

HEILTSUK INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2017**

The accompanying consolidated financial statements of Heiltsuk Indian Band and all the information in this annual report for the year ended March 31, 2017 are the responsibility of management and have been approved by the Chief and Council.

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

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

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

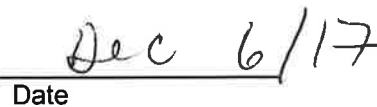
The Council reviews the financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.


Chief


Date


Executive Director


Date

Independent Auditor's Report

To the Members of
Heiltsuk Indian Band

We have audited the accompanying consolidated financial statements of Heiltsuk Indian Band, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation'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 First Nation'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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Heiltsuk Indian Band as at March 31, 2017, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

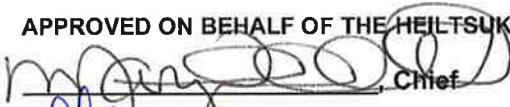
RICHMOND, B.C.
DECEMBER 6, 2017


HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016 (Note 2)
FINANCIAL ASSETS		
Cash	\$ 9,669,022	\$ 2,590,637
Restricted cash (Note 5)	3,682,037	3,614,654
Accounts receivable (Note 6)	1,364,853	3,799,825
Rents receivables	243,492	309,065
Loans receivable (Note 7)	223,497	689,988
Long-term investments (Note 8)	14,616,108	11,072,912
	29,799,009	22,077,081
LIABILITIES		
Accounts payable (Note 11)	2,378,893	2,523,010
Damage deposits	47,210	43,000
Loans payable (Note 12)	2,132,346	2,258,941
Mortgages payable (Note 13)	2,810,295	3,263,839
Land claims loans payable (Note 14)	3,964,296	3,964,296
	11,333,040	12,053,086
NET FINANCIAL ASSETS	18,465,969	10,023,995
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	29,966,029	22,197,067
Prepaid expenses	39,975	33,762
	30,006,004	22,230,829
ACCUMULATED SURPLUS (Note 15)	\$ 48,471,973	\$ 32,254,824

APPROVED ON BEHALF OF THE HEILTSUK INDIAN BAND

 Chief

 Council

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 (Note 2)
ANNUAL SURPLUS	\$ (2,080,720)	\$ 16,217,149	\$ 40,593
Acquisition of tangible capital assets	-	(10,133,143)	(19,722)
Amortization of tangible capital assets	-	2,364,181	1,502,647
	-	(7,768,962)	1,482,925
Acquisition of prepaid asset	(6,213)	(39,885)	(33,672)
Use of prepaid asset	-	33,672	35,319
	(6,213)	(6,213)	1,647
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(2,086,933)	8,441,974	1,525,165
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	10,023,995	8,498,830
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 18,465,969	\$ 10,023,995

