

SODA CREEK INDIAN BAND
Consolidated Financial Statements
Year Ended March 31, 2016

SODA CREEK INDIAN BAND
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Year Ended March 31, 2016

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Soda Creek Indian Band
3405 Mountain House Road
Williams Lake, BC V2G 5L5
Phone: (250) 989-2323 Fax: (250) 989-2300

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Soda Creek Indian Band are the responsibility of management and have been approved by Chief and Council.

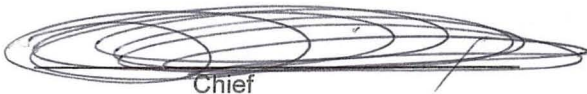
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Soda Creek Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

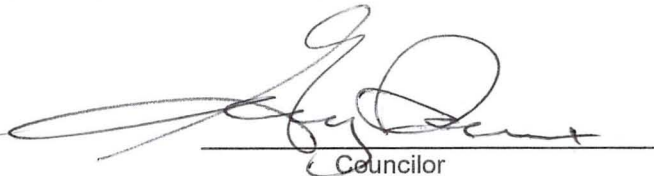
The Chief and Council are responsible for ensuring the integrity of the Band's accounting and reporting systems and that appropriate internal controls are in place, including those for monitoring risk, financial reporting and compliance with the laws and that management fulfils its responsibilities for financial reporting. The Chief and Council are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review Soda Creek Indian Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the independent auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and independent auditor's report. The Chief and Council also consider the engagement of the independent auditor.

The consolidated financial statements have been audited by FBB Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. FBB Chartered Professional Accountants LLP has full access to the Chief and Council.



Chief



Councilor



**CHARTERED
PROFESSIONAL
ACCOUNTANTS LLP**

D. Kane Fraser, CPA, CA*
Partner

Ryan Broughton, CPA, CA*
Partner

**Denotes incorporated professional*

INDEPENDENT AUDITOR'S REPORT

To the Members of Soda Creek Indian Band

We have audited the accompanying consolidated financial statements of Soda Creek Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes, comprising 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.

Auditor's 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

(continues)

Independent Auditor's Report to the Members of Soda Creek Indian Band *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Soda Creek Indian Band as at March 31, 2016 and the results of its changes in net financial assets, operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Williams Lake, British Columbia
July 12, 2016

FBB


FBB Chartered Professional Accountants LLP

SODA CREEK INDIAN BAND
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash (Note 4)	\$ 3,066,058	\$ 3,722,519
Restricted cash (Note 5)	242,286	217,110
Accounts receivable (Note 6)	633,351	827,280
Trust funds held by Canada (Note 7)	-	244,805
Investments (Note 8)	965,475	1,083,991
	<u>4,907,170</u>	<u>6,095,705</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	511,076	483,636
Deferred revenue (Note 10)	49,521	50,480
Long term debt (Note 11)	542,145	637,642
Due to related party (Note 12)	84,459	84,459
	<u>1,187,201</u>	<u>1,256,217</u>
Net financial assets	<u>3,719,969</u>	<u>4,839,488</u>
Non-financial assets		
Tangible capital assets (Note 13)	7,460,529	5,116,537
Prepaid expenses	80,187	100,447
	<u>7,540,716</u>	<u>5,216,984</u>
Band equity	<u>\$ 11,260,685</u>	<u>\$ 10,056,472</u>
Band equity		
Accumulated surplus (Note 14) - page 6	\$ 10,657,742	\$ 9,471,479
Replacement reserve (Note 15)	331,562	313,612
	<u>10,989,304</u>	<u>9,785,091</u>
Contributed surplus (Note 16)	271,381	271,381
	<u>\$ 11,260,685</u>	<u>\$ 10,056,472</u>

Contingent liabilities (Note 19)

