



***Kwadacha Nation
Consolidated Financial Statements
March 31, 2017***

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

	<u>Page</u>
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2-3
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Financial Activities and Accumulated Surplus	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-23
APPENDICES:	
Appendix A – Investments In Government Business Enterprises	24
Appendix B – Tangible Capital Assets	25
Appendix C – Segment Disclosure	26-28
Appendix D – Expenses by Object	29



MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Kwadacha Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management are responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet 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 consolidated financial statements and the external auditors' report.

The external auditors, Price Waterhouse Coopers LLP, Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to management of Kwadacha Nation and meet when required.

On behalf of Kwadacha Nation

Donald Van Somer
Chief

Angela Harten
Deputy Chief

Andrea McLean
Councillor

Budley Seymour
Councillor

John McCloud
Councillor



INDEPENDENT AUDITORS' REPORT

To the Members of Kwadacha Nation

We have audited the accompanying financial statements of Kwadacha Nation, which comprise the statement of financial position as at March 31, 2017, and the statements of financial activities and accumulated surplus, change in net financial assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

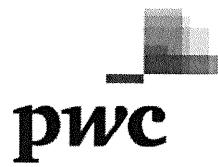
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITORS' REPORT, continued

Opinion

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

Prince George, BC
July 28, 2017

PricewaterhouseCoopers LLP
Chartered Professional Accountants

Kwadacha Nation
Statement of Financial Position
March 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash	\$2,195,374	\$2,066,001
Accounts Receivable (Note 2)	1,362,673	1,165,279
Inventory (Note 3)	285,899	316,272
Restricted Cash and Reserves (Note 4)	20,529,263	18,485,508
Ottawa Trust Assets (Note 5)	120,725	117,178
Mortgage Receivable (Note 6)	87,030	91,280
Investments (Note 7)	1,053,520	1,155,739
	<u>25,634,484</u>	<u>23,397,257</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 8)	1,100,836	784,915
Deferred Revenue (Note 9)	3,742,704	2,303,718
Reserves (Note 10)	859,715	861,642
Due to Kwadacha Education Society (Note 11)	2,153,202	2,607,333
Promissory Note Payable (Note 12)	2,053,000	-
Long-term Debt (Note 13)	5,722,487	5,686,201
	<u>15,631,944</u>	<u>12,243,810</u>
NET FINANCIAL ASSETS	<u>10,002,540</u>	<u>11,153,448</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 14)	30,301,811	30,105,538
Plant Under Construction (Note 15)	5,304,866	-
Prepaid Expenses	5,501	28,653
	<u>35,612,178</u>	<u>30,134,192</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$45,614,718</u>	<u>\$41,287,640</u>

Approved on behalf of Kwadacha Nation

Donald Van Somer
 Chief

Angela Hosten
 Deputy Chief

Amelia McNeil
 Councillor

John McCook
 Councillor

Buddy Keween
 Councillor

Kwadacha Nation
Statement of Financial Activities and Accumulated Surplus
For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
INAC	\$9,594,760	\$5,552,320
INAC - Deferred Revenue (Note 9)	(1,971,124)	-
Administration Fees	61,593	205,736
Government of Canada	240,974	122,334
FNESS - Fire Mitigation	75,000	-
Interest	2,244,841	(207,429)
Exchange Gains (Loss)	34,535	11,871
Investment Income (Loss)	(40,902)	(467,194)
First Nations Health Authority	1,428,763	1,400,400
BC Hydro Trust Funds Contribution	2,081,749	1,342,814
Rentals	803,656	642,990
Province of BC	2,077,999	786,791
Other Revenue	2,038,735	2,368,460
Wage Subsidy	16,607	52,000
Band Member Trust	41,218	56,522
Kwadacha Community Store	2,686,923	2,439,412
	<u>21,415,325</u>	<u>14,307,027</u>
EXPENDITURE		
Administration	1,310,043	1,378,522
Education and Training	23,529	2,277
Income Assistance	590,943	551,766
Operations and Maintenance	1,303,415	1,200,285
Capital	2,610,692	1,708,279
Own Source	5,477,058	5,082,697
Health and Wellness	1,858,228	1,876,222
Settlement Negotiations	910,494	1,838,734
Band Member Trust	29,790	49,924
	<u>14,114,193</u>	<u>13,688,706</u>
EXCESS OF REVENUE OVER EXPENDITURE		
Accumulated Surplus, Beginning of Year	7,301,133	618,321
Contribution - Kwadacha Education Society	41,287,640	42,989,120
Gain on Disposal of Equipment	(3,092,983)	(2,875,471)
Recoveries	42,113	-
	<u>76,816</u>	<u>555,670</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$45,614,718</u>	<u>\$41,287,640</u>

