

Nuxalk Nation
Consolidated Financial Statements
For the year ended March 31, 2016

Nuxalk Nation
Consolidated Financial Statements
For the year ended March 31, 2016

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Consolidated Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	5
Exhibit B - Consolidated Statement of Changes in Net Assets	6
Exhibit C - Consolidated Statement of Operations	7 - 8
Exhibit D - Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 25
Notice to Reader	26
Exhibit E - Statement of Financial Position - Operating Fund	27
Exhibit F - Statement of Operations and Surplus - Operating Fund	28 - 29
Exhibit G - Statement of Financial Position - Capital Fund	30
Exhibit H - Schedule of Changes in Equity - Capital Fund	31
Exhibit I - Statement of Operations and Surplus - Capital Fund	32
Exhibit J - Statement of Financial Position - Ottawa Trust Fund	33
Exhibit K - Schedule of Changes in Equity - Ottawa Trust Fund	34
Exhibit L - Statement of Financial Position - Social Housing Fund	35
Exhibit M - Statement of Operations and Deficit - Social Housing Fund	36
Exhibit N - Statement of Financial Position - Nuxalk Nation Transition House Society	37
Exhibit O - Statement of Operations and Deficit - Nuxalk Nation Transition House Society	38
Exhibit P - Statement of Financial Position - Nuxalk Acwsalcma'slayc Academy of Learning Society	39
Exhibit Q - Statement of Operations and Surplus - Nuxalk Acwsalcma'slayc Academy of Learning Society	40
Statements of Operations and Surplus (Deficit)	
Operating Schedules	41 - 89
Capital Schedules	90 - 103

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Nuxalk Nation are the responsibility of management and have been approved by the Administrator and the Finance Officer of the Nation.

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

Nuxalk Nation 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 the Nation's assets are appropriately accounted for and adequately safeguarded.

Nuxalk Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through the Nation's Council.

The Chief and Council review the Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Nation Council.

Administrator

Finance Officer



Tel: 250 372 9505
Fax: 250 374 6323
www.bdo.ca

BDO Canada LLP
300-275 Lansdowne Street
Kamloops BC V2C 6J3 Canada

Independent Auditor's Report

To the Members of Nuxalk Nation

We have audited the accompanying consolidated financial statements of Nuxalk Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of change in net financial assets, operations and cash flows for the year then ended, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.

Qualified Opinion

In our opinion, except for the possible 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 Nuxalk Nation as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

These consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures and have been prepared to assist management of Nuxalk Nation to meet the reporting requirements of the various funding agencies. As a result, the consolidated financial statements should not be distributed to or used by other parties.

Nuxalk Nation has also prepared another set of consolidated financial statements for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements do not include unaudited supplementary exhibits and schedules, and have a more aggregated disclosures in the financial statements. Our audit report on the other set of consolidated financial statements was issued to the members of Nuxalk Nation and was dated July 21, 2016.


Chartered Professional Accountants

Kamloops, British Columbia
July 21, 2016

Nuxalk Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2016	2015
Financial Assets		
Cash (Note 1)	\$ 3,093,042	\$ 2,525,920
Restricted cash (Note 2)	412,555	401,013
Accounts receivable (Note 3)	1,592,811	850,883
Investment in Nation business entities (Note 9)	1,259,023	1,669,022
Inventory	66,659	26,839
Due to/from company 70	85,516	-
	6,509,606	5,473,677
Liabilities		
Accounts payable (Note 4)	908,177	1,151,220
Deferred revenue (Note 5)	682,681	597,385
Long term debt (Note 6)	991,172	413,740
Replacement reserve	168,317	537,326
	2,750,347	2,699,671
Net Financial Assets	3,759,259	2,774,006
Non-financial Assets		
Prepaid expense	263,582	269,613
Tangible capital assets (Note 7)	23,849,556	23,714,082
	23,913,138	23,983,695
Accumulated Surplus (Note 8)	\$ 27,672,397	\$ 26,757,701

Approved on behalf of the Band Council:

, Administrator

, Finance Officer

Nuxalk Nation
Exhibit B - Consolidated Statement of Change in Net Assets

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Surplus - Exhibit C	\$ 2,440,743	\$ 506,156
Purchases of tangible capital assets	(1,283,807)	(851,176)
Amortization of tangible capital assets	1,348,333	1,452,300
	64,526	601,124
Change in prepaid expense	6,030	6,701
Change in Ottawa Trust Funds	11,296	32,716
Equity change in Nuxalk Forestry equity	-	140,918
Transfers to restricted	(1,537,341)	(377,707)
	(1,520,015)	(197,372)
Increase in net financial assets	985,254	909,908
Net financial assets, beginning of year	2,774,006	1,864,098
Net financial assets, end of year	\$ 3,759,260	\$ 2,774,006

Nuxalk Nation

Exhibit C - Consolidated Statement of Operations

For the year ended March 31

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	\$ 10,481,277	\$ 10,480,140
First Nations Health Authority	2,664,311	1,905,298
Province of British Columbia	907,660	1,071,268
Mid Coast First Nations Training Society	157,890	159,338
Fisheries and Oceans	146,855	162,617
Coast Opportunity Funds	197,243	332,195
Interest	10,889	17,674
Rental revenue	327,715	307,369
Deficit reimbursement (surplus recovery)	288,478	581,879
First Nations Education Steering Committee	378,628	322,014
Canada Mortgage and Housing Corporation	790,785	106,839
Fundraising	-	20,627
Other income	3,662,838	1,741,371
Nuxalk Acwsalcmaislayc Academy of Learning Society	33,000	49,497
Nuxalk Nation Transition House Society	-	10,000
Administration	178,897	-
	20,226,466	17,268,126
Expenses		
Band Administration	1,972,458	1,786,633
Chief & Council	191,016	188,057
Band Employees Benefits	47,848	42,338
Economic Development	-	29,990
Employment	41,031	31,627
Stewardship	282,181	307,903
Carbon Credit	25,650	18,303
Marine Use	43,039	53,878
Fisheries and Ooligan Study	105,079	100,863
Capital Management	115,227	73,202
Service Delivery	64,065	93,484
Family Violence	40,399	-
Indian Registry Administration	43,601	30,347
Sputc	68,784	46,289
Nuxalk Bear Study	21,133	53,838
Bear Safety	35,230	30,372
Clean Energy	442	1,797
Community Engagement	101	1,888
LEA Tuition	-	1,806,798
First Nations Health Authority	836,597	784,376
Patient Travel	1,530,561	1,425,809
Miscellaneous Health Program	40,484	34,816
Healthy Beginnings	351,015	356,179
Hope Help Healing	-	24
Housing Rents	321,552	290,013
Culture Center Program	1,800	24,045
Restorative Justice	37,981	41,665
National Child Benefit	152,023	157,782
Social Development	1,364,106	1,359,852
Family Support	65,501	69,187
Fire Protection	45,530	48,297
Municipal Services	261,083	352,158
Safe Water Operators Program	25,314	38,450
Social Housing Fund	192,393	341,652
Nuxalk Nation Transition House Society	460,358	514,044
Nuxalk Acwsalcmaislayc Academy of Learning Society	6,769,682	5,470,244
Capital Fund Repairs and Maintenance	2,001,966	755,770
Subtotal Expenses	\$ 17,555,230	\$ 16,761,970

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nuxalk Nation
Exhibit C - Consolidated Statement of Operations - continued

For the year ended March 31	2016	2015
Revenue carried forward	\$ 20,226,466	\$ 17,268,126
Expenses carried forward	\$ 17,555,230	\$ 16,761,970
P&ID	38,500	-
FNIF CCP	31,749	-
Landscaping (FNESC Youth Mentorship)	67,165	-
Traditional Governance	57,128	-
Welcome Newborns	5,009	-
Lands	30,942	-
	<hr/> <u>17,785,723</u>	<hr/> <u>16,761,970</u>
Surplus for the year	\$ 2,440,743	\$ 506,156

