

White River First Nation
Consolidated Financial Statements
March 31, 2018

White River First Nation
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For the year ended March 31, 2018

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Management's Responsibility

To the Members of White River First Nation:

The accompanying consolidated financial statements of White River 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 consolidated financial statements.

The White River 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 First Nation's external auditors.

MNP LLP is appointed by the Members 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 Council and management to discuss their audit findings.

September 21, 2018


Financial Controller

Independent Auditors' Report

To the Members of White River First Nation:

We have audited the accompanying consolidated financial statements of White River First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Financial information for White River Development Corporation and White River First Nation Limited Partnership for the year ended March 31, 2018 were not available to be audited. Due to the financial information being unaudited, we were unable to determine whether adjustments to investments in Nation partnerships and Nation business entities, earnings from investments in Nation business entities, surplus and accumulated surplus were necessary.

Accordingly, we were not able to obtain sufficient audit evidence to satisfy ourselves that the consolidated financial statements are not materially misstated for these items.

Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of White River First Nation as at March 31, 2018 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of White River First Nation for the year ended March 31, 2017 were audited by Anton, Bryson & Schindler Chartered Professional Accountants LLP of Nanaimo, Canada, prior to its merger with MNP LLP. Anton, Bryson & Schindler Chartered Professional Accountants LLP expressed an unmodified opinion on those statements on August 14, 2017.

Nanaimo, British Columbia

September 21, 2018

MNP LLP

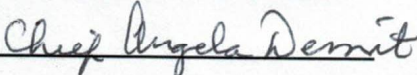
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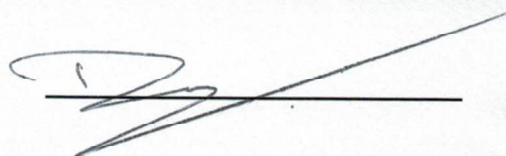
White River First Nation
Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	448,265	1,213,533
Accounts receivable (Note 3)	645,310	234,460
Goods and Services Tax receivable	36,191	23,657
Investments (Note 4)	163,598	163,598
Investments in Nation partnerships (Note 5)	100,000	-
Investment in Nation business entities (Note 5)	128,501	96,316
Restricted cash (Note 6)	32,992	33,967
Total assets	1,554,857	1,765,531
Liabilities		
Accounts payable and accruals	396,432	336,984
Total financial liabilities	396,432	336,984
Net financial assets	1,158,425	1,428,547
Non-financial assets		
Tangible capital assets (Schedule 1)	4,500,947	4,585,674
Prepaid expenses	9,136	1,407
Total non-financial assets	4,510,083	4,587,081
Accumulated surplus (Note 7)	5,668,508	6,015,628

Approved on behalf of the Council

 Chief

 Councilor

The accompanying notes are an integral part of these financial statements

White River First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue				
Indigenous Services Canada		827,840	1,337,929	1,216,706
Heritage Canada		83,300	71,240	68,513
Health Canada		328,400	443,674	449,937
Yukon Government		-	1,047,415	1,394,540
Investment income		-	12,500	9,600
Council of Yukon First Nations		-	89,133	106,211
K2 Goldcorp		-	-	68,946
Rental income		7,500	3,225	2,400
Interest income		-	1,442	-
CanNor		-	-	74,266
Goldcorp Inc		-	140,000	518,736
Administration fees		60,000	33,028	13,873
Repayment of funding		-	(113,526)	(186,791)
Miscellaneous		-	54,192	44,026
Total revenue		1,307,040	3,120,252	3,780,963
Program expenses				
Governance	3	283,529	648,853	585,905
Health and Social Development	4	436,261	732,933	663,094
Lands and Resources	5	122,163	591,045	376,737
Education	6	168,453	271,418	184,951
Economic Development	7	-	660,675	724,789
Operations and Maintenance	8	278,517	285,182	270,141
Capital	9	-	277,266	581,588
Total expenses		1,288,923	3,467,372	3,387,205
Annual surplus (deficit)		18,117	(347,120)	393,758
Accumulated surplus, beginning of year		6,015,628	6,015,628	5,621,870
Accumulated surplus, end of year		6,033,745	5,668,508	6,015,628

The accompanying notes are an integral part of these financial statements

For the year ended March 31, 2018

The accompanying notes are an integral part of these financial statements

White River First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	(347,120)	393,758
Non-cash items		
Amortization	274,469	264,381
	(72,651)	658,139
Changes in working capital accounts		
Accounts receivable	(410,850)	126,800
Prepaid expenses	(7,729)	(1,407)
Accounts payable and accruals	59,448	140,632
Goods and Services Tax	(12,534)	3,292
Restricted cash	975	-
	(443,341)	927,456
Capital activities		
Purchases of tangible capital assets	(189,742)	(154,653)
Investing activities		
Investments in First Nation partnerships	(100,000)	-
Investment in First Nation business entities	(32,185)	-
	(132,185)	-
Increase (decrease) in cash resources	(765,268)	772,803
Cash resources, beginning of year	1,213,533	440,730
Cash resources, end of year	448,265	1,213,533

The accompanying notes are an integral part of these financial statements

White River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

1. Operations

The White River First Nation (the "First Nation") is located in the Yukon Territory, and provides various services to its members. White River 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 First Nation.

