

Qualicum First Nation
Consolidated Financial Statements
March 31, 2016

Qualicum First Nation

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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Qualicum First Nation:

The accompanying consolidated financial statements of Qualicum First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Qualicum First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

June 29, 2016

Signed by: Denise Hollinger

Financial Controller

Independent Auditors' Report

To the Members of Qualicum First Nation:

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Qualicum First Nation did not prepare an approved budget for the year ending March 31, 2016. Canadian Public Sector Accounting Standards requires the approved budget to be presented in the consolidated statement of operations and accumulated surplus and change in net financial assets.

Qualified Opinion

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

Nanaimo, British Columbia

June 29, 2016

MNP LLP

Chartered Professional Accountants

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

	2016	2015
Financial assets		
Cash (Note 3)	1,008,151	991,100
Accounts receivable (Note 4)	89,675	31,300
Inventory for resale	3,853	1,594
Investments	2	2
Funds held in trust (Note 5)	42,373	35,910
Total financial assets	1,144,054	1,059,906
Liabilities		
Accounts payable and accruals	115,164	118,427
Deferred revenue (Note 6)	108,101	85,287
Damage deposits	3,115	3,515
Demand term loan (Note 7)	122,124	165,381
Total liabilities	348,504	372,610
Net financial assets	795,550	687,296
Commitments (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	2,031,102	2,088,755
Prepaid expenses	25,095	16,066
Total non-financial assets	2,056,197	2,104,821
Accumulated surplus (Note 10)	2,851,747	2,792,117
Approved by Chief and Council		
Signed by: Gordon Recalma	Chief	Signed by: Sara Swanson
		Councillor
		Signed by: Arnold Recalma

The accompanying notes are an integral part of these financial statements

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

	<i>Schedule</i>	2016 Budget (Unaudited)	2016	2015
Revenue				
Indigenous and Northern Affairs Canada (Note 12)		-	397,885	240,797
First Nations Health Authority		-	224,477	194,539
Fisheries and Oceans Canada		-	65,000	65,000
Province of British Columbia		-	32,083	35,000
Canada Mortgage and Housing Corporation		-	24,129	-
Campsite		-	271,192	228,301
Cigarette sales		-	95,985	96,281
Daycare		-	68,142	35,004
Rental income		-	70,430	63,574
Other revenue		-	40,861	19,967
Fish revenue		-	23,713	23,645
Coast Salish Employment and Training Society		-	18,064	37,638
Interest income		-	6,793	9,664
New Relationship Trust		-	4,000	2,000
First Nation Education Steering Committee		-	3,058	3,320
INAC Trust Fund interest revenue and contributions		-	1,462	1,465
		-	1,347,274	1,056,195
Expenses				
Administration	3	-	218,509	306,789
Community	4	-	212,951	213,189
Community Infrastructure	5	-	93,871	38,823
Economic Development	6	-	246,514	198,770
Education	7	-	58,362	68,130
Health	8	-	236,961	237,227
Housing	9	-	118,433	70,005
Social Services	10	-	102,043	72,709
		-	1,287,644	1,205,642
Annual surplus (deficit) before other items		-	59,630	(149,447)
Loss on disposal of tangible capital assets		-	-	(8,856)
Annual surplus (deficit)		-	59,630	(158,303)
Accumulated surplus, beginning of year		2,792,117	2,792,117	2,950,420
Accumulated surplus, end of year		2,792,117	2,851,747	2,792,117

The accompanying notes are an integral part of these financial statements

Qualicum First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Annual surplus (deficit)	-	59,630	(158,303)
Purchases of tangible capital assets	-	(57,969)	(19,841)
Amortization of tangible capital assets	-	115,622	118,720
Loss on sale of tangible capital assets	-	-	8,856
Proceeds of disposal of tangible capital assets	-	-	4,000
Acquisition of prepaid expenses	-	(9,029)	-
Use of prepaid expenses	-	-	2,319
Increase (decrease) in net financial assets	-	108,254	(44,249)
Net financial assets, beginning of year	687,296	687,296	731,545
Net financial assets, end of year	687,296	795,550	687,296

