

Nuxalk Nation
Consolidated Financial Statements
For the year ended March 31, 2017

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For the year ended March 31, 2017

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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



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

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, 2017 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.



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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, 2017 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, 2017 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 October 16, 2017.

BDO Canada LLP

Chartered Professional Accountants

Kamloops, British Columbia
October 16, 2017

Nuxalk Nation
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2017	2016
		(Restated)
Financial Assets		
Cash (Note 2)	\$ 4,688,387	\$ 3,093,042
Restricted cash (Note 3)	969,024	412,555
Accounts receivable (Note 4)	654,861	1,592,811
Investment in Nation business entities (Note 10)	1,740,802	1,570,140
Inventory	66,080	66,659
Due from related party	-	85,517
	<u>8,119,154</u>	<u>6,820,724</u>
Liabilities		
Accounts payable (Note 5)	1,346,735	908,177
Deferred revenue (Note 6)	1,477,472	682,681
Long term debt (Note 7)	1,027,934	991,172
Replacement reserve (Note 3)	166,106	168,317
	<u>4,018,247</u>	<u>2,750,347</u>
Net Financial Assets	<u>4,100,907</u>	<u>4,070,377</u>
Non-financial Assets		
Prepaid expense	290,532	263,582
Tangible capital assets (Note 8)	23,546,357	23,649,555
	<u>23,836,889</u>	<u>23,913,137</u>
Accumulated Surplus (Note 9)	<u>\$ 27,937,796</u>	<u>\$ 27,983,514</u>

Approved on behalf of the Band Council:

 Administrator

 Finance Officer

Nuxalk Nation

Exhibit B - Consolidated Statement of Change in Net Assets

For the year ended March 31	2017	2016
		(Restated)
Surplus - Exhibit C	\$ (92,959)	\$ 1,021,244
Purchases of tangible capital assets	(2,098,539)	(1,283,808)
Amortization of tangible capital assets	1,347,502	1,225,924
Disposals of capital assets	854,234	-
	103,197	(57,884)
Change in prepaid expense	(26,949)	6,030
Change in Ottawa Trust Funds	10,984	11,296
Change in restricted equities	(504)	4,568
Equity change from prior period adjustments	-	311,117
	(16,469)	333,011
Change in long term debt	36,761	-
Increase in net financial assets	30,530	1,296,371
Net financial assets, beginning of year	4,070,377	2,774,006
Net financial assets, end of year	\$ 4,100,907	\$ 4,070,377

Nuxalk Nation

Exhibit C - Consolidated Statement of Operations

For the year ended March 31

2017

2016

(Restated)

Revenue

Indigenous and Northern Affairs Canada	\$ 11,754,484	\$ 10,481,277
First Nations Health Authority	2,294,695	2,664,311
Province of British Columbia	1,303,408	907,660
Mid Coast First Nations Training Society	131,975	157,890
Fisheries and Oceans	172,506	146,855
Coast Opportunity Funds	1,057,796	197,243
Interest	12,457	10,889
Rental revenue	358,332	327,715
Deficit reimbursement	-	288,478
First Nations Education Steering Committee	896,756	378,628
Canada Mortgage and Housing Corporation	179,102	790,785
Other income	2,438,008	3,973,955
Nuxalk Acwslcmalslayc Academy of Learning Society	118,214	33,000
Administration	16,596	178,897
	20,734,329	20,537,583

