

Blueberry River First Nations
Consolidated Financial Statements
March 31, 2017

Blueberry River First Nations Contents

For the year ended March 31, 2017

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Management's Responsibility

To the Members of Blueberry River First Nations:

The accompanying consolidated financial statements of Blueberry River First Nations are the responsibility of management and have been approved by the Chief and Council.

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

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

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

MNP LLP is appointed by the Chief and 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 and separately with, both the Chief and Council and management to discuss their audit findings.

July 31, 2017



Administrator

Independent Auditors' Report



To the Members of Blueberry River First Nations:

We have audited the accompanying consolidated financial statements of Blueberry River First Nations, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blueberry River First Nations as at March 31, 2017 and the results of its operations, including remeasurement gains and losses, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

July 31, 2017

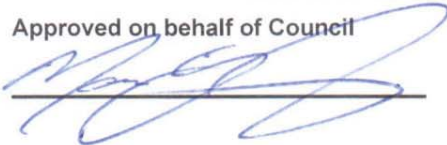
Chartered Professional Accountants

Blueberry River First Nations
Consolidated Statement of Financial Position

As at March 31, 2017

	2017	2016
Financial assets		
Cash (Note 2)	496,511	725,837
Accounts receivable (Note 3)	1,466,360	948,137
INAC capital and revenue trust funds (Note 4)	23,081	245,683
Investments (Note 5)	9,913,469	11,057,574
Long-term investments (Note 6)	685,281	1,008,121
Total of assets	12,584,702	13,985,352
Liabilities		
Bank indebtedness (Note 7)	-	230,000
Accounts payable and accrued liabilities	2,733,466	1,130,657
Deferred revenue (Note 8)	510,469	908,622
Due to TD Waterhouse - minors liability (Note 9)	371,312	371,312
Distributions due to minors (Note 9), (Note 10)	1,201,000	1,286,500
Long-term debt (Note 11)	5,387,184	5,731,778
Trust distributions due to members (Note 12)	4,510,280	5,938,452
INAC Treaty Land Entitlement debt (Note 13)	3,739,147	3,426,617
Total of financial liabilities	18,452,858	19,023,938
Net debt	(5,868,156)	(5,038,586)
Guarantee (Note 14)		
Non-financial assets		
Tangible capital assets (Note 15) (Schedule 1)	19,664,335	20,363,035
Prepaid expenses	4,684	6,270
Total non-financial assets	19,669,019	20,369,305
Accumulated surplus	13,800,863	15,330,719
Accumulated surplus is comprised of:		
Accumulated operating surplus	13,726,799	14,997,157
Accumulated remeasurement gains	74,064	333,562
	13,800,863	15,330,719

Approved on behalf of Council



Chief



Councillor

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

Blueberry River First Nations Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	1,115,220	1,850,359	1,773,685
Other government funding	60,480	292,306	375,555
Health Canada	677,487	550,083	467,907
Industry related funding	1,057,121	695,513	900,460
TCPL revenue	-	145,388	1,741,199
Other revenue	990,282	1,322,861	636,635
Donations	65,900	490,214	169,379
Spectra Revenue	-	58,684	1,812
NENAS	26,966	38,919	26,433
Rental income	16,800	8,400	15,400
Interest income	10,000	4,599	41,352
Oil companies and BC Hydro	1,773,720	2,048,272	2,020,230
Rental and repairs income	-	16,268	17,681
FNESC funding	-	81,016	50,953
Resource Revenue Sharing Agreement	-	14,760	-
Settlement Trust funds	686,000	626,008	651,920
Total revenue	6,479,976	8,243,650	8,890,601