Approved on behalf of Soda Creek Indian Band


 Chief


 Councilor

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2016**

	2016 Budget (Unaudited)	2016 Total	2016 Total
Net revenue for the year	\$ 593,278	\$ 1,186,263	\$ 1,071,753
Amortization	-	284,090	281,954
Allocation from replacement reserve	-	17,950	25,264
Tangible capital asset acquisitions	(4,298,700)	(2,628,082)	-
Change in prepaid expenses	-	20,260	(53,820)
	(3,705,422)	(1,119,519)	1,325,151
Net financial assets - beginning of year	4,839,488	4,839,488	3,514,337
Net assets - end of year	\$ 1,134,066	\$ 3,719,969	\$ 4,839,488

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Operations
For the Year Ended March 31, 2016

	2016 Budget (Unaudited)	Total 2016	Total 2015
Revenues <i>(from Schedule 1)</i>	\$ 4,623,877	\$ 5,255,737	\$ 4,571,830
Transfer from deferred revenue	-	50,480	20,251
Transfer to deferred revenue	-	(49,521)	(50,480)
	4,623,877	5,256,696	4,541,601
Expenses <i>(Schedule 2)</i>	8,329,299	6,598,256	3,792,577
Net revenue before the following	(3,705,422)	(1,341,560)	749,024
Other income (expenses)			
INAC recoveries	-	(31,743)	(24,004)
Partner's share in net income (loss) in Xat'sull Limited Partnership	-	(68,516)	346,733
Increase in tangible capital assets	4,298,700	2,628,082	-
	4,298,700	2,527,823	322,729
Net revenue for the year	\$ 593,278	\$ 1,186,263	\$ 1,071,753
Accumulated surplus - beginning of year	9,471,479	9,471,479	8,399,726
Accumulated surplus - end of year - page 4	\$ 10,064,757	\$ 10,657,742	\$ 9,471,479

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Revenues****(Schedule 1)****Year Ended March 31, 2016**

	Budget 2016 (Unaudited)	2016	2015
Revenues			
Federal Government			
INAC - Operating	\$ 1,622,101	\$ 1,488,209	\$ 1,408,913
Northern Shuswap Treaty Society	364,360	328,360	338,420
Three Corners Health Society	198,166	214,927	187,655
CCATEC	15,086	83,959	47,194
CMHC	76,171	75,733	36,702
First Nations Health Authority	93,261	94,261	89,702
Northern Shuswap Tribal Council	-	36,664	-
Canada Youth	-	-	6,481
Canada Heritage	-	-	1,300
Province of British Columbia	986,812	1,482,443	997,125
BC Hydro	-	17,641	-
Likely Xat'Sull Community Forest	-	7,389	361,503
Mount Polley Mining Corporation	250,000	180,000	180,000
Rentals	157,830	176,255	166,735
Taxation	111,028	127,249	122,385
Administration and management fees	60,000	60,000	60,000
Tolko Industries Ltd.	60,000	60,000	60,000
FNESC	15,000	13,209	53,826
Spectra Energy	50,000	51,100	50,000
Union of BC Municipalities	55,000	55,000	-
Interest	-	25,512	37,424
Knucwentwecw Society	-	-	30,000
New Relationship Trust	-	4,000	27,000
Eclipsol Energy	-	6,250	23,750
Gibraltar Mines	256,063	108,800	21,500
Finning Canada	-	-	18,000
All other sources	252,999	558,776	246,215
	\$ 4,623,877	\$ 5,255,737	\$ 4,571,830

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND**Consolidated Expenses****(Schedule 2)****For the Year Ended March 31, 2016**

	2016 Budget (Unaudited)	Total 2016	Total 2015
Administration	\$ 1,014,411	\$ 1,039,837	\$ 1,220,931
Amortization	-	284,090	281,954
Capital improvement projects	-	-	4,504
Community building project	4,298,700	2,449,809	-
Education	644,441	675,817	737,968
Health and well-being	302,677	250,833	222,576
Housing	192,250	59,274	64,034
Natural resources	874,950	802,059	398,137
Public works	317,492	364,078	247,052
Social development	320,018	362,282	348,904
Treaty	364,360	310,177	266,517
	<u>\$ 8,329,299</u>	<u>\$ 6,598,256</u>	<u>\$ 3,792,577</u>