Expenses

Band Administration	2,036,659	1,971,359
Chief & Council	240,126	191,016
Band Employees Benefits	34,254	47,848
Employment	35,172	41,033
Stewardship	330,327	282,181
Carbon Credit	9,226	25,650
Marine Use	54,168	43,039
Fisheries and Ooligan Study	93,484	105,079
Capital Management	64,063	115,227
Service Delivery	80,413	64,065
Family Violence	(1,093)	40,399
Indian Registry Administration	41,220	43,601
Sputc	25,550	68,784
Nuxalk Bear Study	16,786	21,133
Bear Safety	31,699	35,230
Clean Energy	-	442
Community Engagement	5,024	101
LEA Tuition	2,385,618	1,703,749
First Nations Health Authority	816,604	836,597
Patient Travel	1,430,972	1,530,561
Miscellaneous Health Program	38,387	40,484
Healthy Beginnings	348,664	351,014
Hope Help Healing	15,722	-
Housing Rents	461,312	321,552
Culture Center Program	22,978	1,800
Restorative Justice	36,988	37,981
National Child Benefit	167,948	152,023
Social Development	1,298,086	1,364,106
Family Support	67,220	65,501
Fire Protection	50,085	45,530
Municipal Services	358,059	261,083
Safe Water Operators Program	-	25,314
Training Education Support Initiative	79,614	26,866
Social Housing Fund	143,427	192,393
Nuxalk Nation Transition House Society	601,934	460,358
Nuxalk Acwslcmalslayc Academy of Learning Society	7,345,762	6,769,681
Capital Fund Repairs and Maintenance	1,609,314	2,001,047

Subtotal Expenses	\$ 20,375,772	\$ 19,283,827
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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	2017	2016
Revenue carried forward	\$ 20,734,329	\$ 20,537,583
Expenses carried forward	20,375,772	19,283,827
P&ID	26,203	38,500
FNIF CCP	67,958	31,749
Landscaping (FNESC Youth Mentorship)	-	68,265
Traditional Governace	92,060	57,128
Welcome Newborns	9,422	5,009
Lands	95,606	30,942
Gravel Pit	20	919
Skills Link program	74,096	-
VCH Projects	11,295	-
Apartments	74,856	-
	20,827,288	19,516,339
Surplus for the year	\$ (92,959)	\$ 1,021,244

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

Nuxalk Nation

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Operating activities		
Cash receipts from various sources	\$ 22,603,155	\$ 19,569,834
Cash paid to employees and suppliers	<u>(19,223,402)</u>	<u>(17,886,091)</u>
Cash flows from operating activities	<u>3,379,753</u>	<u>1,683,743</u>
Investing activities		
Purchase of capital assets	(1,876,406)	(1,283,807)
Disposal of capital assets	847,501	-
Change in Ottawa Trust Funds	10,984	11,296
Change in investments	<u>-</u>	<u>(409,999)</u>
Cash flows from investing activities	<u>(1,017,921)</u>	<u>(1,682,510)</u>
Financing activity		
Proceeds from issuance of long term debt	36,762	577,432
Increase in related party balances	<u>(246,780)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,151,814	578,665
Cash and cash equivalents, beginning of year	<u>3,505,597</u>	<u>2,926,932</u>
Cash and cash equivalents, end of year	<u>\$ 5,657,411</u>	<u>\$ 3,505,597</u>
Represented by:		
Cash	\$ 4,688,387	\$ 3,093,042
Restricted cash	<u>969,024</u>	<u>412,555</u>
	<u>\$ 5,657,411</u>	<u>\$ 3,505,597</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

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 Acwsalcmalslayc 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 measure 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, 2017

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, 2017

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition	<p>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.</p> <p>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.</p> <p>All other revenue is recognized in the period in which the events that give rise to the revenue occurs.</p>
Government Transfers	<p>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.</p>
Rents Receivable	<p>CMHC does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.</p>
Ottawa Trust Fund	<p>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.</p>
Deferred Revenue	<p>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.</p>
Impairment of Long-lived Assets	<p>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 assets'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.</p>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Summary of Significant Accounting Policies - (continued)

Leased Assets

Leases 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 reduced 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

	2017	2016
Operating	\$ 3,265,197	\$ 1,551,861
Nuxalk Acwsalcmalslayc Academy of Learning Society	1,008,083	1,275,612
Nuxalk Nation Transition House Society	39,283	60,687
Pre - Social Housing	66,966	69,638
Post - Social Housing	308,858	135,244
	\$ 4,688,387	\$ 3,093,042

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

	2017	2016
Ottawa Trust revenue	\$ 366,015	\$ 355,031
Ottawa Trust capital	10,079	10,079
Social Housing replacement reserve	592,930	47,445
	\$ 969,024	\$ 412,555

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, 2017, the replacement reserve and operating reserve was overfunded by \$426,824 (2016 - underfunded by \$(120,871)).

