

Sambaa K'e First Nation

Consolidated Financial Statements

March 31, 2016



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Independent Auditors' Report

To the Members of Sambaa K'e First Nation

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 Band'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 Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Smbaa K'e First Nation as at March 31, 2016, and the results of its operations, the changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Yellowknife, Canada
November 7, 2016**

Crowe MacKay LLP

Chartered Accountants

Sambaa K'e First Nation**Consolidated Statement of Financial Position**

March 31,	2016	2015
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Financial Assets

Cash and cash equivalents (Note 4)	\$ 2,339,521	\$ 2,044,088
Accounts receivable (Note 7)	2,698,612	2,162,990
Goods and services tax recoverable	69,097	33,694
Long-term investments (Note 8)	100	100
	<u>5,107,330</u>	<u>4,240,872</u>

Liabilities

Accounts payable and accrued liabilities (Note 9)	231,926	256,094
Contributions refundable (Note 10)	7,200	12,447
Deferred revenue (Note 11)	4,675,174	3,934,670
Employee benefits payable (Note 12)	17,815	22,977
Capital lease obligation (Note 13)	9,982	20,192
	<u>4,942,097</u>	<u>4,246,380</u>


Net financial assets (debt)	165,233	(5,508)
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Non-financial Assets

Tangible capital assets (Note 14)	2,728,955	2,984,149
Prepaid expenses and deposits	45,065	46,187
Inventory (Note 15)	52,289	188,000
	<u>2,826,309</u>	<u>3,218,336</u>

Accumulated Surplus (Note 16)	\$ 2,991,542	\$ 3,212,828
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Approved on behalf of the Sambaa K'e First Nation

 Chief Band Manager

Sambaa K'e First Nation**Consolidated Statement of Changes in Net Financial Assets (Debt)**

For the year ended March 31	2016	2015
Deficiency of revenue over expenses	\$ (221,286)	\$ (27,758)
Acquisition of tangible capital assets	(58,591)	(148,029)
Amortization of tangible capital assets	313,785	314,295
	33,908	138,508
Acquisition of prepaid asset	1,122	(7,362)
Use of inventory (note 15)	135,711	24,500
Increase in net financial assets	170,741	155,646
Net debt, beginning of year	(5,508)	(161,154)
Net financial assets (debt), end of year	\$ 165,233	\$ (5,508)

Sambaa K'e First Nation**Consolidated Statement of Operations**

For the year ended March 31	2016	2015
Revenue		
Aboriginal Affairs and Northern Development Canada	\$ 235,099	\$ 207,210
Government of the Northwest Territories	2,319,134	2,333,820
Deh Cho First Nations	101,463	74,556
Deh Cho Health and Social Services	-	3,500
Canadian Northern Economic Development Agency (CanNor)	29,811	115,002
Interest income	2,845	6,501
Other revenue	385,754	255,582
Deferred revenue - current	(740,504)	(812,634)
Contributions refundable	(7,200)	(12,447)
	2,326,402	2,171,090
Expenses		
Band Government	657,316	804,077
Community Services	198,842	163,712
Economic Development	442,457	349,115
Education	63,824	28,267
Employment Programs	17,208	18,157
Health	237,566	210,285
Public Works	887,905	558,407
Social Services	40,450	39,743
	2,545,568	2,171,763
Deficiency of revenue over expenses before other items	(219,165)	(673)
Other items		
Share of subsidiary loss	(2,121)	(27,085)
Deficiency of revenue over expenses	\$ (221,286)	\$ (27,758)

Sambaa K'e First Nation**Consolidated Statement of Accumulated Surplus**

For the year ended March 31	2016	2015
Accumulated surplus, beginning of year	\$ 3,212,828	\$ 3,240,586
Deficiency of revenue over expenses	(221,286)	(27,758)
Accumulated surplus, end of year	\$ 2,991,542	\$ 3,212,828