The accompanying notes are an integral part of these financial statements

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

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	59,630	(158,303)
Non-cash items		
Amortization	115,622	118,720
Loss on disposal of tangible capital assets	-	8,856
Changes in working capital accounts		
Accounts receivable	(58,375)	1,450
Inventory for resale	(2,261)	4,219
Accounts payable and accruals	(3,263)	58,163
Deferred revenue	22,814	(23,155)
Damage deposits	(400)	500
Prepaid expenses	(9,029)	2,319
	124,738	12,769
Financing activities		
Repayment of demand term loan	(43,256)	(41,515)
Repayment of current portion of capital lease obligation	-	(2,561)
	(43,256)	(44,076)
Capital activities		
Purchases of tangible capital assets	(57,969)	(19,841)
Proceeds of disposal of tangible capital assets	-	4,000
Increase in funds held in trust	(6,462)	(5,688)
	(64,431)	(21,529)
Increase (decrease) in cash	17,051	(52,836)
Cash, beginning of year	991,100	1,043,936
Cash, end of year	1,008,151	991,100
Supplementary cash flow information		
Interest paid	13,921	15,630

The accompanying notes are an integral part of these financial statements

1. Operations

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

2. Significant accounting policies

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

Reporting entity

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

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Operating fund
- Capital fund
- Ottawa trust fund
- Settlement fund
- Subdivision reserve fund

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization.

Contributed tangible capital assets are recorded at their fair market value at the time of acquisition.

Amortization is provided on a declining balance basis over the estimated useful life of the assets. In the year of acquisition amortization is taken in the fiscal quarter that the asset is purchased in. See below for amortization rates of specific asset categories.

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

Amortization

The First Nation's graveyard and fish carving are not subject to amortization as their estimated useful lives are indefinite. Amortization is not taken on assets which have been acquired but not put to use. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	declining balance	4 - 5 %
Vehicles and equipment	declining balance	7 - 30 %
Band housing	declining balance	4 - 20 %
Computer hardware and software	declining balance	45 %
Roads and streets	declining balance	8 %
Water, sanitary and storm	declining balance	4 - 10 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

Net financial assets

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

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

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

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus (deficit) in the periods in which they become known.

Financial instruments

The First Nation's financial instruments consist of cash, accounts receivable, funds held in trust, accounts payable and accruals, damage deposits and demand term loan. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit, or currency risks, arising from these financial instruments.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2016 no liability for contaminated sites exists.

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

Revenue recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility 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.

i) Indigenous and Northern Affairs Canada ("INAC")

INAC revenue is recognized as it becomes receivable under the terms of the "Comprehensive Funding Arrangement". Funding is based on an annual budget which is agreed to by the parties and consists of fixed contribution payments and set contribution payments. In the case of the fixed contribution payments, the First Nation is permitted to use surpluses at its own discretion provided the terms and conditions of the agreement are met but must take responsibility for any deficits. In the case of the set contribution payments, any surpluses must be returned to INAC and deficits are recoverable.

ii) Ottawa Trust Funds

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

iii) Rental income

Rental income is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

iv) Fisheries and Oceans Canada

Fisheries and Oceans Canada revenue is recognized as it becomes receivable based upon the funding agreement. Certain funding arrangements with Fisheries and Oceans Canada can result in surpluses being repaid or deficits being funded depending upon year end position of the program.

v) First Nations Health Authority

First Nations Health Authority revenue is recognized as it becomes receivable under the terms of the funding arrangement. Funding is based on an annual budget which is agreed to by the parties. Surpluses are recoverable unless specific allowance to carryforward excess amounts has been granted by First Nations Health Authority.

vi) Own Source Revenues

Own source revenues are recognized as services are rendered or goods are sold, once amounts can be reasonably measured, and collectibility is reasonably assured, on an accrual basis.

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

Recent accounting pronouncements

PS 2200 Related Party Disclosures

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

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

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

PS 3210 Assets

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

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

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

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

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

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

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

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

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

Recent accounting pronouncements *(Continued from previous page)*

PS 3320 Contingent Assets

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

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

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

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

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

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

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

PS 3380 Contractual Rights

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

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

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

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

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

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

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

Recent accounting pronouncements *(Continued from previous page)*

PS 3430 Restructuring Transactions

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

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

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

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

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

Restructuring-related costs are recognized as expenses when incurred.