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND
Consolidated Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
Cash flows from operating activities		
Net revenue for the year	\$ 1,186,263	\$ 1,071,753
Items not affecting cash:		
Amortization	284,090	281,954
Partner's share in net revenue in Xat'sull Limited Partnership	68,516	(346,733)
	<u>1,538,869</u>	<u>1,006,974</u>
Changes in non-cash accounts:		
Restricted cash	(25,176)	(26,964)
Accounts receivable	193,929	(354,112)
Accounts payable and accrued liabilities	27,440	61,984
Deferred revenue	(959)	30,229
Prepaid expenses	20,260	(53,820)
Replacement reserve	17,950	25,264
	<u>233,444</u>	<u>(317,419)</u>
Cash flows from operating activities	<u>1,772,313</u>	<u>689,555</u>
Cash flows from (used in) investing activity		
Trust funds held by Canada	244,805	(6,741)
Partner's withdrawal from Xat'Sull Limited Partnership	50,000	-
	<u>294,805</u>	<u>(6,741)</u>
Cash flows from (used in) investing activity	<u>294,805</u>	<u>(6,741)</u>
Cash flows used in financing activities		
Repayment of long term debt	(95,497)	(93,078)
	<u>(95,497)</u>	<u>(93,078)</u>
Cash flows used in capital acquisitions		
Tangible capital asset acquisitions	(2,628,082)	-
	<u>(2,628,082)</u>	<u>-</u>
Increase (decrease) in cash flow	(656,461)	589,736
Cash - beginning of year	<u>3,722,519</u>	<u>3,132,783</u>
Cash - end of year (Note 4)	\$ 3,066,058	\$ 3,722,519
Supplementary information		
Interest received	\$ 25,512	\$ 37,424
Interest paid	\$ 15,891	\$ 18,041

The accompanying notes are an integral part of this statement.

SODA CREEK INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

1. Basis of presentation

In order to satisfy the requirements of the Reporting Guide's Financial Reporting Requirements of Indigenous and Northern Affairs Canada (INAC) these consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as defined in the Chartered Professional Accountants - Canada Public Sector Accounting Handbook, which encompasses the following:

- a. The focus of PSAB statements is on the consolidated financial position of the Band and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Band. Financial assets are economic resources controlled by the Band as a result of past transactions from which future economic benefits may be obtained. Liabilities are present obligations of the Band to others arising from past transactions, the settlement of which is expected to result in the future sacrifice of economic benefits.
- b. Soda Creek Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operation of each fund are set out in the supplementary schedules.

Soda Creek Indian Band maintains the following funds:

- The Operations Fund which reports the general activities of the Band.
 - The Capital Fund which reports the capital projects of the Band together with their related financing, other than those tangible capital assets funded by CMHC and the Enterprise Fund.
 - The Enterprise Fund which reports the Band's investment in Xat'sull Limited Partnership.
 - The Trust Fund which reports on the trust funds owned by the Band and held by third parties.
 - The CMHC Social Housing Fund which reports assets, liabilities, revenues, expenses and reserves specifically related to housing funded by CMHC.
 - The Treaty Self-Government Fund which reports on activities related to treaty negotiations.
- c. Reporting entity and principles of financial reporting

The Soda Creek Indian Band reporting entity includes the Band and all related entities which are accountable to the Chief and Council and are either owned or controlled by the Band.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Band government administration (Operating and Capital funds)
- Band Enterprise Fund
- Band Trust Fund (comprising the Ottawa Trust Funds)
- Band CMHC Social Housing Fund
- Treaty Self-Government Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each fund, transactions amongst funds have not been eliminated on the individual schedules.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Tangible capital assets

Tangible capital assets are non-financial assets having physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- Have useful economic lives extending beyond an accounting period;
- Are to be used on a continuing basis; and
- Are not for sale in the ordinary course of operations.

Tangible capital assets purchased are recorded at cost. Tangible capital assets contributed are recorded at the fair market value as at the date of the contribution.

Tangible capital assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	4%
Community infrastructure	4%
Equipment and machinery	20%
Automotive equipment	20%
Office furniture and equipment	20%

Assets under construction are not amortized as they are not available for use.