Sambaa K'e First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2016	2016	2015
Cash flows from		
Operating activities		
Deficiency of revenue over expenses	\$ (221,286)	\$ (27,758)
Items not affecting cash		
Amortization	313,785	314,295
Write down of advances to subsidiary	2,121	27,085
	94,620	313,622
Change in non-cash operating working capital		
Accounts receivable	(535,622)	(873,251)
Inventory	135,711	24,500
Prepaid expenses and deposits	1,122	(7,362)
Goods and services tax recoverable	(35,404)	126,172
Accounts payable and accrued liabilities	(24,167)	(59,804)
Contributions carried forward	(5,247)	5,380
Deferred revenue	740,504	825,721
Salaries payable	(5,162)	3,707
	366,355	358,685
Capital activities		
Advances to subsidiary	(2,121)	(27,085)
Purchase of tangible capital asset	(58,591)	(148,029)
	(60,712)	(175,114)
Financing activity		
Repayment of capital lease obligation	(10,210)	(9,545)
Increase in cash and cash equivalents	295,433	174,026
Cash and cash equivalents, beginning of year	2,044,088	1,870,062
Cash and cash equivalents, end of year (Note 4)	\$ 2,339,521	\$ 2,044,088

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Nature of Operations

The Sambaa K'e First Nation ("the First Nation") is established pursuant to the *Indian Act of Canada*. The First Nation Chief and Council administers the affairs of the First Nation. The First Nation is classified as an Indian Band which is a non-taxable entity under section 149 of the *Income Tax Act*. Operating activities of the Council include the administration and delivery of services to the community of Sambaa K'e, NT.

2. Basis of Presentation and Significant Accounting Policies

The financial statements of the First Nation are the representation of administration prepared in accordance with Public Sector Accounting Standards, as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the First Nation are as follows:

(a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(b) Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial debt and change in financial position of the reporting entity. This entity is comprised of the operations plus all of the organizations that are, therefore, accountable to the Band for administration of their financial affairs and resources. The Band owns 100% of the issued and outstanding shares of Sambaa K'e Development Corporation which it accounts for using the modified equity method of accounting.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of Presentation and Significant Accounting Policies (continued)

(c) Revenue recognition

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

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

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers or transfers of restricted funding tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

Revenues are recognized in the period in which the transactions or events, occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue for fees or services is recognized when the fee is earned or the service is provided.

Revenue for fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Interest is recognized when earned.

(d) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprises or government business partnerships, which are included in the Consolidated Financial Statements on a modified equity basis. Interorganizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Band's investments in the government business enterprises and the government business partnerships and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Band.

Organizations accounted for on a modified equity basis include:

- Sambaa K'e Development Corporation (wholly owned subsidiary)

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of Presentation and Significant Accounting Policies (continued)

(e) Contribution of tangible capital assets

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

(f) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets are amortized over their estimated useful lives as follows:

Buildings	20 - 50 years	Straight line
Furniture and equipment	20%	Declining balance
Lagoon	25 years	Straight line
Landfill	20 years	Straight line
Land improvements	25 - 40 years	Straight line
Vehicle and heavy equipment	30%	Declining balance
Water reservoir and fill station	25 years	Straight line

One half the regular amortization is recorded in the year of acquisition for assets using the declining balance method. No amortization is recorded in the year of disposal.

(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the specific item method.

(h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(i) Cash and cash equivalent

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of Presentation and Significant Accounting Policies (continued)

(j) Post-employment benefits, compensated absences and termination benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Certain employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the First Nation and other criteria as outlined in their employment contracts or in accordance with the policies of the First Nation..

(k) Segment disclosures

Segment financial information for certain departments is provided in Note 23. The accounting policies used in these segments is consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 2 . Revenues not directly attributable to a specific segment are shown in the General Government Services revenue. The segments include:

- 1) Education which provides educational services and programs to the community;
- 2) Health which provides health services and related programs to the community;
- 3) Social Services which provides support services and programs to the community to assist in promoting community justice and to reduce or prevent issues of public concern such as crime, drug and alcohol abuse.
- 4) Band Government which provides internal support to the Council and other departments that provide direct services to band members;
- 5) Economic Development which provides support and programs to the community to foster job creation and economic growth;
- 6) Public Works which provides basic municipal services to the community and provides additional services that are a benefit to the entire community;
- 7) Community Services which provides programs of interest to various interest groups within the community.
- 8) Employment Programs which provide funding for employee benefits and youth work experience.

(l) Sewage lagoon and solid waste landfill closure and post closure liabilities

The Band operates a sewage lagoon and a solid waste landfill site but their ownership has not been clarified with the Government of Northwest Territories. Site closure and post closure costs are recognized in full when information is available to estimate the liabilities for these facilities. To date the Band does not have complete information required to estimate the existing closure costs, if any. As a result, the assets and related closure and post closure liabilities for these facilities are not recorded in the consolidated financial statements

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Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of Presentation and Significant Accounting Policies (continued)

(m) Liability for contaminated sites

The Band is still assessing the impact and adoption of PSAS Section PS3260 - Liability for contaminated sites. The Band will adopt the accounting standard once the responsibility and obligation for remediation of contaminated sites has been clarified with the Government of Northwest Territories.