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

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

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

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

3. Cash

Included in cash is \$765,521 (2015 - \$759,431) from the Cochrane road settlement which has been internally restricted by the members for future economic development. As at March 31, 2016, \$13,721 (2015 - \$13,721) is due to the Cochrane Road Settlement account from the operating fund.

	2016	2015
Unrestricted cash	242,630	231,669
Internally restricted cash	765,521	759,431
	1,008,151	991,100

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

4. Accounts receivable

	2016	2015
Coast Salish Employment and Training Society	-	8,382
First Nations Health Authority	1,375	-
Fisheries and Oceans Canada	18,000	12,000
Indigenous and Northern Affairs Canada	13,501	420
Other receivables	56,799	10,498
	89,675	31,300

5. Funds held in trust

Capital and revenue trust moneys are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning and end of year	876	876
Revenue Trust		
Balance, beginning of year	35,034	29,346
Interest	1,174	406
Special (BC)	289	282
Fisheries and Oceans Canada	5,000	5,000
Balance, end of year	41,497	35,034
	42,373	35,910

Ottawa Trust Funds

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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

6. Deferred revenue

	2016	2015
Deferred revenue		
Campsite	59,622	52,529
Prepaid rents	1,500	1,100
	61,122	53,629
Deferred funding contributions		
INAC - capital surplus	-	31,658
INAC - deferred funding	20,999	-
FNHA - deferred funding	9,000	-
CSETS - deferred funding	2,141	-
Success By 6 - deferred funding	14,839	-
	46,979	31,658
	108,101	85,287

7. Demand term loan

The First Nation holds a variable rate demand term loan with the Royal Bank of Canada bearing interest at Royal Bank Prime plus 0.75% per annum, repayable in monthly blended payments of \$4,045. The loan is secured by a general security agreement over all personal property of the First Nation. The loan term matures on November 17, 2016. The First Nation intends to refinance this demand term loan at maturity.

	2016	2015
Demand term loan	122,124	165,381

Principal repayments on the demand term loan in each of the next three years, assuming the demand term loan subject to refinancing is renewed, are estimated as follows:

	Principal
2017	44,728
2018	46,434
2019	30,962
	122,124

8. Revolving credit facility

The First Nation holds a revolving credit facility to a maximum of \$75,000 available with the Royal Bank of Canada bearing interest at Royal Bank of Canada Prime. There are no specified terms of repayment. The credit facility is secured by a general security agreement over all personal property of the First Nation.

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

January 2015

9. Commitments

The First Nation has entered into an operating lease agreement with estimated minimum annual payments as follows:

2017	2,167
2018	2,167
2019	2,167
2020	2,167
2021	1,264
	9,932

10. Accumulated surplus

Qualicum First Nation uses fund accounting procedures that result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Qualicum First Nation maintains the following funds:

- Operating fund reports on the general activities of the First Nation administration
- Capital fund reports on the tangible capital assets of the First Nation, with any related capital financing
- Trust fund reports on trust monies owned by the First Nation and held by third parties
- Settlement fund reports the First Nation's settlement of the Cochrane Road lawsuit
- Subdivision reserve fund relates to prior capital funding received and held to develop future subdivisions as decided by Council

Accumulated surplus consists of the following:

	2016	2015
Equity in operating fund	(10,220)	(114,950)
Equity in capital fund	2,031,102	2,088,755
Equity in trust fund	42,373	35,910
Equity in settlement fund	779,242	773,152
Subdivision reserve fund	9,250	9,250
	2,851,747	2,792,117

11. Economic dependence

Qualicum First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of funding agreements entered into with the Government of Canada. These agreements 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 agreements.

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

March 2015

12. Indigenous and Northern Affairs Canada funding reconciliation

	2016	2015
INAC revenue per confirmation	383,341	306,000
INAC recoveries during the year	(16,337)	(65,203)
INAC deferred capital funding recognized in the current year	31,658	-
INAC receivable to cover deficit in Basic Needs	8,791	-
INAC receivable to cover deficit in Municipal Services	4,710	-
Anticipated recovery in Special Needs	(1,863)	-
Reconciliation of variances from prior years	8,584	-
Deferred funding in Roads and Bridges	(5,585)	-
Deferred funding in Municipal Services	(3,414)	-
Deferred funding in NAHS	(12,000)	-
	397,885	240,797

13. Segments

During the year, the First Nation had 8 reportable segments. These segments are differentiated by factors such as major activities; service lines; accountability and control relationships. For management and reporting purposes, the revenues, expenses and surpluses or deficits are organized by the following segments:

Administration:

This segment includes general operations, support and financial management of the First Nation.