Continued on next page

Blueberry River First Nations

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2017

	Schedules	2017 Budget	2017	2016
Total revenue <i>(Continued from previous page)</i>		6,479,976	8,243,650	8,890,601
Expenses				
Administration				
Administration	7	989,060	1,019,704	890,443
Governance	8	625,900	568,041	252,624
Professional & Institutional Development Program	9	50,000	37,704	40,000
P&ID-Custom Election Code	10	-	40,133	-
Administration subtotal		1,664,960	1,665,582	1,183,067
Community Services				
Public works	11	348,180	265,325	428,529
BRFN Facilities	12	434,221	356,317	516,449
Housing	13	35,001	94,304	18,578
Community Cultural Program	14	65,900	142,618	67,000
General Education	15	489,000	527,920	559,654
Education - Post secondary	16	174,177	359,301	315,056
Adult Learning Center	17	-	7,531	-
Social Services	18	245,773	238,867	201,406
Family Support Services	19	60,480	72,430	111,179
NENAS	20	44,460	39,234	30,438
Capital program	21	-	764,333	817,815
Housing Planning S1-CPMS11318	22	-	45,100	-
Trust activities	23	362,800	655,901	755,437
Health - Integrated	24	577,980	457,497	397,242
Headstart program	25	74,810	85,810	71,858
Emergency O&M	26	-	94,829	-
BTS funded programs	27	-	16,907	-
Community Services subtotal		2,912,782	4,224,224	4,290,641
Lands and Industry				
Lands	28	934,801	1,659,669	1,902,997
Progress Cooperation Agreement	29	-	6,712	70,668
Caribou Study	30	-	25,317	39,207
Alta Gas Protocol Agreement	31	-	49,783	50,816
BC Hydro-Peace Region Elec Supply	32	-	-	57,020
Economic development	33	26,371	26,534	26,631
P&ID-Creever Store Business	34	-	120,930	-
Ec Dev-CCP Plan	35	-	80,676	95,546
Ec Dev-Pink Mountain Bus Plan	36	-	14,977	80,680
Pink Mountain Ranch	37	178,900	124,678	194,782
BC Hydro Site C Stage 3	38	-	-	194,959
Spectra	39	-	53,995	1,812
TransCanada Pipelines	40	-	5,129	289,210
Community Clean Energy Project	41	-	3,726	12,941
Elder/Monitor Fieldwork	42	763,100	622,251	-
Nova Gas-Towerbirch LOA	43	-	771	-
Nova Gas - Towerbirch TLU&TEK	44	-	45,677	-
NEBC Expansion - Pembina	45	-	74,444	-
Silverberry Landfill Project	46	-	74,106	-
Shell-TLUS Project	47	-	16,900	-
Fisheries Project & TEK	48	-	640	-
Lands and Industry subtotal		1,903,172	3,006,915	3,017,269

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

Blueberry River First Nations Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
TLE				
Treaty Land Entitlement	49	-	-	70,301
TLE-Agricultural Benefit Claim	50	-	92,593	22,515
TLE-Registered Trapline System	51	-	16,210	1,170
TLE-Mineral Rights Claim	52	-	215,257	145,401
TLE -Replacement Reserves	53	-	-	1,574
TLE Highway Right of Way	54	-	194,659	-
TLE subtotal		-	518,719	240,961
Total expenses		6,480,914	9,415,440	8,731,938
Operating surplus (deficit) before other items		(938)	(1,171,790)	158,663
Other income (expense)				
Gain on disposal of capital assets		-	75,772	-
Share of loss - Blueberry River Enterprises Ltd.		-	(17,445)	(107,508)
Share of income - Blueberry Creever Trading Post		-	(110,181)	21,817
Share of income (loss) - Three Nations Ventures L.P.		-	(56,648)	73,550
Share of income - Six Nations Ventures L.P.		-	9,934	26,907
		-	(98,568)	14,766
Operating surplus (deficit)		(938)	(1,270,358)	173,429
Accumulated operating surplus, beginning of year		14,997,157	14,997,157	14,823,728
Accumulated operating surplus, end of year		14,996,219	13,726,799	14,997,157

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

Blueberry River First Nations
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2017

	2017	2016
Accumulated remeasurement gains, beginning of year	333,562	511,676
Unrealized losses attributable to:		
Unrealized gains (losses)	301,799	(47,671)
Amounts reclassified to the statement of operations:		
Unrealized (gains) losses	(561,297)	(130,443)
Change in remeasurement losses, for the year	(259,498)	(178,114)
Accumulated remeasurement gains, end of year	74,064	333,562

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

Blueberry River First Nations
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	<i>2017</i> <i>Budget</i>	<i>2017</i>	<i>2016</i>
Annual surplus (deficit)	(938)	(1,270,358)	173,429
Purchases of tangible capital assets <i>(Schedule 1)</i>	-	(67,360)	(33,206)
Amortization of tangible capital assets <i>(Schedule 1)</i>	-	764,333	817,815
Gain on sale of tangible capital assets	-	(75,772)	-
Proceeds on disposal of tangible capital assets	-	77,500	-
Acquisition of prepaid expenses	-	-	(6,270)
Use of prepaid expenses	-	1,585	-
Change in remeasurement losses for the year	-	(259,498)	(178,114)
Decrease (increase) in net debt	(938)	(829,570)	773,654
Net debt, beginning of year	(5,038,586)	(5,038,586)	(5,812,240)
Net debt, end of year	(5,039,524)	(5,868,156)	(5,038,586)