An obligation for remediation is recognized as a liability when all criteria below are satisfied:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the Band:
 - i) is directly responsible; or
 - ii) accepts responsibility;
- d) it is expected that the future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

(n) Measurement uncertainty

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

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Notes to Consolidated Financial Statements

March 31, 2016

3. Future accounting changes

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1200

PSAB approved new Section PS 3450, Financial Instruments, and related to Section PS 1201, Financial Statement Presentation. The effective date for Section PS 3450 was April 1, 2012 for government organizations and April 1, 2019 for governments. Earlier adoption is permitted. Governments and government organizations adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

The impact of the transition to these accounting standards has not yet been determined.

Related party disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Portfolio Investments, Section PS 3041

PSAB approved Section PS 3041 – Portfolio Investments. This Section is effective when Section PS 1201, Financial Statement Presentation, Section PS 2601, Foreign Currency Translation, and Section PS 3450, Financial Instruments are adopted. This Section establishes standards on how to account for and report portfolio investments in government financial statements.

The impact of the transition to this accounting standard has not yet been determined.

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

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Notes to Consolidated Financial Statements

March 31, 2016

3. Future accounting changes (continued)

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This 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. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard has not yet been determined.

4. Cash and cash equivalents

	2016	2015
Externally restricted		
Canadian Imperial Bank of Commerce (CIBC) - Gas Tax	\$ 877,066	\$ 791,459
Canadian Imperial Bank of Commerce (CIBC) - Capital	894,091	893,737
	<u>1,771,157</u>	<u>1,685,196</u>
Unrestricted		
Canadian Imperial Bank of Commerce (CIBC)	382,807	181,873
Canadian Imperial Bank of Commerce (CIBC) - Term deposit	178,117	177,019
Cash on hand	7,440	-
	<u>568,364</u>	<u>358,892</u>
	<u>\$ 2,339,521</u>	<u>\$ 2,044,088</u>

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Notes to Consolidated Financial Statements

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5. Restricted deposits

	2016 Restricted Deposits	2016 Required balance	2016 Excess (deficiency)
Community Capacity	\$ -	\$ 232,894	\$ (232,894)
Community Public Infrastructure	894,091	1,054,155	(160,064)
Gas Tax	877,066	887,951	(10,885)
	<u>\$ 1,771,157</u>	<u>\$ 2,175,000</u>	<u>\$ (403,843)</u>

Separate funds must be deposited to separate bank accounts to correspond with the respective restricted balances. Interest earned on these accounts is credited to the appropriate restricted deposits. At March 31, 2016 the Band has not complied with this requirement.

6. Term deposits

	2016	2015
Guaranteed investment certificate - Royal Bank of Canada 132	\$ 107,573	\$ 107,038
Guaranteed investment certificate - Royal Bank of Canada 159	70,544	69,981
	<u>\$ 178,117</u>	<u>\$ 177,019</u>

The term deposit, included in cash and cash equivalents described in Note 4 above, consists of guaranteed investment certificates (GICs). The one year flexible GIC 132 has an annual interest rate of 0.6% and matures on February 15, 2017. The one year flexible GIC 159 has an annual interest rate of 0.7% and matures on May 24, 2016.

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Notes to Consolidated Financial Statements

March 31, 2016

7. Accounts Receivable

	2016 Gross	2016 Allowance	2016 Net	2015
Trade accounts receivable	\$ 148,121	\$ (147,517)	\$ 604	\$ 147,133
Government of Canada	148,367	(64,897)	83,470	199,501
Government of the Northwest Territories (GNWT) - Municipal & Community Affairs	2,493,255	-	2,493,255	1,761,619
GNWT - Health & Social Services	85,232	-	85,232	18,241
GNWT - Environment & Natural Resources	5,182	(2,010)	3,172	13,885
GNWT - Industry, Tourism & Investment	9,948	-	9,948	11,198
GNWT - Education, Culture & Employment	24,766	(16,066)	8,700	9,200
GNWT - Department of Transportation	809	(809)	-	809
GNWT - Other	1,129	-	1,129	-
Deh Cho First Nation	9,304	(1,000)	8,304	-
Other	8,738	(3,940)	4,798	1,404
	\$ 2,934,851	\$ (236,239)	\$ 2,698,612	\$ 2,162,990