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual (Note 2)
REVENUE			
Indigenous and Northern Affairs Canada	\$ 11,295,530	\$ 22,363,441	\$ 14,274,518
Other	855,810	1,690,857	2,621,506
Share of income (loss) from First Nation controlled entities	-	2,963,600	2,107,873
Kirby Corp.	-	2,382,151	-
Contribution from HEDC	-	2,000,000	-
Rental	752,107	899,467	1,041,147
Province of BC	1,709,058	883,740	644,040
Heiltsuk Coastal Forest Products LP	-	870,000	250,000
Great Bear Initiative	102,000	792,332	443,160
Department of Fisheries and Oceans	442,628	846,358	644,076
Coast Conservation Endowment	856,000	584,079	1,154,564
Canada Mortgage and Housing Corporation	316,497	268,258	281,083
Licenses	95,704	226,693	88,701
Emergency Spill Claims	-	200,000	-
First Nations Education Steering Committee	-	78,076	111,047
Interest	-	67,427	2,986
Trust fund	-	62,316	66,326
Administration fee	518,000	11,000	11,730
Donations	-	-	1,800
BC Treaty Commission	15,000	-	-
	16,958,334	37,189,795	23,678,231
EXPENSES			
Administration	3,877,319	8,614,583	5,591,115
Social Development	2,053,617	1,197,247	1,253,476
Economic Development	2,102,003	4,025,786	3,713,487
Education	5,159,673	5,317,559	5,147,148
Public Works	4,682,264	9,215,156	4,393,471
Social Housing	1,164,178	1,391,307	1,645,572
Capital Fund	-	1,924,289	1,499,652
Trust Fund	-	-	250,000
	19,039,054	31,685,927	23,493,921
ANNUAL SURPLUS BEFORE OTHER	(2,080,720)	5,503,868	184,310
OTHER			
Tangible capital asset additions	-	10,133,143	(238)
Principal reduction of long-term debt	-	580,138	687,486
Proceeds from long-term debt	-	-	(830,965)
	-	10,713,281	(143,717)
ANNUAL SURPLUS	(2,080,720)	16,217,149	40,593
FUND BALANCE, BEGINNING OF YEAR	-	32,254,824	32,214,231
FUND BALANCE, END OF YEAR	\$ (2,080,720)	\$ 48,471,973	\$ 32,254,824

The accompanying notes are an integral part of the financial statements

HEILTSUK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016 (Note 2)
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 16,217,149	\$ 40,593
Items not affecting cash		
Amortization	2,364,181	1,502,647
Share of income (loss) of First Nation controlled entities	(3,543,197)	(2,107,873)
	15,038,133	(564,633)
Change in non-cash operating net assets	2,820,916	183,499
	17,859,049	(381,134)
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(453,544)	(465,001)
Repayment of long-term debt	(126,594)	(222,763)
Mortgage proceeds	-	830,965
	(580,138)	143,201
INVESTING ACTIVITIES		
Purchase of capital assets	(10,133,143)	(19,722)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,145,768	(257,655)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,205,291	6,462,946
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,351,059	\$ 6,205,291
REPRESENTED BY:		
Cash	\$ 9,669,022	\$ 2,590,637
Restricted cash	3,682,037	3,614,654
	\$ 13,351,059	\$ 6,205,291

The accompanying notes are an integral part of the financial statements

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Reporting Entity

The Heiltsuk Indian Band reporting entity includes the Heiltsuk Indian Band government and all related entities that are controlled by the First Nation.

(b) Principles of Consolidation

Controlled entities are fully consolidated on a line-by-line basis and commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Organizations not subject to control, but significantly influenced by the First Nation are accounted for in the statements on a modified equity basis. CPA Canada Public Sector Accounting Standards require not-for-profit organizations not subject to control by the First Nation to have no recognition in the consolidated statements of the First Nation. The Heiltsuk Indian Band has opted to adopt a policy of recognizing these organizations on a modified equity basis to assist in the reporting requirements laid out under the terms of the funding agreement with Indigenous and Northern Affairs Canada. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Heiltsuk Indian Band's investment in the government business enterprise and other specified entities and the organizations' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Heiltsuk Indian Band.

Organizations consolidated in Heiltsuk Indian Band's financial statements include:

1. Heiltsuk Environmental Services Ltd.
2. Heiltsuk Indian Band Operating Fund
3. Heiltsuk Indian Band Social Housing Fund
4. Heiltsuk Indian Band Capital Fund
5. Heiltsuk Indian Band Trust Fund
6. Heiltsuk Indian Band Enterprise Fund
7. Heiltsuk Indian Band Land Claims Fund

Organizations accounted for on a modified equity basis include:

8. Bella Bella Fuel Co. Limited (100% owned by Heiltsuk Indian Band)
9. Bella Bella Community School Society
10. Heiltsuk College/Waglisla Adult Learning Centre
11. Heiltsuk Hailika'as Health Centre
12. Heiltsuk Holdings Ltd. (100% owned by Heiltsuk Indian Band)
13. Bella Bella Fisheries Limited (100% owned by Heiltsuk Indian Band)
14. Heiltsuk Holdings Limited Partnership (99.99% owned by Heiltsuk Indian Band as the limited partner and .01% owned by Heiltsuk Holdings Ltd. as the General Partner)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Fund Accounting

