3,851,832	3,396,573

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2016

15. Impact Benefit Agreements (IBA) reserve

	<i>Opening surplus - Restated - Note 21</i>	<i>Funding received and allocated</i>	<i>Expenses incurred, net of other revenue</i>	<i>Current year surplus (deficit)</i>	<i>Ending surplus</i>
Youth	19,061	50,000	45,866	4,134	23,195
Education	183,259	300,000	246,726	53,274	236,533
Scholars	12,050	-	17,250	(17,250)	-
IBA Coordinator	-	133,735	122,348	11,387	11,387
Elders	19,761	100,000	97,963	2,037	21,798
Operating fund	142,026	292,026	292,040	(14)	-
Caribou Hunt	87,044	100,000	47,837	52,163	139,207
Negotiations	179,142	90,000	129,276	(39,276)	139,866
Thaidene Nene Trust	37,456	-	34,670	(34,670)	2,786
Recreation	6,692	92,987	92,475	512	7,204
Adult Fund	-	50,000	48,100	1,900	1,900
	544,465	1,208,748	1,174,551	34,197	583,876
Unallocated funds	(149,960)	150,604	7,500	143,104	(6,586)
	394,505	1,359,352	1,174,551	184,801	577,290

16. Economic dependence

Lutsel K'e Dene First Nation receives substantially all of its revenue from Indigenous and Northern Affairs Canada "INAC" a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. Related party transactions

The following is a list of related parties to the First Nation:

- Tsa Corporation (owned by the First Nation)
- 1456982 Alberta Ltd. (10% interest owned by Tsa Corporation)
- I&D Management Services (25% interest owned by Tsa Corporation)
- KeTe Whii Ltd. (25% interest owned by Tsa Corporation)
- Ta'egera Company Ltd. (100% interest owned by Tsa Corporation)
- Denesoline Emoc Incorporated (51% interest owned by Tsa Corporation)
- Denesoline Western Explosives (51% interest owned by Tsa Corporation)
- Denesoline/McCaw North Joint Venture (Tsa Corporation is a venturer)
- Denesoline/Nuna Joint Venture (Tsa Corporation is a venturer)
- 4768 Northwest Territories Ltd. (owned by the First Nation)
- 5454 Northwest Territories Ltd. (owned by the First Nation)
- Lutsel K'e Dene First Nation Society

During the year, the following related party transactions took place:

- I. Included in revenue is \$1,062 (2015 - \$13,039) from Ta'egera Company Ltd. for the delivery of water.
- II. Included in revenue is \$7,000 (2015 - \$9,679) from Denesoline Corporation resulting from donations.
- III. Included in expenses is \$2,100 (2015 - \$13,000) to Ta'egera Company Ltd. for office rental.
- IV. Included in expenses is \$5,040 (2015 - \$10,080) to Denesoline Corporation for office rental.

The above transactions were made in the regular course of business and measured at the exchange amount, which is the amount of consideration agreed to between the related parties.

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2016

18. Financial instruments

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, amounts due from related First Nation entities, bank indebtedness, accounts payable and accrued liabilities. It is management's opinion that the community is not exposed to significant interest or currency risk arising from these financial instruments.

The First Nation is subject to credit risk with respect to trade and other receivables. Credit risk arises from the possibility that entities to which the community provides services may experience financial difficulty and be unable to fulfil their obligations. As most receivables are due from senior levels of government, credit risk is minimal.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through the course of its normal operating and financing activities. The First Nation is exposed to interest rate risk primarily through its cash accounts.

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

19. Approval of the financial statements

Council and management have approved these financial statements.

20. Budget information

Canadian public sector accounting "PSA" standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

21. Correction of an error

During the year, the First Nation determined that a portion of the payment received for the Impact Benefit Agreement "IBA" was repayable against future payments. For 2015 the impact of this correction has resulted in an increase in deferred revenue of \$333,000 and a decrease of IBA funding of \$333,000.