Community:

This segment includes revenues and expenses from dealing with the management of land, Fisheries and Oceans Canada, as well as other functions which benefit the community at large.

Community infrastructure:

This segment includes revenues and expenses associated with the maintenance of roads, water and waste.

Economic development:

This segment includes activities related to the growth of revenue producing projects within the First Nation.

Education:

This segment includes revenues and expenses relating to the primary, secondary and post-secondary education of the members of the First Nation.

Health:

This segment includes activities related to the provision of health services within the First Nation.

Housing:

This segment includes activities related to the provision of housing within the First Nation.

Social services:

This segment includes revenues and expenses relating to child care, foster care, other family services and social assistance of the members of the First Nation.

14. Comparative figures

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

Qualicum First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Graveyard</i>	<i>Buildings and improvements</i>	<i>Vehicles and equipment</i>	<i>Band housing</i>	<i>Computer hardware and software</i>	<i>Roads and streets</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	60,750	1,341,874	455,429	1,286,371	7,912	175,922	3,328,258
Acquisition of tangible capital assets	-	10,715	31,846	-	15,408	-	57,969
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	60,750	1,352,589	487,275	1,286,371	23,320	175,922	3,386,227
Accumulated amortization							
Balance, beginning of year	-	586,907	404,619	346,322	7,320	73,535	1,418,703
Annual amortization	-	35,095	11,198	47,912	1,118	8,191	103,514
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	622,002	415,817	394,234	8,438	81,726	1,522,217
Net book value of tangible capital assets	60,750	730,587	71,458	892,137	14,882	94,196	1,864,010
2015 Net book value of tangible capital assets	60,750	754,967	50,810	940,049	592	102,387	1,909,555

Qualicum First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Water, sanitary and storm</i>	<i>2016</i>	<i>2015</i>
Cost				
Balance, beginning of year	3,328,258	469,052	3,797,310	3,795,278
Acquisition of tangible capital assets	57,969	-	57,969	19,841
Disposal of tangible capital assets	-	-	-	(17,809)
Balance, end of year	3,386,227	469,052	3,855,279	3,797,310
Accumulated amortization				
Balance, beginning of year	1,418,703	289,852	1,708,555	1,594,789
Annual amortization	103,514	12,108	115,622	118,720
Accumulated amortization on disposals	-	-	-	(4,954)
Balance, end of year	1,522,217	301,960	1,824,177	1,708,555
Net book value of tangible capital assets	1,864,010	167,092	2,031,102	2,088,755
2015 Net book value of tangible capital assets	1,909,555	179,200	2,088,755	

Qualicum First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Consolidated expenses by object			
Advertising	-	4,400	2,313
Amortization	-	115,622	118,720
Bad debts	-	1,259	11,902
Bank charges and interest	-	13,921	15,630
Basic needs	-	10,279	12,988
Community donations	-	501	500
Consulting	-	12,222	4,211
Contracted services	-	138,390	48,281
Education and living allowances	-	8,612	33,587
Elders fees	-	5,014	7,122
Equipment lease	-	-	5,497
Family support services	-	10,792	2,856
Food and beverage	-	12,961	26,300
Furniture and equipment	-	4,891	9,461
Honoraria	-	7,755	325
Insurance	-	24,611	35,742
Licences, dues and fees	-	2,071	2,317
Materials	-	80,141	76,717
Office supplies and services	-	6,856	9,191
Professional fees	-	52,556	51,664
Recreation	-	10,792	13,588
Rent	-	1,418	1,269
Repairs and maintenance	-	57,694	21,665
Salaries and benefits	-	487,759	442,420
Shelter	-	6,901	6,241
Special needs	-	1,314	2,728
Student expenses	-	7,148	8,699
Supplies	-	34,598	64,976
Telephone	-	6,576	7,158
Training	-	5,582	19,027
Travel	-	35,097	17,961
Tuition	-	34,553	39,946
Utilities	-	85,358	84,640
	-	1,287,644	1,205,642