The Heiltsuk Indian Band maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.
- The Land Claims Fund which reports the assets, liabilities and operations arising from the following:
 - (1) the Heiltsuk First Nation Contribution Agreement of July 21, 1994, the Heiltsuk First Nation Loan Agreement of July 21, 1994, and the amendments to the respective agreements dated March 16, 1995;
 - (2) The First Nation Contribution Agreement dated July 1, 1995, the Heiltsuk First Nation Loan Agreement dated July 1, 1995, and the amendments to the respective agreements dated September 15, 1995 and January 29, 1996;
 - (3) the First Nation Negotiation Support Agreement dated June 28, 1996 and its amendment dated February 6, 1997;
 - (4) the First Nation Negotiation Support Agreement dated May 7, 1997 and its amendment dated January 13, 1998 (BCTC);
 - (5) the Heiltsuk First Nation Support Agreement dated May 8, 1998 and its amendment dated September 2, 1998;
 - (6) the Heiltsuk First Nation Support Agreement dated May 26, 1999 and its amendments dated September 23, 1999 and February 9, 2000;
 - (7) the Heiltsuk First Nation Support Agreement dated May 21, 2000 and its amendment dated January 19, 2001;
 - (8) the Heiltsuk First Nation Support Agreement dated March 26, 20013;
 - (9) the Heiltsuk First Nation Support Agreement dated August 21, 2003;
 - (10) the Heiltsuk First Nation Support Agreement dated March 27, 2006;
 - (11) the Heiltsuk First Nation Support Agreement dated August 21, 2011; and
 - (12) the Heiltsuk First Nation Support Agreement dated March 26, 2014.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition

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

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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed 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.

(f) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

(g) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Actual estimates in these financial statements include collectibility of accounts receivable, useful lives of tangible capital assets and related amortization and accrued liabilities.

(h) Budget

The budget reported in the financial statements was provided by management and is unaudited.

(i) Cash

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

(j) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Heiltsuk Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Boat	10 years Straight line
Building	10 to 40 years Straight line
Fire truck	5 years Straight line
Fourplexes	30 years Straight line
Furniture and equipment	3 to 5 years Straight line
Infrastructure	10 to 20 years Straight line
Housing	3 to 20 years Straight line
Vehicles	5 years Straight line
Waste water treatment plant	15 years Straight line
Water treatment plant	15 years Straight line
Vehicle	20 years Straight line

*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Heiltsuk Indian Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(l) Mortgage and loan proceeds

Proceeds from debt related to the purchase of capital assets are recorded as a reduction of the equity in Capital Fund. Annual repayment are charged to the statement of operations and changes in fund balances as capital outlays. The reduction in outstanding debt is offset by an increase in the equity of the Capital Fund.

(m) Surplus Recoveries and Deficit Funding

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

(n) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

2. COMPARATIVE FIGURES

In the prior year, investments in certain controlled organizations which did not qualify as government business enterprises (GBEs) were recognized using the modified equity method of accounting. One of these investments is now reported using a line-by-line consolidation approach as appropriate under PS 2500. The prior year figures have been reclassified to conform with this presentation. There was no effect on ending Members' Equity or Annual Surplus/Deficit for the prior year.

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

3. ECONOMIC DEPENDENCE

The Heiltsuk Indian Band and controlled entities ("Band") are financially dependent on funding from government sources to operate programs and to complete capital projects. The First Nation's ability to operate certain programs depends on continuation of these sources of funding.

Contributions from Indigenous and Northern Affairs Canada ("INAC") are under terms of Financial Transfer Agreements ("FTA") and are provided on a block funding basis. Generally, FTA funding is provided on a multi-year basis and any unexpected balance is not repayable.