Housing tangible capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

Investments

The Band accounts for its investment in Xat'sull Limited Partnership using the equity method. Under this method, the investment is initially recorded at cost and then increased or decreased to recognize subsequent earnings or losses. The investment is also increased or decreased to reflect advances to or repayments from the Limited Partnership.

Surplus recoveries and deficit funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

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SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

2. Summary of significant accounting policies (*continued*)

Trust funds held by Canada (Ottawa Trust Fund)

Ottawa Trust Fund operating account revenues are recorded on an accrual basis, and include interest earned on the Ottawa Trust account.

Ottawa Trust Fund capital account revenues are recorded when the Band is notified of their deposit by Indigenous and Northern Affairs Canada.

Revenue recognition

Revenue is recognized as it becomes receivable and collection is reasonably assured under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Consolidated Statement of Financial Position.

Expenses are accounted for in the period the goods and services are acquired and a liability is incurred, or transfers are due.

Rental revenue is recognized when a tenant commences occupancy and rent is due. Soda Creek Indian Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Use of estimates

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 revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, and rates for depreciation and amortization. Actual results could differ from those estimates.

Adoption of new accounting policies

On April 1, 2014, the Band adopted the provisions of the new accounting policy for liability for contaminated sites.

The details of the policy are specified in Section PS 3260 of the Chartered Professional Accountants - Canada Public Sector Accounting Handbook.

The Band has reviewed the implications of the Section and has concluded that it is not exposed to any contaminated sites. It has therefore not recorded any liability for remediation of contaminated sites.

3. Economic dependence

The Soda Creek Indian Band receives a significant portion of its revenues pursuant to funding arrangements with Indigenous and Northern Affairs Canada. The Band's ability to continue operations would be severely hampered should this funding be discontinued.

SODA CREEK INDIAN BAND**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****4. Cash**

	<u>2016</u>	<u>2015</u>
Operations	\$ 3,047,980	\$ 3,621,850
CMHC Housing Program	104,370	103,290
Treaty self government program	(86,292)	(2,621)
	<u>\$ 3,066,058</u>	<u>\$ 3,722,519</u>

5. Cash restricted as to use

	<u>2016</u>	<u>2015</u>
Replacement reserve	\$ 242,286	\$ 217,110

Under the terms of the Band's Social Housing Agreement with Canada Mortgage and Housing Corporation, a separate replacement reserve account is maintained. The funds in this account may only be used for repairs and maintenance as approved by Canada Mortgage and Housing Corporation.

6. Accounts receivable

	<u>2016</u>	<u>2015</u>
Due from Band members		
Housing program	\$ 285,566	\$ 254,132
Other	18,706	19,039
	<u>304,272</u>	<u>273,171</u>
Less: Allowance for doubtful accounts	99,055	99,055
	<u>205,217</u>	<u>174,116</u>
Due from others:		
Province of British Columbia	1,415	361,375
Northern Shuswap Treaty Society	150,798	74,770
GST recoverable	4,252	5,795
Three Corners Health Services Society	60,053	94,681
CCATEC	15,077	1,034
Spectra Energy	-	50,000
FNESC	5,802	25,014
All others	190,737	40,495
	<u>428,134</u>	<u>653,164</u>
	<u>\$ 633,351</u>	<u>\$ 827,280</u>

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

7. Trust funds held by Canada

	<u>2016</u>	<u>2015</u>
Trust funds held by Canada	\$ -	\$ 244,805

The Ottawa Trust Accounts arise from monies from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is governed primarily by Sections 63 and 69 of the *Indian Act*.