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

Blueberry River First Nations
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Operating surplus (deficit)	(1,270,358)	173,429
Non-cash items		
Amortization	764,333	817,815
Bad debts	283,255	216,851
(Income) loss re-invested in Nation's businesses	174,340	(14,766)
INAC capital and revenue trust funds	222,602	(41,253)
Income re-invested in Settlement Trust Funds	(626,008)	(651,920)
Gain on disposal of capital assets	(75,772)	-
	(527,608)	500,156
Changes in working capital accounts		
Accounts receivable	(801,479)	(554,134)
Prepaid expenses	1,585	(6,270)
Accounts payable and accrued liabilities	1,602,809	(274,080)
Deferred revenue	(398,153)	264,993
Distributions due to minors	(85,500)	(142,500)
Trust distributions to members	(1,428,172)	(1,576,294)
	(1,636,518)	(1,788,129)
Financing/Investing activities		
Repayment of callable debt	(344,594)	(343,416)
Advances from line of credit	-	230,000
Repayment of line of credit	(230,000)	-
Treaty land entitlement debt	312,530	-
Advances from Nation's businesses	-	5,000
Draws from Settlement Trust Funds	1,510,616	1,700,100
Advances from investments	148,500	-
	1,397,052	1,591,684
Capital activities		
Purchases of tangible capital assets	(67,360)	(33,206)
Proceeds on disposal of tangible capital assets	77,500	-
Decrease in cash resources	(229,326)	(229,651)
Cash resources, beginning of year	725,837	955,488
Cash resources, end of year	496,511	725,837
Cash resources are composed of:		
Cash	496,511	725,837
Supplementary cash flow information		
Interest paid	270,683	287,585

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

Blueberry River First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

1. Significant accounting policies

These consolidated financial statements are the representations of management and are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and are consistent with the accounting policies set out by the Department of Indigenous and Northern Affairs Canada. These consolidated financial statements are subject to review by the nation's funding agents. It is possible that adjustments could be made based on results of their reviews. Significant aspects of the accounting policies adopted by the Nation are as follows:

Basis of Presentation and revenue recognition

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable under the terms of applicable funding agreements; expenditures 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.

Unrestricted government transfers are recognized when they become receivable under the terms of applicable funding agreements. Restricted government transfers are deferred and recognized as revenue in the period in which the resources are used for the purposes specified.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of the Blueberry River First Nation pursuant to the provisions of the Indian Oil and Gas Act and Regulations. This revenue is recognized in the accounts of the Blueberry River First Nation when reported by the Government of Canada.

Oil and gas company revenues regarding monitoring invoices issued by Blueberry River First Nation are recorded as revenue when payment is received.

Reporting entity

These consolidated financial statements include Blueberry River First Nation and all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

Business entities, which are owned or controlled by Blueberry River First Nations and which are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 6. Under the modified equity method, the equity method of accounting is modified only to the extent that the accounting principles of the business entity are not adjusted to conform with those of the Nation. Thus, the Nation's investment in these enterprises is recorded at cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. These business entities include Three Nations Ventures L.P., Six Nations Ventures L.P., Blueberry River Enterprises Ltd. and 0851799 BC Ltd (operating as Creever Trading Post).

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities:

Blueberry Trust (BT)
Blueberry Interim Trust (BIT)
Blueberry Not-For-Profit Trust (BNFPT)
Blueberry EBA Trust (EBA Trust)

RRSA Trust Accounts held at Ratcliff & Company

Blueberry River First Nations and Doig River First Nation receive oil and gas funds from the Province of B.C. pursuant to a Resource Revenue Sharing Agreement (RRSA). The allocation of such revenues between the two Bands is substantially resolved. All funds available to Blueberry are recorded as revenue.

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

INAC capital and revenue trust funds

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the balance sheet 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 Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectability. Investment in Nation business entities is stated after evaluation as to valuation and collectability of advances. The impairment of marketable securities, included in the Investments (note 5), was determined to be of a temporary nature. Amortization is based on the estimated useful lives of tangible capital assets.

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 expenses that have been prepaid.