These financial statements do not reflect adjustments in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going-concern assumption were not appropriate.

4. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council. Budgeted figures are unaudited.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

5. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

Ottawa Trust Funds:

The trust funds arise from monies 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2017	2016
Replacement Reserve Fund - restricted cash	\$ 387,116	\$ 384,954
Operating Reserve Fund - restricted cash	261,209	258,304
Ottawa Trust Funds - restricted cash	3,033,712	2,971,396
	\$ 3,682,037	\$ 3,614,654

6. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - general	\$ 3,951,778	\$ 3,418,197
Indigenous and Northern Affairs Canada	260,966	283,154
Canada Mortgage and Housing Corporation	189,574	33,247
Department of Fisheries and Oceans	35,800	44,289
First Nations Education Steering Committee	15,305	-
Province of BC	152,024	125,106
	4,605,447	3,903,993
Allowance for doubtful accounts	(3,240,594)	(104,168)
	\$ 1,364,853	\$ 3,799,825

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

7. LOANS RECEIVABLE

	2017	2016
Due from other entities	\$ 71,476	\$ 675,417
Due from Bella Bella Airport LP	-	5,807
Due from Fishery Resource LP	4,320	4,320
Due from Heiltsuk Economic Development Corp.	79,333	35,398
Due from Heiltsuk Kaxla Society	9,453	9,878
Due from Lama Pass Fuel Co. LP	85,451	-
Due to Band Store	(15,920)	(30,216)
Due to Heiltsuk Coastal Forest Projects LP	(10,616)	(10,616)
	\$ 223,497	\$ 689,988

Loans to related entities have no specific terms of repayment and bear no interest.

8. LONG-TERM INVESTMENTS

	2017	2016
Investment in Bella Bella Fuel Company	\$ 89,380	\$ 94,482
Investment in Bella Bella Fisheries Ltd.	462,593	462,593
Investment in Eagle Air	-	(169,712)
Investment in Heiltsuk College/Waglisla Adult Learning Centre	185,198	196,718
Investment in Bella Bella Community School Society	6,021,493	5,456,035
Investment in Heiltsuk Economic Development Corp.	-	281,544
Investment in Heiltsuk Hailika'as Health Centre	3,463,400	2,796,172
Investment in Kaxla Society	49,915	60,081
Investment in Bella Bella Band Store Ltd.	114,226	109,722
Investment in Heiltsuk Holdings Limited Partnership	3,832,813	1,441,486
Investment in Heiltsuk Holdings Ltd.	318	107
Non-controlled investments	396,771	343,684
	\$ 14,616,107	\$ 11,072,912

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals/ Adjustments	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals/ Adjustments	Balance, end of year	2017 net book value
Boats	\$ 1,272,206	\$ 28,000	\$ (840,439)	\$ 459,767	\$ 1,112,673	\$ 42,683	\$ (840,439)	\$ 314,917	\$ 144,850
Buildings	25,407,512	5,564,171	(711,880)	30,259,803	17,014,269	1,396,462	(711,880)	17,698,851	12,560,952
Equipment	3,278,312	2,381	(2,185,567)	1,095,126	3,258,106	9,539	(2,185,567)	1,082,078	13,048
Infrastructure	13,649,143	2,226,409	-	15,875,552	10,868,709	311,488	-	11,180,197	4,695,355
Land	1,318,225	-	-	1,318,225	-	-	-	-	1,318,225
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Social Housing	9,436,523	-	-	9,436,523	-	437,517	-	437,517	8,999,006
Vehicle	655,488	-	(373,943)	281,545	645,128	5,180	(373,943)	276,365	5,180
Water treatment plant	4,271,637	2,312,182	-	6,583,819	4,243,704	161,312	-	4,405,016	2,178,803
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	\$ 68,607,020	\$ 10,133,143	\$ (4,111,829)	\$ 74,628,334	\$ 46,409,953	\$ 2,364,181	\$ (4,111,829)	\$ 44,662,305	\$ 29,966,029