8. Investments

Transactions for the year in the Band's investments are summarized below:

	<u>2016</u>	<u>2015</u>
Xat'sull Limited Partnership interest - beginning of year	\$ 1,083,989	\$ 737,256
Share in net income of the partnership	(68,516)	346,733
Distribution	(50,000)	-
Xat'sull Limited Partnership interest - end of year	965,473	1,083,989
Shares in Xat'sull Logging Ltd.	1	1
Shares in Xat'sull Development Ltd.	1	1
	<u>\$ 965,475</u>	<u>\$ 1,083,991</u>

9. Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
Trade accounts	\$ 405,213	\$ 393,989
Accrued payroll and source deductions	88,863	72,647
Other accrued liabilities	17,000	17,000
	<u>\$ 511,076</u>	<u>\$ 483,636</u>

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

10. Deferred revenue

Deferred revenue includes funding received in advance of expenditures being made in respect of the following capital projects:

	<u>2016</u>	<u>2015</u>
Indigenous and Northern Affairs Canada		
Mould Renovations Fund - #11128	\$ -	\$ 480
Other		
Forestry harvest revenues	25,000	25,000
Mount Polley Crisis	-	25,000
WL Central Business Improvement Area Association	24,521	-
	<u>\$ 49,521</u>	<u>\$ 50,480</u>

11. Long term debt

	<u>2016</u>	<u>2015</u>
CMHC Phase 1 mortgage loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$2,283. The mortgage loan matures on October 1, 2017.	\$ 42,064	\$ 67,378
All Nations Trust mortgage loan bearing interest at 2.4% per annum, repayable in monthly blended payments of \$2,372. The loan matures on June 1, 2020.	114,621	140,318
All Nations Trust mortgage loan bearing interest at 1.8% per annum, repayable in monthly blended payments of \$2,222. The loan matures on April 1, 2017.	137,530	161,486
All Nations Trust mortgage loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$2,071. The loan matures on February 1, 2027.	247,930	268,460
	<u>\$ 542,145</u>	<u>\$ 637,642</u>

Principal repayment requirements are approximately:

2017	\$ 98,133
2018	88,130
2019	74,375
2020	76,385
2021	195,479
Thereafter	9,643
	<u>\$ 542,145</u>

Long term debt is secured by the ministerial guarantee of the Minister of Finance - Canada.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

12. Due to related party

	<u>2016</u>	<u>2015</u>
Due to Xat'sull Limited Partnership	<u>\$ 84,459</u>	<u>\$ 84,459</u>

The amount owing is unsecured and non-interest bearing with no specific terms of repayment.

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016
13. Tangible capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 337,995	\$ -	\$ 337,995	\$ -
Buildings				
Community building	2,449,809	-	2,449,809	-
Soda Creek Emporium	108,921	74,847	34,074	35,494
Campsite building	97,384	5,759	91,625	3,528
Xat'sull Heritage Village buildings	147,542	67,517	80,025	83,359
Community infrastructure	5,011,669	2,535,541	2,476,128	2,580,671
Equipment and machinery	91,099	89,858	1,241	1,551
Equipment				
Soda Creek Emporium	14,067	13,581	486	608
Automotive equipment	228,829	119,899	108,930	50,664
Office furniture and equipment	121,750	102,062	19,688	10,847
Health Centre				
Building	1,897,727	583,486	1,314,241	1,369,001
Equipment	82,654	78,511	4,143	5,178
CMHC				
Buildings and equipment	1,689,637	1,147,493	542,144	975,636
	\$ 12,279,083	\$ 4,818,554	\$ 7,460,529	\$ 5,116,537

	Balance April 1, 2015	2016 Provision	Balance March 31, 2016
Accumulated amortization:			
Buildings			
Soda Creek Emporium	\$ 73,427	\$ 1,420	\$ 74,847
Campsite building	3,817	1,942	5,759
Xat'sull Heritage Village buildings	64,183	3,334	67,517
Community infrastructure	2,430,998	104,543	2,535,541
Equipment and machinery	89,548	310	89,858
Equipment			
Soda Creek Emporium	13,459	122	13,581
Automotive equipment	102,166	17,733	119,899
Office furniture and equipment	98,668	3,393	102,061
Health Centre			
Building	528,726	54,760	583,486
Equipment	77,476	1,036	78,512
CMHC			
Buildings and equipment	1,051,996	95,497	1,147,493
	\$ 4,534,464	\$ 284,090	\$ 4,818,554

There were no asset disposals during the year (2015 - \$nil). There were no asset write-downs during the year (2015 - \$nil).