Nuxalk Nation
Exhibit D - Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Operating activities		
Cash receipts from various sources	\$ 19,569,834	\$ 16,852,204
Cash paid to employees and suppliers	<u>(17,886,091)</u>	<u>(14,817,126)</u>
Cash flows from operating activities	<u>1,683,743</u>	<u>2,035,078</u>
Investing activities		
Purchase of capital assets	(1,283,807)	(851,176)
Change in prepaid expenses	11,296	12,254
Change in investments	<u>(409,999)</u>	<u>(284,256)</u>
Cash flows from investing activities	<u>(1,682,510)</u>	<u>(1,123,178)</u>
Financing activity		
Proceeds from issuance of long term debt	<u>577,432</u>	<u>(177,074)</u>
Net increase in cash and cash equivalents	578,665	734,826
Cash and cash equivalents, beginning of year	2,926,932	2,192,106
Cash and cash equivalents, end of year	\$ 3,505,597	\$ 2,926,932
Represented by:		
Cash	\$ 3,093,042	\$ 2,525,920
Restricted cash	<u>412,555</u>	<u>401,013</u>
	\$ 3,505,597	\$ 2,926,933

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CPA Canadian Public Sector Accounting Handbook which encompasses the following principles.

Reporting Entity and Principles

Nuxalk Nation reporting entity includes Nuxalk Nation government and all related entities which are accountable to Nuxalk Nation and are either owned or controlled by the Nuxalk Nation.

The financial statements consolidate the assets, liabilities and results of operations for the following incorporated entities:

- Nuxalk Acwsalcalslayc Academy of Learning Society
- Nuxalk Nation Property Management
- Nuxalk Nation Transition House Society

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

Business entities, which are owned or controlled by the Nuxalk Nation and which are not dependent on the Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Nuxalk Business Trust
- Nuxalk Development LP
- 0820770 B.C. Ltd.

Financial Instruments

The Nation recognizes and measures financial assets and financial liabilities on the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a trade date or settlement date basis. All financial instruments are measured at fair value on the initial recognition. Financial instruments are subsequently measured at amortized cost as the Nation has not entered into any derivative contracts and it does not hold any investments in equity instruments quoted on the active market. Since no financial instruments are measured at fair value after the initial recognition, a Statement of Remeasurement Gains and Losses has not been presented in these consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies - (continued)

Use of Estimates The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

Tangible Capital Assets Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenses are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization Tangible capital assets recorded are amortized annually with a corresponding reduction in equity in tangible capital assets. Tangible capital assets are amortized over their expected useful lives on a declining balance basis at the following rates:

Automotive equipment	20%
Buildings	5%
Computer software	100%
Infrastructure	5%
Nation owned houses	5%
Office and furniture equipment	30%

In the year of acquisition, 50% of the normal amortization is recorded.

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

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition	Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position. Rental revenue is recognized when a tenant commences occupancy and rent is due. Nuxalk Nation retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases. All other revenue is recognized in the period in which the events that give rise to the revenue occurs.
Government Transfers	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period which events give rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Rents Receivable	CMHC does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.
Ottawa Trust Fund	Nuxalk Nation uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized in the revenue of the Nation upon withdrawal from the Ottawa Trust Fund.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of financial activity in the year in which it is used for the specified purpose.
Impairment of Long-lived Assets	In the event that facts and circumstances indicate that the Nation's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Nation considers that no circumstances exist that would require such an evaluation.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies - (continued)

Leased Assets	Leases are entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset, and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Nation, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.
----------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2. Cash

	2016	2015
Operating	\$ 1,551,861	\$ 1,212,471
Nuxalk Acwsalcmaclayc Academy of Learning Society	1,275,612	1,213,254
Nuxalk Nation Transition House Society	60,687	11,848
Pre - Social Housing	69,638	88,347
Post - Social Housing	135,244	-
	<hr/>	<hr/>
	\$ 3,093,042	\$ 2,525,920

Cash is held in Canadian Chartered Banks and a Credit Union, both earn interest at the current prevailing rates for business operating accounts.

3. Restricted Cash

	2016	2015
Ottawa Trust revenue	\$ 355,031	\$ 343,735
Ottawa Trust capital	10,079	10,079
Social Housing replacement reserve	47,445	47,199
	<hr/>	<hr/>
	\$ 412,555	\$ 401,013

The Ottawa trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Nation and Nation members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Nuxalk Nation and CMHC provide that a replacement reserve fund be established by annual charges to operations in the amount prescribed by the agreements. Under these agreements, Nuxalk Nation is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2016, the replacement reserve and operating reserve was underfunded by \$(168,317) (2015 - \$(490,128)).