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2016 Net book value
Boats	\$ 1,252,484	\$ 19,722	\$ -	\$ 1,272,206	\$ 1,069,553	\$ 43,120	\$ -	\$ 1,112,673	\$ 159,533
Buildings	23,973,320	1,434,192	-	25,407,512	15,617,807	1,396,462	-	17,014,269	8,393,243
Equipment	3,278,312	-	-	3,278,312	3,244,675	13,431	-	3,258,106	20,206
Infrastructure	13,649,143	-	-	13,649,143	10,861,953	6,756	-	10,868,709	2,780,434
Land	1,318,225	-	-	1,318,225	-	-	-	-	1,318,225
Licenses	50,610	-	-	50,610	-	-	-	-	50,610
Social Housing	10,870,715	(1,434,192)	-	9,436,523	-	-	-	-	9,436,523
Vehicle	655,488	-	-	655,488	609,417	35,711	-	645,128	10,360
Water treatment plant	4,271,637	-	-	4,271,637	4,236,537	7,167	-	4,243,704	27,933
Waste water treatment plant	9,267,364	-	-	9,267,364	9,267,364	-	-	9,267,364	-
	\$ 68,587,298	\$ 19,722	\$ -	\$ 68,607,020	\$ 44,907,306	\$ 1,502,647	\$ -	\$ 46,409,953	\$ 22,197,067

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

10. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

♦ Heiltsuk Holdings

	2017 Total	2016 Total
Cash	\$ 1	\$ -
Investments in subsidiaries	3,832,812	1,723,029
Total assets	\$ 3,832,813	\$ 1,723,029

Equity	\$ 3,832,813	\$ 1,723,029
Total equity	\$ 3,832,813	\$ 1,723,029

	2017 Total	2016 Total
Share of net income from subsidiaries	\$ 2,109,994	\$ 663,801
Net income	\$ 2,109,994	\$ 663,801

11. ACCOUNTS PAYABLE

	2017	2016
Accounts payable - general	\$ 1,942,997	\$ 2,276,520
Receiver General - payroll deductions	24,293	-
Wages payable	312,004	246,490
Indigenous and Northern Affairs Canada - prior year recoveries	99,599	-
Total	\$ 2,378,893	\$ 2,523,010

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

12. LOANS PAYABLE

	2017	2016
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	\$ 215,522	\$ -
BMO Financial Group with scheduled loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum, due on demand.	215,550	-
BMO Financial Group with scheduled loan payments of \$4,533 per month, including interest at prime plus 1.25% per annum, due on demand.	431,194	830,965
BMO Financial Group with scheduled loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum, due on demand.	170,467	186,370
BMO Financial Group with scheduled loan payments of \$4,605 per month, including interest at prime plus 1.25% per annum, due on demand.	813,537	884,780
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$3,750 including interest at prime plus 1.50% per annum, beginning September 9, 2010.	267,896	300,877
CIBC demand loan repayable in monthly installments of \$1,667 plus interest at prime plus 2.5% per annum, secured by an aircraft.	4,961	24,965
Native Fishing Association loan repayable in monthly installments of \$1,610 including interest at 6.75% per annum, beginning September 30, 2008.	13,219	30,984
	2,132,346	2,258,941
Callable portion	2,114,165	-
Current portion	18,181	156,602
	\$ -	\$ 2,102,339
Principal portion of loans scheduled to be paid within the next five years:		
2018	\$ 114,353	
2019	109,043	
2020	113,521	
2021	118,184	
2022 and thereafter	1,677,245	
	\$ 2,132,346	

13. MORTGAGES PAYABLE

	2017	2016
All Nations Trust Company with loan payments of \$1,682 per month, including interest at 5.25% per annum secured by a Ministerial Guarantee from INAC, maturing in 2021.	\$ 78,262	\$ 94,289