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

4. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	<u>2017</u>	<u>2016</u>
Operating		
Trade	\$ 602,222	\$ 1,390,125
Pre - Social Housing	40,787	33,053
Post - Social Housing	-	150,403
	<u>643,009</u>	<u>1,573,581</u>
Nuxalk Acwsalcmalslayc Academy of Learning Society	<u>11,852</u>	<u>19,230</u>
	<u>\$ 654,861</u>	<u>\$ 1,592,811</u>

5. Accounts Payable

	<u>2017</u>	<u>2016</u>
Operating		
Nuxalk Acwsalcmalslayc Academy of Learning Society	\$ 1,306,504	\$ 504,137
Nuxalk Nation Transition House Society	(4,349)	353,585
Social Housing	43,653	49,465
	<u>928</u>	<u>990</u>
	<u>\$ 1,346,736</u>	<u>\$ 908,177</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

6. Deferred Revenue

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

	<u>2017</u>	<u>2016</u>
Operating - INAC		
Tuition Agreements	\$ -	\$ 180,697
Nation Child Benefit	6,955	-
In-Home Care	7,916	-
Comprehensive Education Support Services	15,912	-
Service Delivery	19,021	-
Band Employee Benefits	-	2,000
	<u>49,804</u>	182,697
Operating Fund - Other		
Other	-	115,900
Nuxalk Acwsalcmalslayc Academy of Learning Society	<u>101,408</u>	101,408
	151,212	400,005
Capital Fund - INAC		
ARCS	127,502	138,376
Liquid waste disposal	178,666	144,300
Construction of multi-units ICMS#3-00126158	813,075	-
Apartment Renovation - ICMS#9-0012639	207,017	-
	<u>\$ 1,477,472</u>	<u>\$ 682,681</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

7. Long Term Debt

	<u>2017</u>	<u>2016</u>
<u>Social Housing</u>		
Mortgage repayable in monthly installments of \$1,381, including interest at 3.95% per annum maturing September 2018	\$ 94,819	\$ 107,850
Mortgage repayable in monthly installments of \$2,839, including interest at 3.95% per annum maturing September 2018	194,903	221,691
All Nations Trust Company loan advances for housing project	-	661,631
All Nations Trust Company, mortgage, repayable in monthly instalments of \$ 2,904 including interest at 1.14% per annum, maturing June 2021	738,212	-
	<u>1,027,934</u>	991,172
Less current portion	67,780	38,319
Less loan advances	-	661,631
	<u>\$ 960,154</u>	<u>\$ 291,222</u>

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

2018	\$ 67,780
2019	276,079
2020	27,191
2021	27,503
2022 and subsequent	629,381
	<u>\$ 1,027,934</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Artwork	\$ 134,000	\$ -	\$ 134,000	\$ -
Equipment				
Automotive equipment	4,890,854	4,377,369	4,790,322	4,252,657
Transition House equipment	80,735	63,837	73,137	52,423
Transition House automotive	71,882	37,891	32,989	31,087
NAALS equipment	146,239	52,755	146,813	35,408
NAALS automotive	552,152	147,305	238,107	83,986
Buildings				
Community buildings	23,137,653	8,196,835	23,830,970	7,422,381
NAALS buildings	310,668	6,213	-	-
Land improvements				
Infrastructure	11,029,325	5,461,243	10,852,045	5,183,170
NNTHS house improvements	32,949	30,918	32,949	28,803
	40,386,457	18,374,366	40,131,332	17,089,915
Pre - Social Housing	2,528,991	1,959,172	2,528,991	1,920,853
Post - Social Housing	984,223	19,776	-	-
	<u>\$ 43,899,671</u>	<u>\$ 20,353,314</u>	<u>\$ 42,660,323</u>	<u>\$ 19,010,768</u>
Net book value		<u>\$ 23,546,357</u>		<u>\$ 23,649,555</u>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets (continued)