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2016	2015
Operating		
Trade	\$ 1,390,125	\$ 742,598
Pre - Social Housing	33,053	23,313
Post - Social Housing	<u>150,403</u>	-
	1,573,581	765,911
Nuxalk Acwsalcmaislayc Academy of Learning Society	<u>19,230</u>	84,972
	<u>\$ 1,592,811</u>	<u>\$ 850,883</u>

5. Accounts Payable

	2016	2015
Operating		
Nuxalk Acwsalcmaislayc Academy of Learning Society	\$ 504,136	\$ 888,612
Nuxalk Nation Transition House Society	353,585	213,025
Social Housing	<u>49,465</u>	45,535
	990	4,048
	<u>\$ 908,176</u>	<u>\$ 1,151,220</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

6. Deferred Revenue

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	2016	2015
Operating - INAC		
Tuition Agreements	\$ 180,697	\$ 319,205
Basic Needs	-	54,671
Child Out of Parental Home	-	23,063
Special Services	-	9,458
Special Needs	-	8,265
Band Employee Benefits	<u>2,000</u>	<u>2,000</u>
	<u>182,697</u>	<u>416,662</u>
Operating Fund - Other		
Other	115,900	49,375
Nuxalk Acwsalcmaislayc Academy of Learning Society	<u>101,408</u>	<u>131,348</u>
	<u>400,005</u>	<u>597,385</u>
Capital Fund - INAC		
ARCS	138,376	-
Liquid waste disposal	<u>144,300</u>	<u>-</u>
	<u>\$ 682,681</u>	<u>\$ 597,385</u>

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2016

7. Long Term Debt

	2016	2015
<u>Operating</u>		
Capital lease payable in monthly installments of \$1,260, agreement expires April 2016	\$ -	\$ 14,205
<u>Social Housing</u>		
Mortgage repayable in monthly installments of \$11,071, including interest at 4.49% per annum maturing June 2015	-	33,157
Mortgage repayable in monthly installments of \$1,381, including interest at 3.95% per annum maturing September 2018	107,850	119,905
Mortgage repayable in monthly installments of \$2,839, including interest at 3.95% per annum maturing September 2018	221,691	246,473
All Nations Trust Company loan advances for housing project	<u>661,631</u>	-
	991,172	413,740
Less current portion	38,319	84,199
Less loan advances	<u>661,631</u>	-
	<u>\$ 291,222</u>	<u>\$ 329,541</u>

The estimated principal repayments on the above long term debt required over the next three years are as follows:

2017	\$ 38,319
2018	39,861
2019	<u>251,361</u>
	<u>\$ 329,541</u>

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2016

8. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 134,000	\$ -	\$ 134,000	\$ -
Equipment				
Automotive equipment	4,790,322	4,252,657	4,577,503	4,134,479
Transition House equipment	73,137	112,312	66,158	45,633
Transition House automotive	32,989	-	32,989	30,272
NAALS equipment	146,813	35,408	67,329	18,854
NAALS automotive	238,107	83,986	205,854	48,125
Buildings				
Community buildings	23,830,970	7,422,381	22,976,729	6,607,343
Land improvements				
Infrastructure	10,852,045	5,183,170	10,744,633	4,890,462
NNTHS House Improvements	32,949	-	32,949	27,026
	<u>40,131,332</u>	<u>17,089,914</u>	<u>38,838,144</u>	<u>15,802,194</u>
Pre - Social Housing	<u>2,528,991</u>	<u>1,920,853</u>	<u>2,528,991</u>	<u>1,850,859</u>
	<u><u>\$ 42,660,323</u></u>	<u><u>\$ 19,010,767</u></u>	<u><u>\$ 41,367,135</u></u>	<u><u>\$ 17,653,053</u></u>
Net book value		<u><u>\$ 23,649,556</u></u>		<u><u>\$ 23,714,082</u></u>