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

13. MORTGAGES PAYABLE, continued

	2017 \$	2016 \$
All Nations Trust Company with loan payments of \$10,809 per month including interest at 1.83% per annum amortized over 24 years, secured by a Ministerial Guarantee from INAC and first mortgage on housing units, maturing in 2033.	1,854,961	1,949,985
All Nations Trust Company with loan payments of \$2,870 per month, including interest at 0.91% amortized over 21 years, secured by a Ministerial Guarantee from INAC and a first mortgage on 6 housing units, maturing in 2018.	31,420	65,153
All Nations Trust Company with loan payments of \$10,395 per month, including interest at 1.11% compounded semi-annually not in advance, amortized over 18 years and secured by a Ministerial Guarantee from INAC and a first mortgage on 28 housing units, maturing in 2018.	113,714	236,010
All Nations Trust Company with loan payments of \$5,173 per month, including interest at 1.67% amortized over 25 years, secured by a Ministerial Guarantee from INAC and a first mortgage on 11 housing units, maturing in 2017.	5,166	66,540
All Nations Trust Company with loan payments of \$6,139 per month, including interest at 1.29% amortized over 20 years, secured by a Ministerial Guarantee from INAC and a first mortgage on 15 housing units, maturing in 2020.	210,756	281,222
All Nations Trust Company with loan payments of \$2,343 per month, including interest at 1.92% amortized over 25 years, secured by a Ministerial Guarantee from INAC and a first mortgage on 6 housing units, maturing in 2024.	184,105	208,461
All Nations Trust Company with loans payments of \$2,970 per month, including interest at 1.43% amortized over 25 years, secured by a Ministerial Guarantee from INAC and a first mortgage on 9 housing units, maturing in 2027.	331,911	362,179
	2,810,295	3,263,839
Current portion	390,604	454,189
	\$ 2,419,691	\$ 2,809,650

Principal portion of mortgages due within the next five years:

2018	\$ 390,605
2019	244,828
2020	243,324
2021	186,893
2022 and thereafter	1,744,645
	\$ 2,810,295

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

14. LAND CLAIMS LOANS PAYABLE

The land claims loan represents funds advanced to the Band by the Federal Government for land claims settlement purposes. The advances are non-interest bearing and repayable on the date when the claims are settled.

The promissory notes are advances from INAC for land claims negotiations. The promissory notes are non-interest bearing until the date the notes become due and payable pursuant to Sections 12.1 and 12.2 of the First Nation Loan Agreement.

15. ACCUMULATED SURPLUS

	2017	2016
Unrestricted		
Operating Fund	\$ 13,204,057	\$ 8,906,084
Capital Fund	18,754,854	10,425,763
	31,958,911	19,331,847
Restricted		
Land Claims Fund	(3,683,050)	(3,683,050)
Social Housing	2,546,292	2,561,720
Trust Fund	3,033,713	2,971,397
Enterprise Fund	14,616,107	11,072,910
	16,513,062	12,922,977
	\$ 48,471,973	\$ 32,254,824