					2017	
	Artwork	Equipment	Buildings	Land Improvements	Total	
Cost, beginning of year	\$ 134,000	\$ 5,281,368	\$ 26,359,960	\$ 10,884,995	\$ 42,660,323	
Additions	-	472,183	1,449,075	177,281	2,098,539	
Disposals	-	(11,689)	(847,501)	-	(859,190)	
Cost, end of year	\$ 134,000	\$ 5,741,862	\$ 26,961,534	\$ 11,062,276	\$ 43,899,672	
Accumulated amortization, beginning of year	\$ -	\$ 4,455,561	\$ 9,343,233	\$ 5,211,973	\$ 19,010,767	
Amortization	-	227,392	839,993	280,118	1,347,503	
Disposals	-	(4,956)	-	-	(4,956)	
Accumulated amortization, end of year	\$ -	\$ 4,677,997	\$ 10,183,226	\$ 5,492,091	\$ 20,353,314	
Net carrying amount, end of year	\$ 134,000	\$ 1,063,865	\$ 16,778,308	\$ 5,570,185	\$ 23,546,357	

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets (continued)

					2016	
	Artwork	Equipment	Buildings	Land Improvements	Total	
Cost, beginning of year	\$ 134,000	\$ 4,959,214	\$ 25,505,719	\$ 10,777,582	\$ 41,376,515	
Additions	-	322,154	854,241	107,413	1,283,808	
Cost, end of year	\$ 134,000	\$ 5,281,368	\$ 26,359,960	\$ 10,884,995	\$ 42,660,323	
Accumulated amortization, beginning of year	\$ -	\$ 4,277,363	\$ 8,458,201	\$ 4,917,488	\$ 17,653,052	
Amortization	-	178,198	885,032	294,485	1,357,715	
Accumulated amortization, end of year	\$ -	\$ 4,455,561	\$ 9,343,233	\$ 5,211,973	\$ 19,010,767	
Net carrying amount, end of year	\$ 134,000	\$ 825,807	\$ 17,016,727	\$ 5,673,022	\$ 23,649,555	

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

9. Accumulated Surplus

	2017	2016
Operating surplus	\$ 3,519,419	\$ 3,432,405
Equity in capital assets	21,143,759	22,074,873
Equity in capital NAALS	809,518	265,525
Equity in capital NNTHS	52,920	31,660
Equity in Ottawa trust	376,095	365,110
Contributed surplus	500,728	278,596
Nuxalk Forestry	1,535,346	1,535,346
Equity in replacement reserve	11	-
	\$ 27,937,796	\$ 27,983,515

10. Investments in Nation business entities

The Nation has investments in the following entities:

	2017	2016
Nuxalk Business Trust - 100%	\$ 524,072	\$ 524,072
Nuxalk Development LP - 99.9%	526,538	361,487
Nuxalk Development Corporation (advance)	672,091	672,091
0820770 B.C. Ltd. - 100%	18,101	12,490
	\$ 1,740,802	\$ 1,570,140

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

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:

						2017	2016
						Total Earnings (Loss)	Total Earnings (Loss)
	Assets	Liabilities	Capital	Revenue	Expenses		
<u>Limited Partnerships</u>							
Nuxalk Development LP	1,455,865	188,040	1,267,825	1,094,553	154,122	940,431	292,289