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2016

8. Tangible Capital Assets (continued)

	2016			
	Artwork	Equipment	Buildings	Land Improvements
Cost, beginning of year	\$ 134,000	\$ 4,949,834	\$ 25,505,719	\$ 10,777,582
Additions	-	322,154	854,241	107,412
Cost, end of year	\$ 134,000	\$ 5,271,988	\$ 26,359,960	\$ 10,884,994
Accumulated amortization, beginning of year	\$ -	\$ 4,277,363	\$ 8,458,201	\$ 4,917,488
Amortization	-	170,593	885,032	292,708
Accumulated amortization, end of year	\$ -	\$ 4,447,956	\$ 9,343,233	\$ 5,210,196
Net carrying amount, end of year	\$ 134,000	\$ 824,032	\$ 17,016,727	\$ 5,674,798
				\$ 23,649,556

Nuxalk Nation
Notes to Consolidated Financial Statements

March 31, 2016

8. Tangible Capital Assets (continued)

	2015			
	Artwork	Equipment	Buildings	Land Improvements
Cost, beginning of year	\$ 134,000	\$ 4,644,248	\$ 25,035,393	\$ 10,702,318
Additions	- 305,586	470,326	75,264	851,176
Cost, end of year	\$ 134,000	\$ 4,949,834	\$ 25,505,719	\$ 10,777,582
Accumulated amortization, beginning of year	\$ -	\$ 4,142,920	\$ 7,446,478	\$ 4,611,354
Amortization	- 134,443	1,011,723	306,134	1,452,300
Accumulated amortization, end of year	\$ -	\$ 4,277,363	\$ 8,458,201	\$ 4,917,488
Net carrying amount, end of year	\$ 134,000	\$ 672,471	\$ 17,047,518	\$ 5,860,094
				\$ 23,714,082

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

9. Accumulated Surplus

	2016	2015
Operating surplus	\$ 3,121,288	\$ 1,571,718
Equity in capital assets	<u>22,074,873</u>	22,773,752
Equity in capital NAALS	265,525	206,204
Equity in capital NNTHS	31,660	38,271
Equity in Ottawa trust	365,110	353,814
Contributed surplus	278,596	278,596
Nuxalk Forestry	<u>1,535,346</u>	1,535,346
	<u>\$ 27,672,398</u>	<u>\$ 26,757,701</u>

10. Investments in Nation business entities

The Nation has investments in the following entities:

	2016	2015
Nuxalk Business Trust - 100%	\$ 524,072	\$ 524,072
Nuxalk Development LP - 99.9%	69,489	69,489
Nuxalk Development Corporation (advance)	672,091	672,091
0820770 B.C. Ltd. - 100%	(6,629)	403,370
	<u>\$ 1,259,023</u>	<u>\$ 1,669,022</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

10. Investment in Nation business entities (continued)

For partnerships, equity is comprised of partnership advances, less drawings, plus the partner's proportional share of net income. Nuxalk Nation has investments in the following entities:

<u>Limited Partnerships</u>	Assets	Liabilities	Capital	Revenue	Expenses	Total Earnings (Loss)	Total Earnings (Loss)
Nuxalk Development LP	461,843	134,450	327,393	412,263	119,974	292,289	69,559

The following period of financial information was used to determine the amount of the investment in Nation's business activities:

Limited Partnerships

Nuxalk Business Trust
Nuxalk Development Limited Partnership

April 1, 2015 - March 31, 2016
April 1, 2015 - March 31, 2016

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

11. Comparative Figures

Certain comparative amounts presented in the consolidated financial statements have been restated to conform to current year's presentation.

12. Federal Assistance Payments

The Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2016 was \$86,839 (2015 - \$89,138). This assistance will continue, providing the Nation is not in default of the agreement.