Non-financial assets

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Tangible capital assets

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

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost, less residual value, of the assets over their estimated useful lives:

Automotive equipment	30% diminishing balance
Buildings	4% diminishing balance
Computer equipment	100% diminishing balance
Equipment	20% diminishing balance
Guiding and outfitting license	4% diminishing balance
Leasehold improvements	20% diminishing balance
Water and sewer, roads and drainage	4% diminishing balance

In the year of acquisition, amortization is calculated at one-half of the annual rates.

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

Long-lived assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in deficit for the year.

Net financial assets (net debt)

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

Segments

The Nation conducts its business through four reportable segments: Administration, Community Services, Lands & Industry and TLE. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in this note.

Financial instruments

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Blueberry River First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

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

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement and unrealized foreign exchange gains (losses) are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

2. **Cash**

	2017	2016
Band general bank accounts	419,985	53,707
Band general GIC funds	21,506	20,925
EBA Trust RBC bank accounts	7,336	2,336
Blueberry Trust general bank accounts	47,684	648,869
	496,511	725,837

3. **Accounts receivable**

	2017	2016
Accounts receivable	10,000	-
Indigenous and Northern Affairs Canada	-	15,743
Member receivables	1,042,393	1,044,025
Allowance for doubtful accounts - member	(1,039,893)	(1,044,025)
Accounts receivable - trade and other	2,120,520	2,243,363
Allowance for doubtful accounts	(666,660)	(1,310,969)
	1,466,360	948,137

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. INAC capital and revenue trust funds

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

	2017	2016
Capital Trust		
Balance, beginning of year	9,249	9,249
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Balance, end of year	9,249	9,249
Revenue Trust		
Balance, beginning of year	236,434	195,181
Interest income	4,005	4,566
Land leases	29,393	36,687
Pink Mountain Guiding & Outfitting payment	(256,000)	-
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Balance, end of year	13,832	236,434
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	23,081	245,683

5. Investments

The investments consist of the following investments managed by:

	2017	2016
TD Canada Trust Company		
Cash and equivalents - capital accounts	107,684	1,049,951
Cash and equivalents - revenue accounts	24,584	306,365
Canadian equities	5,785,000	6,015,000
<hr/>		
	5,917,268	7,371,316
Fidelity/Raymond James Investments Canada		
Raymond James Investments	3,996,201	-
Fidelity US monthly income fund series B ISC	-	770,277
Fidelity Dividend Fund Series B	-	802,162
Fidelity True North Fund Series B	-	227,448
Fidelity Canadian Large Cap Fund	-	464,338
Fidelity Small Cap America Fund Series B	-	298,805
Fidelity Monthly Income Fund Series B	-	703,016
Fidelity US Dividend Fund Series B ISC	-	420,212
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	3,996,201	3,686,258
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	9,913,469	11,057,574

The investments are denominated in Canadian funds, unless otherwise noted. Cost of investment portfolio is \$9,839,405 (2016 - \$10,724,012). Cumulative remeasurement gains as at March 31, 2017 are \$74,064 (2016 - \$333,562). The change in cumulative unrealized losses during the year is \$259,498, (2016 - \$178,114).

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Long-term investments

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances net of draws</i>	<i>Cumulative share of earnings (loss)</i>	<i>Share of current year's net income (loss)</i>	<i>2017 Total investment</i>
Investments at cost:					
Bluevest Contractors Inc. - 50%	50	-	-	-	50
Blueberry Economic Development Inc. - 100%	1	-	-	-	1
Investment in Traplins	180,000	-	-	-	180,000
Investments recorded at modified equity:					
Three Nations Ventures, L.P.					
Investment in 33.3%	-	(148,500)	205,148	(56,648)	-
Six Nations Ventures, L.P.					
Investment in 16.67%	1	-	394,497	9,934	404,432
Blueberry River Enterprises, L.P.					
100% investment in 60 shares	-	2,018,779	(2,005,396)	(17,445)	(4,062)
0851799 BC Ltd. (o/a Creever Trading Post)					
100% investment in 1 share	1	465,128	(250,088)	(110,181)	104,860
	180,053	2,335,407	(1,655,839)	(174,340)	685,281