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	April 1, 2016 - March 31, 2017
Nuxalk Development Limited Partnership	April 1, 2016 - March 31, 2017
0820770 B.C. Ltd.	April 1, 2016 - March 31, 2017

Nuxalk Nation

Notes to Consolidated Financial Statements

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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, 2017 was \$86,839 (2016 - \$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:

2018	\$	28,897
2019		23,186
2020		15,923
		<hr/>
	\$	68,006
		<hr/>

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

14. Expenses by Object

	2017	2016
Amortization	\$ 1,347,502	\$ 1,348,333
Automotive	52,288	38,343
Bad debts (recovery)	24,667	(2,796)
Bank charges	31,176	24,307
Contract services	2,055,192	2,309,379
Donations	44,112	36,165
Equipment rental	14,955	64,773
Honoraria	121,473	89,963
Insurance	422,354	339,452
Materials and supplies	958,496	914,032
Office and miscellaneous	88,997	50,479
Professional fees	173,342	194,490
Program expenses	6,349,395	5,369,878
Repairs and maintenance	250,702	287,568
Replacement reserve	2,236	9,600
Salaries and benefits	6,942,707	6,669,855
Student allowance and transportation	414,271	440,916
Telephone	172,281	152,273
Travel and accommodation	406,354	317,315
Training	306,231	270,086
Utilities	648,557	591,921
	\$ 20,827,288	\$ 19,516,332

Nuxalk Nation

Notes to Consolidated Financial Statements

March 31, 2017

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, 2017

**15. Segment Disclosure
(continued)**

2017

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue										
INAC	\$ 806,787	\$ 2,165,780	\$ 457,209	\$ 7,388,749	\$ 114,497	\$ -	\$ -	\$ -	\$ 821,462	\$ 11,754,484
Other	186,390	288,562	9,638	2,168,367	1,561,255	2,804,262	287,662	194,349	1,292,102	8,792,587
	993,177	2,454,342	466,847	9,557,116	1,675,752	2,804,262	287,662	194,349	2,113,564	20,547,071
Expenses										
Payroll	704,254	630,622	100,136	3,577,697	643,230	680,309	1,230	130,151	462,556	6,930,185
Other	713,655	1,802,997	308,008	3,676,225	228,589	1,965,611	245,414	58,940	1,060,322	10,059,761
Amortization	1,177,239	20,333	-	91,835	-	-	58,095	-	-	1,347,502
	2,595,148	2,453,952	408,144	7,345,757	871,819	2,645,920	304,739	189,091	1,522,878	18,337,448
Surplus (deficit)	\$ (1,601,971)	\$ (390)	\$ 58,703	\$ 2,211,359	\$ 803,933	\$ 158,342	\$ (17,077)	\$ 5,258	\$ 590,686	\$ 2,209,623

2016

	Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Capital	Total
Revenue										
INAC	\$ 1,355,387	\$ 2,103,374	\$ 434,012	\$ 6,869,351	\$ 137,316	\$ -	\$ -	\$ -	\$ 218,774	\$ 11,118,214
Other	638,704	419,176	750	1,891,003	978,153	3,375,347	182,346	107,500	1,826,389	9,419,368
	1,994,091	2,522,550	434,762	8,760,354	1,115,469	3,375,347	182,346	107,500	2,045,163	20,537,582
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	1,597,114	9,767,535
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	2,001,967	17,785,724
Surplus (deficit)	\$ (554,523)	\$ 144,308	\$ 128,150	\$ 1,990,674	\$ 421,929	\$ 616,692	\$ (10,048)	\$ (28,520)	\$ 43,196	\$ 2,751,858

Nuxalk Nation

Notes to Consolidated Financial Statements

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16. Prior Period Adjustment

During the year, the previous year's investment balance has been adjusted to reflect the equity pickup for the year. As a result, the opening equities have been adjusted to reflect this amount. Opening equities and investments have been increased by \$311,117.