GNWT amounts included in the allowance for doubtful accounts represents amounts that have been outstanding greater than two years and are no longer considered receivable.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

8. Investment in subsidiary

A term loan in the amount of \$189,773 (2015 - \$189,773) is unsecured, repayable in blended monthly payments of \$3,049 bearing interest at 8.0% per annum and due on April 30, 2017. There were no payments received on this loan in the current or prior year. In addition, interest on the loan has ceased to be accrued as collection of either principal or interest is no longer reasonably assured.

The remaining advances of \$329,901 (2015 - \$327,780) are unsecured, non-interesting bearing and have no specified terms of repayment.

	2016	2015
Share capital	\$ 100	\$ 100
Term loan	189,773	189,773
Advances	329,901	327,780
Valuation allowance	(519,674)	(517,553)
	<u>\$ 100</u>	<u>\$ 100</u>

During the current year the equity share in retained earnings recognized is nil (2015 - nil) due to continuing losses in the subsidiary which are not recognized for accounting purposes by the Band.

During the prior year the Band resolved to write-down the value of the investment to a nominal value based on estimated recoverable amounts, and accordingly, a loss on write-down of the investment totaling \$2,121 (2015 - \$27,085) was recorded.

9. Accounts payable and accrued liabilities

	2016	2015
Trade accounts payable	\$ 96,110	\$ 126,934
Accrued liabilities	92,050	95,759
Payroll liabilities	19,661	15,375
Government of the Northwest Territories - payroll tax	2,667	1,611
Government of Canada - source deductions	17,074	12,224
Worker's safety and compensation commission	4,364	4,191
	<u>\$ 231,926</u>	<u>\$ 256,094</u>

10. Contributions refundable

	2016	2015
Government of the Northwest Territories	\$ 7,200	\$ 12,447

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11. Deferred revenue

	March 31, 2015	Funding recognized	Revenue deferred	March 31, 2016
Government of the Northwest Territories				
Community Public Infrastructure	\$ 2,672,228	\$ (34,964)	\$ 646,891	\$ 3,284,155
Community Capacity	232,894	-	-	232,894
Community Wellness Program	2,318	-	-	2,318
Gas Tax	971,921	-	170,393	1,142,314
Residential School Settlement	45,000	(45,000)	3,215	3,215
Dehcho First Nation				
Aboriginal Aquatic Resource and Oceans Management	8,434	(31)	-	8,403
Literacy Project	1,803	-	-	1,803
Dehcho First Nation Project	72	-	-	72
	\$ 3,934,670	\$ (79,995)	\$ 820,499	\$ 4,675,174

12. Employee benefits payable

	2016	2015
Vacation and lieu time	\$ 17,815	\$ 22,977
	\$ 17,815	\$ 22,977

Vacation and lieu time liability is comprised of the vacation and lieu time that employees have earned and will be utilized in the next year.

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13. Capital lease obligation

	2016	2015
Capital lease due February 2017, repayable in monthly installments of \$985 including interest at 6.75% per annum, secured by a motor vehicle with a net book value of \$17,082	\$ 9,982	\$ 20,192

Principal portion of capital lease due within the next year:

2017	\$ 9,982
	\$ 9,982

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

14. Tangible Capital Assets

	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2016 net book value
Buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 2,768,879	\$ 1,550,726	\$ 76,553	\$ -	\$ 1,627,279	\$ 1,141,600
Automotive equipment	1,611,409	10,449	(208,000)	1,413,858	1,413,858	1,294,282	96,705	(208,000)	1,182,987	230,871
Furniture and equipment	8,305	5,810	-	14,115	14,115	3,270	1,588	-	4,858	9,257
Equipment	130,034	42,332	-	172,366	172,366	-	38,782	-	38,782	133,584
Lagoon	368,670	-	-	368,670	368,670	353,923	-	-	368,670	-
Landfill	206,455	-	-	206,455	206,455	206,455	-	-	206,455	-
Land improvements	30,058	-	-	30,058	30,058	16,626	871	-	17,497	12,561
Water reservoir and fill station	2,400,000	-	-	2,400,000	2,400,000	1,140,000	76,000	-	1,216,000	1,184,000
Assets under capital lease	39,528	-	-	39,528	39,528	13,907	8,539	-	22,446	17,082
	\$ 7,563,338	\$ 58,591	\$ (208,000)	\$ 7,413,929	\$ 7,413,929	\$ 4,579,189	\$ 313,785	\$ (208,000)	\$ 4,684,974	\$ 2,728,955