SODA CREEK INDIAN BAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

14. Band equity - accumulated surplus

Accumulated surplus consists of the following fund balances:

	2016	2015
Operating and Capital Projects Fund	\$ 9,714,230	\$ 8,186,788
CMHC Social Housing Fund	(64,211)	(104,526)
Ottawa Trust Fund	-	244,805
Investment in Band Business Enterprises	965,475	1,083,991
Treaty Self Government Program	42,248	60,421
	\$ 10,657,742	\$ 9,471,479

15. Replacement reserve

The replacement reserve represents funds set aside by the Band to fund future anticipated costs. The reserve fund balance consists of the following amounts:

	2016	2015
CMHC replacement reserve - beginning of year	\$ 313,612	\$ 288,348
Appropriation	23,853	23,853
Replacements	(7,225)	(1,775)
Interest	1,322	3,111
CMHC required adjustment	-	75
CMHC replacement reserve - end of year	\$ 331,562	\$ 313,612

Under the terms of the mortgage agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$23,853 annually. These funds, along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada Mortgage and Housing Corporation.

As at the year-end, the reserve is unfunded by the amount of \$89,276 - (2015 - \$96,502).

16. Contributed surplus

	2016	2015
Contributed surplus consists of the following:		
Band contribution to social housing program	\$ 271,381	\$ 271,381

SODA CREEK INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

17. Financial instruments and risk management

The Band's financial instruments consist of cash, cash restricted as to use, accounts receivable, trust funds held by Canada, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The Band is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Band provides services may experience financial difficulty and be unable to fulfill their obligations.

The Band is exposed to interest rate risk arising from fluctuations in interest rates on its cash and investments and does not hold any financial instruments that mitigate this risk.

18. Federal assistance payments

Soda Creek Indian Band Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ended March 31, 2016 was \$75,733 (2015 - \$36,702). This assistance will continue, providing the Band is not in default of the agreement.

19. Contingent liabilities

The Band has guaranteed loans under the CMHC Housing Program with balances as at March 31, 2016 aggregating \$542,145 (2015 - \$637,642) and a loan made to a band member in the original amount of \$110,000 with a balance as at March 31, 2016 of \$29,904 (2015 - \$35,013).

20. Reconciliation of INAC Comprehensive Funding Arrangement Revenue

Pursuant to the Indigenous and Northern Affairs Canada Reporting Guide's Financial Reporting Requirements, the following reconciliation has been prepared:

Revenue total as per 2016 funding confirmation	\$ 1,492,209
Reported on Xat'Sull Limited Partnership	<u>(4,000)</u>
	<u>\$ 1,488,209</u>
INAC Revenue as per Statement of Operations	
Operating	<u>\$ 1,488,209</u>

21. Band registered pension plan

The Band provides a defined contribution pension plan to qualifying employees. Under the plan, the defined members' contributions, the Band contributions, and the related plan earnings comprise the members' money purchase amount. The plan is registered with the Canada Revenue Agency.

The Band contributed \$23,496 to the plan during the year ended March 31, 2016 (2015 - \$22,591), to match its employees' required contributions.

SODA CREEK INDIAN BAND**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****22. Related party transactions**

These consolidated financial statements include the following transactions with Xat'Sull Limited Partnership. These transactions are at market value.

	<u>2016</u>	<u>2015</u>
Administration costs charged by the Band to Xat'Sull Limited Partnership	<u>\$ 60,000</u>	<u>\$ 60,000</u>

23. Expenses by object

	<u>2016</u>	<u>2015</u>
Amortization	\$ 284,090	\$ 281,954
Community building project	2,449,809	-
Contracted services	861,725	1,066,784
Honoraria	151,532	93,145
Insurance and licenses	33,346	31,062
Interest	15,891	18,041
Materials and supplies	165,121	75,308
Rent, maintenance and utilities	332,712	215,278
Salaries, wages and benefits	1,411,357	1,045,155
Social assistance	327,150	298,922
Travel	84,531	99,009
Tuition and education related	467,054	561,045
All other	13,938	6,874
	<u>\$ 6,598,256</u>	<u>\$ 3,792,577</u>