13. Commitments

Nuxalk Nation is required to make the following future minimum lease payments on operating lease obligations over the next four years:

2017	\$ 22,026
2018	16,686
2019	<u>3,448</u>
	<hr/>
	\$ 42,160

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

14. Expenses by Object

	2016	2015
Amortization	1,348,333	1,452,300
Automotive	38,349	41,639
Bad debts (recovery)	(2,796)	-
Bank charges	24,307	29,377
Donations	36,165	11,091
Contract services	2,309,379	1,015,614
Equipment rental	64,773	35,229
Honoraria	89,963	72,518
Insurance	339,452	553,724
Materials and supplies	914,032	696,807
Office and miscellaneous	50,479	124,511
Professional fees	194,490	105,264
Program expenses	3,639,263	3,151,947
Repairs and maintenance	287,568	271,831
Replacement reserve	9,600	22,428
Salaries and benefits	6,669,855	5,823,408
Student allowance and transportation	440,916	359,863
Telephone	152,273	135,382
Travel and accommodation	317,315	183,187
Training	270,086	2,120,607
Utilities	591,921	555,242
	<hr/> \$ 17,785,723	<hr/> \$ 16,761,969

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

15. Segment Disclosure

Nuxalk Nation is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Administration

This item relates to the revenues and expenses that relate to the operations of Nuxalk Nation itself and cannot be directly attributed to a specific segment.

Community Welfare

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of Nuxalk Nation's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of Nuxalk Nation's Members.

Economic Development

This service area provides for the development of economic opportunities to the Members.

Health Services

This service area provides for health-related services and programs to the Members.

Social Housing

This service area provides for social housing to the Members.

Natural Resource Management

This service area includes exploration of natural resources and development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2016

**13. Segment Disclosure
(continued)**

	2016										
	Administration	Community Welfare	Operations & Maintenance	Education	Development	Economic Services	Health Services	Social Housing	Natural Resource Management	Natural Capital	Total
Revenue											
AANDC	\$ 1,355,387	\$ 2,103,374	\$ 434,012	\$ 6,869,351	\$ 137,316	\$ -	\$ -	\$ 218,774	\$ 11,118,214		
Other	327,588	419,176	750	1,891,003	978,153	3,375,347	182,346	107,500	1,826,389	9,108,252	
	1,682,975	2,522,550	434,762	8,760,354	1,115,469	3,375,347	182,346	107,500	2,045,163	20,226,466	
Expenses											
Payroll	579,742	531,735	78,086	3,876,642	391,267	692,534	-	114,997	404,853	6,669,856	
Other	742,948	1,846,507	228,526	2,840,623	302,273	2,066,121	122,400	21,023	1,597,113	9,767,534	
Amortization	1,225,924	-	-	52,415	-	69,994	-	-	-	1,348,333	
	2,548,614	2,378,242	306,612	6,769,680	693,540	2,758,655	192,394	136,020	2,001,966	17,785,723	
Surplus (deficit)	\$ (865,639)	\$ (144,308)	\$ 128,150	\$ 1,990,674	\$ 421,929	\$ 616,692	\$ (10,048)	\$ (28,520)	\$ 43,197	\$ 2,440,743	

	2015										
	Administration	Community Welfare	Operations & Maintenance	Education	Development	Economic Services	Health Services	Social Housing	Natural Resource Management	Natural Capital	Total
Revenue											
AANDC	\$ 771,353	\$ 2,189,346	\$ 430,240	\$ 6,458,081	\$ 40,000	\$ -	\$ -	\$ -	\$ 591,120	\$ 10,480,140	
Other	277,824	379,956	2,075	1,447,664	1,163,389	2,930,103	224,059	163,507	199,408	6,787,985	
	1,049,177	2,569,302	432,315	7,905,745	1,203,389	2,930,103	224,059	163,507	790,528	17,268,125	
Expenses											
Payroll	449,651	588,403	79,217	3,408,446	444,288	713,552	-	79,026	60,825	5,823,408	
Other	453,769	1,751,409	321,237	3,868,597	309,636	1,887,629	177,204	21,837	694,943	9,486,261	
Amortization	1,248,782	-	-	39,070	-	-	164,448	-	-	1,452,300	
	2,152,202	2,339,812	400,454	7,316,113	753,924	2,601,181	341,652	100,863	755,768	16,761,969	
Surplus (deficit)	\$ (1,103,025)	\$ 229,490	\$ 31,861	\$ 589,632	\$ 449,465	\$ 328,922	\$ (117,593)	\$ 62,644	\$ 34,760	\$ 506,156	