	Balance, beginning of year Restated (Note 19)	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2015 net book value
Commercial buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 2,768,879	\$ 1,474,175	\$ 76,551	\$ -	\$ 1,550,726	\$ 1,218,153
Automotive equipment	1,593,414	17,995	-	1,611,409	1,611,409	1,162,225	132,057	-	1,294,282	317,127
Furniture and equipment	8,305	-	-	8,305	8,305	2,010	1,260	-	3,270	5,035
Equipment	-	130,034	-	130,034	130,034	-	-	-	-	130,034
Lagoon	368,670	-	-	368,670	368,670	339,176	14,747	-	353,923	14,747
Landfill	206,455	-	-	206,455	206,455	206,455	-	-	206,455	-
Land improvements	30,058	-	-	30,058	30,058	15,755	871	-	16,626	13,432
Water reservoir and fill station	2,400,000	-	-	2,400,000	2,400,000	1,064,000	76,000	-	1,140,000	1,260,000
Assets under capital lease	39,528	-	-	39,528	39,528	1,098	12,809	-	13,907	25,621
	\$ 7,415,309	\$ 148,029	\$ -	\$ 7,563,338	\$ 7,563,338	\$ 4,264,894	\$ 314,295	\$ -	\$ 4,579,189	\$ 2,984,149

Sambaa K'e First Nation**Notes to Consolidated Financial Statements**

March 31, 2016

15. Inventory

	2016	2015
Road surfacing materials	\$ 52,289	\$ 188,000

Inventory consists of crushed gravel and two inch minus gravel to be used in resurfacing community roads.

16. Accumulated surplus

	2016	2015
General operating	\$ 268,587	\$ 228,679
Equity in tangible capital assets	2,728,955	2,984,149
	<u>\$ 2,997,542</u>	<u>\$ 3,212,828</u>

17. Government Transfers

	2016		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 235,099	\$ -	\$ 235,099
CanNor funding	-	29,811	29,811
Territorial Transfers			
Government of the Northwest Territories	1,536,467	809,575	2,346,042
	<u>\$ 1,771,566</u>	<u>\$ 839,386</u>	<u>\$ 2,610,952</u>
	2015		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 207,210	\$ -	\$ 207,210
CanNor funding	-	115,002	115,002
Territorial Transfers			
Government of the Northwest Territories	1,518,245	815,575	2,333,820
	<u>\$ 1,725,455</u>	<u>\$ 930,577</u>	<u>\$ 2,656,032</u>

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

18. Budget Information

The budget for the current fiscal year was approved by the Band on May 4, 2015. The budget is not comprehensive and includes only budgeted funding from Aboriginal Affairs and Northern Development Canada and Municipal and Community Affairs based on its core funding agreements. As the budget is not comprehensive no budget amounts have been disclosed in the financial statements.

Canadian public sector accounting standards ("PSAB") require disclosure of budget information for comparison to the Band's actual revenues and expenses. The consolidated budgeted revenues and expenses, and surplus (deficit) reported in these financial statements is not consistent with the format of the financial results disclosed in the statement of operations and statement of change in net financial assets. While having no effect on reported revenues, expenses, and surplus (deficit), omission of complete information is considered a departure from PSAB.

19. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

20. Economic Dependence

The Band receives a significant amount of funding from the Government of Canada and the Government of the Northwest Territories in the form of operating and capital grants. Management is of the opinion that discontinuance of funding would significantly affect operations.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

21. Expenditures

For the year ended March 31	2016 Actual	2015 Actual
Expenses		
Accommodations	\$ 129,160	\$ 70,673
Administration	22,705	12,901
Advertising	-	5,068
Amortization	313,784	314,295
Bad debts	87,940	45,187
Bank charges and interest	7,462	13,245
Contract services	130,504	108,177
Electricity	51,589	52,161
Equipment rental	12,405	13,946
Fuel	98,886	117,761
Insurance	64,897	71,961
Licenses and fees	33,716	26,373
Materials and supplies	332,093	157,898
Office supplies	23,407	21,142
Postage and freight	2,563	5,731
Professional fees	70,275	84,832
Rent	59,217	29,369
Rent and utilities	8,459	1,009
Repairs and maintenance	53,655	37,423
Telephone and fax	32,241	20,858
Translator expense	600	4,600
Travel	141,833	134,771
Wages and benefits	866,890	821,922
Water and sewer sampling	1,287	460
	\$ 2,545,568	\$ 2,171,763