Qualicum First Nation
Administration

Schedule 3 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	130,421	129,540
Province of British Columbia	-	32,083	35,000
Fisheries and Oceans Canada	-	5,000	5,000
Other revenue	-	11,800	17,965
Interest income	-	6,217	9,664
Rental income	-	1,500	-
INAC Trust Fund interest revenue and contributions	-	1,462	1,465
	-	188,483	198,634
Expenses			
Amortization	-	26,969	28,502
Bad debt (recovery)	-	(250)	11,902
Bank charges and interest	-	1,444	4,120
Community donations	-	300	500
Consulting	-	860	-
Contracted services	-	17,130	12,424
Education and living allowances	-	2,000	-
Elders fees	-	632	-
Equipment lease	-	-	4,196
Family support services	-	-	139
Food and beverage	-	898	1,834
Furniture and equipment	-	1,290	1,904
Honoraria	-	200	50
Insurance	-	6,923	21,937
Licences, dues and fees	-	817	2,202
Office supplies and services	-	2,365	6,031
Professional fees	-	37,665	38,527
Rent	-	101	-
Repairs and maintenance	-	825	2,486
Salaries and benefits	-	107,319	151,815
Supplies	-	934	4,054
Telephone	-	1,761	4,129
Training (recovery)	-	1,912	(811)
Travel	-	4,256	6,221
Utilities	-	2,158	4,627
	-	218,509	306,789
Deficit	-	(30,026)	(108,155)

**Qualicum First Nation
Community**

Schedule 4 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Fisheries and Oceans Canada	-	60,000	60,000
Indigenous and Northern Affairs Canada	-	1,813	-
Cigarette sales	-	95,985	96,281
Other revenue	-	24,800	2,000
Fish revenue	-	23,713	23,645
Coast Salish Employment and Training Society	-	17,064	37,638
First Nation Education Steering Committee	-	3,058	3,320
Rental income	-	950	-
	-	227,383	222,884
Expenses			
Amortization	-	6,902	7,719
Bank charges and interest	-	123	-
Consulting	-	-	1,200
Contracted services	-	23,700	480
Education and living allowances	-	-	1,795
Equipment lease	-	-	1,301
Food and beverage	-	429	7,943
Furniture and equipment	-	193	3,633
Honoraria	-	3,750	-
Insurance	-	3,615	-
Licences, dues and fees	-	122	-
Materials	-	80,141	76,717
Office supplies and services	-	559	132
Professional fees	-	2,077	-
Rent	-	650	650
Repairs and maintenance	-	2,570	4,338
Salaries and benefits	-	71,267	61,537
Student expenses	-	-	235
Supplies	-	3,425	27,776
Telephone	-	2,087	1,820
Training	-	686	2,724
Travel	-	4,839	2,165
Tuition	-	-	4,982
Utilities	-	5,816	6,042
	-	212,951	213,189
Surplus before other items	-	14,432	9,695
Other expense			
Loss on disposal of tangible capital assets	-	-	(8,856)
Surplus	-	14,432	839

Qualicum First Nation
Community Infrastructure
Schedule 5 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	70,247	37,594
Expenses			
Amortization	-	4,491	4,908
Contracted services	-	42,850	90
Food and beverage	-	171	-
Furniture and equipment	-	201	-
Education and living allowances	-	160	-
Insurance	-	1,899	5,805
Professional fees	-	-	3,138
Repairs and maintenance	-	2,640	298
Salaries and benefits	-	95	-
Supplies	-	-	5
Training	-	460	100
Travel	-	17	-
Utilities	-	40,887	24,479
	-	93,871	38,823
Deficit	-	(23,624)	(1,229)