	<i>Investment cost</i>	<i>Loans / advances net of draws</i>	<i>Cumulative share of earnings (loss)</i>	<i>Share of current year's net income (loss)</i>	<i>2016 Total investment</i>
Investments at cost:					
Bluevest Contractors Inc. - 50%	50	-	-	-	50
Blueberry Economic Development Inc. - 100%	1	-	-	-	1
Investment in Traplins	180,000	-	-	-	180,000
Investments recorded at modified equity:					
Three Nations Ventures, L.P. - 33.3%					
Three Nations Ventures L.P. - 33.3%	-	-	131,598	73,550	205,148
Six Nations Ventures, L.P.					
Investment in 16.67%	1	-	367,590	26,907	394,498
Blueberry River Enterprises, L.P.					
100% investment in 60 shares	-	2,018,779	(1,897,888)	(107,508)	13,383
0851799 BC Ltd. (o/a Creever Trading Post)					
100% investment in 1 share	1	465,128	(271,905)	21,817	215,041
	180,053	2,483,907	(1,670,605)	14,766	1,008,121

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Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Long-term investments *(Continued from previous page)*

Summary financial information for each Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Three Nations Ventures L.P. As at December 31, 2016</i>	<i>Six Nations Ventures L.P. As at December 31, 2016</i>	<i>Blueberry River Enterprises L.P. As at December 31, 2016</i>	<i>0851799 BC Ltd. (o/a Creever Trading Post) As at December 31, 2016</i>
Cash	-	343,755	1,817	-
Accounts receivable	-	127,140	4,231,342	53,235
Investments	-	636,763	7,961	-
Prepaid expenses	-	21,892	1,528	-
Property and equipment	-	1,359,802	569,741	161,362
Patronage allocation	-	7,290	783	-
Total assets	-	2,496,642	4,813,172	214,597
Accounts payable and accruals	-	79,698	3,622,246	66,050
Bank indebtedness	-	-	704,838	49,756
Term loans due on demand	-	-	114,251	-
Due to related party	-	-	2,394,681	459,059
Total liabilities	-	79,698	6,836,016	574,865
Partners' equity	-	2,416,944	(2,022,844)	(360,268)
Total revenue	-	1,862,732	9,761,866	416,414
Total expenses	-	1,803,117	9,779,311	526,595
Other loss	(56,648)	-	-	-
Comprehensive income (loss)	(56,648)	59,615	(17,445)	(110,181)

7. Bank indebtedness

Bank indebtedness includes a revolving line of credit with a limit of \$500,000 of which \$nil (2016 – \$230,000) was drawn. The facility bears interest per annum at Royal Bank prime plus 3.1% (2016 - 3.1%).

8. Deferred revenue

	<i>2017</i>	<i>2016</i>
INAC	9,400	-
Health Canada	82,911	81,160
TCPL	144,477	144,476
Deferred revenue - others	273,681	432,986
Shell Canada	-	250,000
	510,469	908,622

9. Due to TD Waterhouse - minors liability

In prior years, there were three different distributions to members, paid out to adult members only. These include \$1,000 on December 20, 2002; \$2,000 on January 6, 2003 and \$5,000 on December 12, 2003. Adults were paid, but the minors are paid when they turn 19 years of age.

The total amount due to minors was \$1,311,000. TD Waterhouse administers these distributions to minors. In prior years, the Nation transferred funds of \$939,688 to TD Waterhouse, leaving an amount due of \$371,312.

Blueberry River First Nations
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10. Distributions due to minors

In past years, there were various different distributions to each member, paid out to adult members only. These include \$2,000 in 2006; \$1,000 in 2007; \$2,000 in 2008; \$1,000 in January 2009; \$1,000 in December 2009; \$2,000 in 2010 and \$500 in 2013. Adults were paid, but the minors will not be paid until they turn 19 years of age. The amount payable is \$1,201,000 (2016 - \$1,286,500).

11. Long-term debt

	2017	2016
Royal Bank term loan repayable in monthly installments of \$45,715, including interest at 4.81%, due February 2030	5,331,013	5,615,497
Royal Bank mortgage repayable in monthly installments of \$1,207 including interest at 2.29% guaranteed by INAC, due September 2019	39,908	52,364
John Deere equipment loan repayable in semi-annual installments of \$8,212 with no interest payable due December 2017.	16,263	32,849
TD Equipment Finance Auto Loan was repaid during the year.	-	31,068
	5,387,184	5,731,778

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

	Principal
2018	327,739
2019	326,460
2020	342,876
2021	344,974
2021 and thereafter	4,045,135
	5,387,184

Interest on long-term debt amounted to \$270,683 (2016 - \$287,585).

The Royal Bank loans are secured by a General Security Agreement executed by the Nation providing a charge over all assets and undertakings; a Nation council resolution authorizing borrowing of up to \$7,000,000 for construction of a multi-purpose building and \$500,000 for furniture and fixtures; an assignment of monies from the EBA Trust, any shortfall in loan payments must be made from funds in the Blueberry Trust, supported by a letter from the Trustees of the Blueberry Trust Society.