16. SEGMENTED INFORMATION

The Heiltsuk Indian Band is a government institution that provides a range of programs and services to its members, including band programs, education, economic development, community services, social services, and capital projects. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nations services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	2017 Budget	Administration 2017 Actual	2016 Actual	2017 Budget	Social Development 2017 Actual	2016 Actual	2017 Budget	Economic Development 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 11,264,353	\$ 11,488,505	\$ 11,787,158	\$ 18,648	\$ 66,845	\$(35,472)	-	\$ 392,250	-
Administration fee	18,000	11,000	11,730	-	-	-	500,000	-	-
Great Bear Initiative	102,000	792,332	443,160	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	78,076	111,047	-	-	-
Department of Fisheries and Oceans	-	270,300	313,368	-	-	-	442,628	576,058	330,708
Coast Conservation Endowment	-	-	-	-	-	-	856,000	584,079	1,154,564
Licenses	-	37,008	30,000	-	-	-	95,704	189,685	58,701
Rental	216,372	403,018	528,936	-	-	-	-	-	-
Other revenue	966,786	4,653,546	1,589,362	70,500	66,134	27,859	387,473	782,923	1,014,345
Total revenue	12,567,511	17,655,709	14,703,714	89,148	211,055	103,434	2,281,805	2,524,995	2,558,318
Expenses									
Amortization	-	2,375	2,994	-	-	-	-	-	-
Contracted services	241,000	672,166	401,868	22,500	105,114	33,598	592,116	663,424	523,856
Loan payments	159,046	227,287	219,825	-	-	-	20,004	20,004	21,981
Professional fees	98,956	339,234	191,403	-	720	-	287	5,369	-
Honoraria	219,700	312,415	284,379	12,000	-	1,050	65,500	24,936	38,988
Travel	174,920	269,448	332,090	21,155	27,097	22,291	62,450	133,965	165,233
Utilities	170,805	205,266	225,112	26,300	17,031	21,060	29,262	34,489	41,940
Wages and benefits	1,199,123	3,329,111	2,049,638	854,497	414,398	461,283	652,698	2,548,537	2,276,617
Other expenses	1,613,769	3,267,781	1,883,806	1,117,165	632,887	714,194	679,686	595,062	644,872
Total expenses	3,877,319	8,625,083	5,591,115	2,053,617	1,197,247	1,253,476	2,102,003	4,025,786	3,713,487
Other items	8,690,192	9,030,626	9,112,599	(1,964,469)	(986,192)	(1,150,042)	179,802	(1,500,791)	(1,155,169)
Annual surplus (deficit)	\$ 8,690,192	\$ 9,033,006	\$ 9,112,361	\$(1,964,469)	\$(986,192)	\$(1,150,042)	\$ 179,802	\$(1,480,787)	\$(1,155,169)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	2017 Budget	Education 2017 Actual	2016 Actual	2017 Budget	Public Works 2017 Actual	2016 Actual	2017 Budget	Social Housing 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 12,529	\$ 159,772	\$ -	\$ -	\$ 10,256,069	\$ 2,522,832	\$ -	\$ -	\$ -
Rental	-	-	-	7,500	8,091	7,190	528,235	488,358	505,021
Other revenue	-	-	-	982,172	2,420,326	195,230	489,434	450,004	908,293
Total revenue	12,529	159,772	-	989,672	12,684,486	2,725,252	1,017,669	938,362	1,413,314
Expenses									
Amortization	-	-	-	-	-	-	-	437,517	-
Contracted services	-	-	-	3,653,326	8,091,053	3,751,556	-	36,237	255,236
Loan payments	-	-	-	39,524	-	-	378,019	437,517	465,001
Professional fees	-	-	-	344,143	303,098	4,129	-	10,600	13,500
Travel	-	-	-	82,500	13,669	17,912	-	-	-
Utilities	-	-	-	118,600	80,398	82,550	2,500	802	3,375
Wages and benefits	-	-	-	381,513	772,858	651,760	286,873	105,698	502,125
Other expenses	5,159,673	5,317,559	5,147,148	62,658	(45,920)	(114,436)	496,786	362,936	406,335
Total expenses	5,159,673	5,317,559	5,147,148	4,682,264	9,215,156	4,393,471	1,164,178	1,391,307	1,645,572
Other items	(5,147,144)	(5,157,787)	(5,147,148)	(3,692,592)	3,469,330	(1,668,219)	(146,509)	(452,945)	(232,258)
Annual surplus (deficit)	\$ (5,147,144)	\$ (5,157,787)	\$ (5,147,148)	\$ (3,692,592)	\$ 3,469,330	\$ (1,668,219)	\$ (146,509)	\$ (15,428)	\$ 232,743