2. Significant accounting policies

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

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

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

Operating Fund
Capital 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.

White River First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

White River Development Corporation
White River First Nation Limited Partnership

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.

Cash and cash equivalents

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

Tangible capital assets

Tangible capital assets are initially recorded at cost less amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the right of the First Nation, such as land, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements.

Amortization

Amortization for 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	straight-line	10-50 years
Equipment	straight-line	3-15 years
Infrastructure	straight-line	20 years
Motor vehicles	straight-line	7 years

White River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (Continued from previous page)

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Long-lived assets

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in operations for the year.

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.

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, 2018.

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, 2018, no liability for contaminated site exists.

Net financial assets

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

White River First Nation Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

2. Significant accounting policies (Continued from previous page)

Revenue recognition

- i) Indigenous Services Canada ("ISC")
Revenue is recognized as it becomes receivable under the terms of WRFN's funding agreement. Funding received that relates to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.
- ii) Government Funding
The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.
- iii) Rental income
Rental revenue 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) Own source and other revenue
Own source and other revenue is recognized when performance is completed, amounts are measurable and collection is reasonably assured.
- v) Investment income
Investment income is recognized by the First Nation when investment income is earned.

Measurement uncertainty [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 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. 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 operations in the periods in which they become known.

Segments

The First Nation conducts its business through a number of reportable segments as described in Note 8. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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

White River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

3. Accounts receivable

	2018	2017
Accounts receivable	545,347	175,221
Members	99,963	59,239
	645,310	234,460

4. Investments

	2018	2017
Measured at cost:		
RAB Energy	25,970	25,970
Yukon Indian Development Corporation	137,628	137,628
	163,598	163,598

5. Investments in First Nation partnerships and business entities

				2018
	Investment cost	Loans / advances	Cumulative share of earnings (loss)	Total investment
Wholly-owned Businesses:				
White River Development Corporation	100	128,401	-	128,501
First Nation Business Partnerships – Modified Equity:				
White River FN Limited Partnership	999	99,001	-	100,000
	1,099	227,402	-	228,501

The First Nation's investment in White River FN Limited Partnership was established during the period.

White River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Investments in First Nation partnership and business entities *(Continued from previous page)*

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

	<i>White River FN Limited Partnership As at December 31, 2017</i>
Assets	
Cash	87,569
Accounts receivable	327
Total assets	87,896
Liabilities	
Accounts payable and accruals	8,808
Total liabilities	8,808
Net assets	79,088
Total revenue	12,725
Total expenses	33,638
Net loss	(20,913)
Comprehensive loss	(20,913)

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

	<i>White River Development Corporation As at December 31, 2017</i>
Assets	
Accounts receivable	100
Total assets	100
Liabilities	
Accounts payable and accruals	21
Total liabilities	21
Net assets	79
Total revenue	-
Total expenses	21
Comprehensive loss	(21)

Certain of the First Nation's investees have a different year-end than March 31, 2018. The First Nation uses the investees' year-end financial statements to account for its investment in these investees.

<i>Name of investee</i>	<i>Year-end</i>
White River Development Corporation	December 31, 2017
White River FN Limited Partnership	December 31, 2017

White River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

6. Restricted cash

Restricted cash represents a bank account held on behalf of the elders of the community.

7. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Equity in operating fund	939,060	1,429,954
Equity in tangible capital assets	4,500,947	4,585,674
Investment in First Nation business entities	228,501	-
	5,668,508	6,015,628

8. Segments

The First Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by the following segments:

- Governance:
Includes general operations, support, and financial management of the First Nation.
- Education:
Includes revenue and expenses related to primary, secondary and post secondary education of the members of the First Nation.
- Capital:
Includes revenue and expenses related to capital projects.
- Operations and Maintenance:
Includes revenue and expenses related operation and maintenance of the assets and infrastructure of theFirst Nation.
- Health and Social Development:
Includes revenue and expenses related to the social assistance and health services to the members of the First Nation.
- Economic Development:
Includes revenue and expenses related to the development of economic opportunities.
- Lands and Resources:
Includes revenue and expenses related to conservation,land exploration and stewardship of the First Nation's land and resource.
- Elders
Includes revenue and expenses related to the Elders of the community.

9. Economic dependence

White River First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC"), Health Canada ("HC") and the Yukon Government ("YG") as a result of agreements entered into with the Government of Canada and agreements with the Yukon Government. The ISC and HC agreements are administered by ISC and HC 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.

White River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. Change in accounting policy

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

Effective April 1, 2017, the First Nation adopted the recommendations relating to *PS 2200 Related Party Disclosures* and *PS 3420 Inter-Entity Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the consolidated financial statements of adopting the new Sections.

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

Effective April 1, 2017, the First Nation adopted the recommendations relating to *PS 3210 Assets*, *PS 3320 Contingent Assets*, and *PS 3380 Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in *PS 1000 Financial Statement Concepts*.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights 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 Section 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.

There was no material impact on the consolidated financial statements of adopting the new Sections.

11. Budget information

The disclosed budget information has been approved by the members of White River First Nation in a general assembly on September 9, 2017 by resolution. Budget information was not prepared for the full scope of activities performed by the First Nation for the year ended March 31, 2018.

12. Comparative figures

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