Blueberry River First Nations
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12. Trust distributions due to members

The trust distributions due to members consists of distributions from the following Trusts or funds:

	2017	2016
- Settlement Trusts, consisting of prior year distributions payable from the Blueberry Interim Trust, Blueberry Distribution Trust, Blueberry Distribution Trust II, Blueberry Distribution Trust III, Blueberry Distribution Trust IV, Blueberry Distribution Trust V and the Blueberry Trust. These are due mainly to minors, who will receive the distributions once they turn 19.	4,510,280	5,938,452
	4,510,280	5,938,452

13. INAC Treaty Land Entitlement Debt

Blueberry River First Nation is negotiating Treaty Land Entitlement claims with the Government of Canada. INAC has made these loans to assist the Nation to fund these negotiations. Should a loan become due and payable while the claim is still in negotiation, the loan repayment date will be extended for five years or a period deemed appropriate to coincide with the anticipated claim settlement date. There are multiple components to the loans:

	2017	2016
Treaty Land Entitlement Loans		
Component one matured March 31, 2010. Extended to settlement date.	73,552	73,552
Component two matured March 31, 2011. Extended to settlement date.	287,789	287,789
Component three matured March 31, 2012. Extended settlement date.	85,397	85,397
Component four matured March 31, 2012. Extended to settlement date.	317,464	317,464
Component five matured March 31, 2016. Extended to settlement date.	309,938	309,938
Component six matured March 31, 2016. Extended to settlement date.	389,571	389,571
Component seven matured March 31, 2016. Extended to settlement date.	628,201	628,201
Component eight matured March 31, 2016. Extended to settlement date.	392,199	392,199
Component nine is repayable on March 31, 2018 or the settlement date.	12,502	12,502
Component ten is repayable on March 31, 2018 or the settlement date.	350,275	350,275
Component eleven is repayable on March 31, 2018 or the settlement date.	200,000	200,000
Component twelve is repayable on March 31, 2018 or the settlement date.	200,000	200,000
Component thirteen is repayable on March 31, 2018 or the settlement date.	62,899	62,899
Component fourteen is repayable on March 31, 2018 or the settlement date.	116,830	116,830
Component fifteen is repayable on March 31, 2018 or the settlement date.	172,217	-
Component sixteen is repayable on March 31, 2018 or the settlement date.	140,313	-
	3,739,147	3,426,617

The loans are all interest free unless the Nation defaults or the loans reach maturity.

Blueberry River First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

14. Loan guarantees

As at March 31, 2017, the Nation has guaranteed the Blueberry River Enterprises Ltd., a Nation government business enterprise, line of credit, of which \$453,541 (2016 - \$570,336) was drawn and the overdraft credit facility, of which \$251,297 (2016 - \$8,889) was drawn. The credit facilities bear interest at 2.85% and is collateralized by a general security agreement and a guarantee from the Nation. As at March 31, 2017, no liability (2016 - \$nil) has been recorded associated with this guarantee.

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Additions in the year of \$nil (2015 - \$nil) were funded by INAC and relate to funding shown on schedule 21.

16. Comparative figures

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

17. Financial Instruments

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Nation manages its credit risk by performing regular credit assessments of its customers, provides allowances for potentially uncollectible accounts receivable, consider credit ratings of counterparties, etc.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors; etc., for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt, trust distributions due to members and INAC Treaty Land Entitlement Debt are disclosed in Notes 9, 10, 11, 12 and 13.

The Nation manages the liquidity risk resulting from its accounts payable and long-term debt by investing in liquid assets.

17. **Financial Instruments** *(Continued from previous page)*

Foreign currency risk

The Nation enters into transactions to invest in investments denominated in US currency for which the related revenue, expenses and investment account balances are subject to exchange rate fluctuations. See note 5 for investment balances which are denominated in US currency.

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In seeking to manage the risks from foreign exchange rate fluctuations, the Nation diversifies its investment portfolio, which helps protect against any significant adverse movements in the exchange rate.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate risk with respect to investments (Note 5) and long-term debt (Note 11). The Nation is exposed to significant interest rate price risk with respect to certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nation enters into transactions to purchase stocks, for which the market price fluctuates.

Other price risk is measured using standard deviation, which measures a stock's volatility regardless of the cause.