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	2017 Budget	Capital Fund 2017 Actual	2016 Actual	2017 Budget	Land Claims Fund 2017 Actual	2016 Actual	2017 Budget	Trust Fund 2017 Actual	2016 Actual
Revenues									
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,316	\$ 66,326
Total revenue	-	-	-	-	-	-	-	62,316	66,326
Expenses									
Amortization	-	1,924,289	1,499,652	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	250,000
Total expenses	-	1,924,289	1,499,652	-	-	-	-	-	250,000
Other items	-	(1,924,289)	(1,499,652)	-	-	-	-	62,316	(183,674)
	-	10,253,380	(608,480)	-	-	-	-	-	-
Annual surplus (deficit)	\$ -	\$ 8,329,091	\$ (2,108,132)	\$ -	\$ -	\$ -	\$ -	\$ 62,316	\$ (183,674)

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

16. SEGMENTED INFORMATION, continued

	2017 Budget	Enterprise Fund 2017 Actual	2016 Actual	2017 Budget	Consolidated totals 2017 Actual	2016 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 11,295,530	\$ 22,363,441	\$ 14,274,518
Administration fee	-	-	-	518,000	11,000	11,730
Great Bear Initiative	-	-	-	102,000	792,332	443,160
First Nations Education Steering Committee	-	-	-	-	78,076	111,047
Department of Fisheries and Oceans	-	-	-	442,628	846,358	644,076
Coast Conservation Endowment	-	-	-	856,000	584,079	1,154,564
Licenses	-	-	-	95,704	226,693	88,701
Rental	-	-	-	752,107	899,467	1,041,147
Other revenue	-	2,963,600	2,107,873	2,896,365	11,398,849	5,909,288
Total revenue	-	2,963,600	2,107,873	16,958,334	37,200,295	23,678,231
Expenses						
Amortization	-	-	-	-	2,364,181	1,502,646
Contracted services	-	-	-	4,508,942	9,567,994	4,966,114
Loan payments	-	-	-	596,593	684,808	706,807
Professional fees	-	-	-	443,386	659,021	209,032
Honoraria	-	-	-	297,200	337,351	324,417
Travel	-	-	-	341,025	444,179	537,526
Utilities	-	-	-	347,467	337,986	374,037
Wages and benefits	-	-	-	3,374,704	7,170,602	5,941,423
Other expenses	-	-	-	9,129,737	10,130,305	8,931,919
Total expenses	-	-	-	19,039,054	31,696,427	23,493,921
Other items	-	2,963,600	2,107,873	(2,080,720)	5,503,868	184,310
	-	-	-	-	10,713,281	(143,717)
Annual surplus (deficit)	\$ -	\$ 2,963,600	\$ 2,107,873	\$ (2,080,720)	\$ 16,217,149	\$ 40,593

HEILTSUK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

17. CONTINGENT LIABILITIES

- a) Indigenous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigenous and Northern Affairs Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

- b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the First Nation.

The first Nation has guaranteed loans totaling \$103,954.

18. RELATED PARTY TRANSACTIONS

During the year, the First Nation received funding from Heiltsuk Economic Development Corporation (controlled indirectly through Heiltsuk Holdings Limited Partnership) of \$2,000,000. This was conducted in the normal course of operations and measured at the exchange amount which is the value agreed upon by the parties.

During the year, the First Nation received funding from Heiltsuk Coastal Forest Products Limited Partnership (controlled indirectly through Heiltsuk Holdings Limited Partnership) of \$870,000. This was conducted in the normal course of operations and measured at the exchange amount which is the value agreed upon by the parties..

During the year, the First Nation contributed funds towards the post office operations of Waglisla Band Store Limited Partnership in the amount of \$20,000 (2016 - \$20,000), and purchased goods from Waglisla Band Store Limited Partnership. This was conducted in the normal course of operations and measured at the estimated carrying amount which approximates fair value.