Qualicum First Nation
Economic Development
Schedule 6 - Schedule of Revenue and Expenses and Surplus
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	17,500	7,500
Campsite	-	271,192	228,301
Daycare	-	68,142	35,004
Coast Salish Employment and Training Society	-	1,000	-
Interest income	-	577	-
Other revenue	-	510	1
	-	358,921	270,806
Expenses			
Advertising	-	4,400	2,313
Amortization	-	18,324	16,196
Bad debts	-	1,509	-
Bank charges and interest	-	6,398	5,011
Community donations	-	51	-
Contracted services	-	7,563	3,396
Food and beverage	-	1,605	1,128
Furniture and equipment	-	2,398	135
Education and living allowances	-	82	-
Insurance	-	6,418	8,000
Licences, dues and fees	-	287	84
Office supplies and services	-	1,432	1,110
Professional fees	-	4,387	-
Rent	-	-	120
Repairs and maintenance	-	13,277	4,254
Salaries and benefits	-	123,679	83,188
Supplies	-	18,928	21,322
Telephone	-	1,658	1,164
Travel	-	2,316	3,466
Utilities	-	31,802	47,883
	-	246,514	198,770
Surplus	-	112,407	72,036

**Qualicum First Nation
Education**

Schedule 7 - Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	57,498	46,391
New Relationship Trust	-	4,000	2,000
	-	61,498	48,391
Expenses			
Contracted services	-	3,080	-
Food and beverage	-	601	-
Education and living allowances	-	5,725	23,625
Office supplies and services	-	287	-
Salaries and benefits	-	84	178
Student expenses	-	7,148	8,464
Supplies	-	598	206
Travel	-	6,286	693
Tuition	-	34,553	34,964
	-	58,362	68,130
Surplus (deficit)	-	3,136	(19,739)

Qualicum First Nation
Health

Schedule 8 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
First Nations Health Authority	-	224,477	194,539
Other revenue	-	3,750	-
	-	228,227	194,539
Expenses			
Amortization	-	6,565	6,910
Bank charges and interest	-	494	-
Community donations	-	150	-
Consulting (recovery)	-	(138)	3,011
Contracted services	-	10,268	28,656
Elders fees	-	4,382	7,122
Family support services	-	10,792	2,717
Food and beverage	-	8,941	14,492
Furniture and equipment	-	809	3,789
Honoraria	-	3,805	275
Education and living allowances	-	645	8,167
Licences, dues and fees	-	497	31
Office supplies and services	-	1,644	1,918
Professional fees	-	8,427	10,000
Recreation	-	9,257	13,588
Rent	-	-	499
Repairs and maintenance	-	11,555	6,526
Salaries and benefits	-	130,230	97,609
Special needs	-	500	-
Supplies	-	8,076	9,517
Telephone	-	1,070	45
Training	-	1,560	17,014
Travel	-	15,243	5,341
Utilities	-	2,189	-
	-	236,961	237,227
Deficit	-	(8,734)	(42,688)

Qualicum First Nation
Housing

Schedule 9 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	25,500	-
Canada Mortgage and Housing Corporation	-	24,129	-
Rental income	-	67,980	63,574
	-	117,609	63,574
Expenses			
Amortization	-	51,419	54,485
Bank charges and interest	-	5,284	6,499
Contracted services	-	15,500	20
Insurance	-	5,757	-
Rent	-	666	-
Repairs and maintenance	-	26,694	3,763
Salaries and benefits	-	9,917	1,459
Supplies	-	576	2,095
Training	-	114	-
Travel	-	-	75
Utilities	-	2,506	1,609
	-	118,433	70,005
Deficit	-	(824)	(6,431)

Qualicum First Nation
Social Services
Schedule 10 - Schedule of Revenue and Expenses and Deficit
For the year ended March 31, 2016

	2016 Budget (Unaudited)	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	94,906	19,772
Expenses			
Amortization	-	951	-
Bank charges and interest	-	178	-
Basic needs	-	10,279	12,988
Consulting	-	11,500	-
Contracted services	-	18,300	3,215
Food and beverage	-	316	903
Licences, dues and fees	-	348	-
Office supplies and services	-	569	-
Recreation	-	1,535	-
Repairs and maintenance	-	134	-
Salaries and benefits	-	45,169	46,634
Shelter	-	6,901	6,241
Special needs	-	814	2,728
Supplies	-	2,061	-
Training	-	850	-
Travel	-	2,138	-
	-	102,043	72,709
Deficit	-	(7,137)	(52,937)