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

22. Segmented information

	2016 Budget	Band Government		2015 Actual	Community Services		2015 Actual	2016 Budget		Economic Development	
		2016 Actual	2016 Actual		2016 Budget	2016 Actual		2016 Budget	2016 Actual	2016 Budget	2015 Actual
Revenues											
Government of the Northwest Territories	\$ -	\$ 1,106,336	\$ 1,070,575	\$ -	\$ -	\$ 199,893	\$ 183,427	\$ -	\$ -	\$ 101,283	\$ 172,767
Aboriginal Affairs and Northern Development Canada	-	217,899	189,054	-	-	-	-	-	-	-	-
Deh Cho First Nations	-	32,035	32,035	-	-	-	-	-	-	-	-
Deh Cho Health and Social Services	-	-	-	-	-	-	-	-	-	-	3,500
Other revenue / deferred	-	(731,777)	(744,399)	-	-	(12,177)	5,187	-	-	365,795	239,891
Total revenue	-	624,494	547,265	-	-	187,716	188,614	-	-	467,078	416,158
Expenses											
Wages and benefits	-	247,391	259,299	-	-	89,068	79,243	-	-	118,710	117,072
Amortization	-	73,493	314,295	-	-	24,640	-	-	-	-	-
Other expenses	-	336,431	230,484	-	-	85,134	84,469	-	-	323,747	232,042
Total expenses	-	657,316	804,078	-	-	198,842	163,712	-	-	442,457	349,114
Other	-	(32,822)	(256,813)	-	-	(11,126)	24,902	-	-	24,621	67,044
Annual surplus (deficit)	\$ -	\$ (34,943)	\$ (283,898)	\$ -	\$ -	\$ (11,126)	\$ 24,902	\$ -	\$ -	\$ 24,621	\$ 67,044

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

22. Segmented information, continued

	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Health 2016 Actual	2015 Actual	2016 Budget	Social Services 2016 Actual	2015 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 9,800	\$ 9,800	-	\$ -	-	-	\$ 246,782	\$ 144,296
Deh Cho First Nations	-	45,428	18,521	-	24,000	24,000	-	-	-
Other revenue / deferred	-	8,000	-	-	219,297	194,246	-	(206,332)	(104,553)
Total revenue	-	63,028	28,121	-	243,297	218,246	-	40,450	39,743
Expenses									
Wages and benefits	-	15,286	13,146	-	9,071	8,421	-	102,876	78,489
Amortization	-	-	-	-	7,500	-	-	-	-
Other expenses	-	48,538	15,121	-	220,995	201,864	-	(62,426)	(38,746)
Total expenses	-	63,824	28,267	-	237,566	210,285	-	40,450	39,743
Other	-	(796)	(146)	-	5,731	7,961	-	-	-
Annual surplus (deficit)	\$ -	\$ (796)	\$ (146)	-	\$ 5,731	\$ 7,961	-	\$ -	\$ -

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2016

22. Segmented information, continued

	Public Works		Employment Programs		Consolidated totals	
	2016 Budget	2016 Actual	2016 Budget	2016 Actual	2016 Budget	2015 Actual
Revenues						
Government of the Northwest Territories	\$ -	\$ 655,240	-	\$ -	\$ -	\$ 2,319,134
Aboriginal Affairs and Northern Development Canada	-	-	-	17,200	-	235,099
Deh Cho First Nations	-	-	-	-	-	101,463
Deh Cho Health and Social Services	-	-	-	-	-	74,556
Other revenue / deferred	-	27,900	-	-	-	3,500
Total revenue	-	683,140	-	17,200	-	(329,294)
Expenses						
Wages and benefits	-	267,322	-	17,167	-	866,891
Amortization	-	208,152	-	-	-	313,785
Other expenses	-	412,431	-	41	-	1,364,891
Total expenses	-	887,905	-	17,208	-	2,545,567
Other	-	(204,765)	-	(8)	-	(219,165)
Annual surplus (deficit)	\$ -	(204,765)	-	(8)	\$ -	(221,286)
						(27,759)