Kwadacha Nation
Statement of Change in Net Financial Assets
March 31, 2017

	<u>2017</u>	<u>2016</u>
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	\$4,327,079	(\$1,701,481)
Tangible Capital Assets		
Acquisition	(2,028,872)	(898,520)
Amortization	1,531,712	1,481,610
Gain on Disposal	(42,113)	-
Plant Under Construction	(5,304,866)	-
Proceeds from Disposal	343,000	-
	(5,501,139)	583,090
Use of Prepaid Expenses	23,152	(15,772)
Decrease in Net Financial Assets	(1,150,908)	(1,134,163)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	11,153,448	12,287,611
NET FINANCIAL ASSETS, END OF YEAR	\$10,002,540	\$11,153,448

Kwadacha Nation
Statement of Cash Flows
For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Excess of Revenue over Expenditure (Expenditure over Revenue)	\$4,327,079	(\$1,701,481)
Items not affecting cash:		
Amortization	1,531,712	1,481,610
Gain on Disposal of Tangible Capital Assets	(42,113)	-
	<u>5,816,678</u>	<u>(219,871)</u>
Changes in non-cash working capital items:		
Accounts Receivable	(193,439)	(60,329)
Inventory	30,373	(116,874)
Mortgage Receivable	4,250	5,500
Accounts Payable and Accrued Liabilities	315,921	104,108
Deferred Revenue	1,438,986	532,094
Prepaid Expenses	23,152	(15,772)
	<u>7,435,921</u>	<u>228,856</u>
FINANCING ACTIVITIES		
Advances to Kwadacha Education Society	(454,131)	94,227
Proceeds of Promissory Note	2,053,000	-
Proceeds of Long-Term Debt	552,476	260,951
Repayment of Long-Term Debt	(516,190)	(422,547)
	<u>1,635,155</u>	<u>(67,369)</u>
INVESTING ACTIVITIES		
Increase in Investments	98,264	313,276
Increase in Trust Funds	(3,547)	(3,622)
Purchase of Tangible Capital Assets	(2,028,872)	(898,520)
Purchase of Plant Under Construction	(5,304,866)	-
Proceeds on Disposal of Tangible Capital Assets	343,000	-
Reserves	(1,927)	122,384
	<u>(6,897,948)</u>	<u>(466,482)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,173,128	(304,995)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>20,551,509</u>	<u>20,856,504</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$22,724,637</u>	<u>\$20,551,509</u>
REPRESENTED BY:		
Cash	\$2,195,374	\$2,066,001
Restricted Cash	20,529,263	18,485,508
	<u>\$22,724,637</u>	<u>\$20,551,509</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting Entity and Principles of Financial Reporting

The Kwadacha Nation reporting entity includes the Kwadacha Nation government and all related entities which are either owned or controlled by Kwadacha Nation.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise or government business partnership, which are included in these financial statements on a modified equity basis. Inter-entity balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Kwadacha Nation's investment in the government business enterprise or government business partnership and their share of the enterprise's 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 Kwadacha Nation.

Kwadacha Nation CMHC Housing Program and Kwadacha Nation Settlement Negotiations Agreement are included in Kwadacha Nation's consolidated financial statements.

Government business enterprise, which are wholly or partly-owned by Kwadacha Nation and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method are as follows:

- 0936269 BC Ltd. (100%)
- Kwadacha Natural Resources GP Ltd. (100%)
- Obo Forest Management GP Ltd. (100%)
- Three Feathers GP Ltd. (33.33%)
- Chee Ventures Ltd. (33.33%)
- Kaska Energy Corp. (20%)

Government business partnerships of which Kwadacha Nation is the limited partner and which are not dependent on the Nation for their continuing operations, included in the consolidated financial statements using the modified equity method, are as follows:

- Kwadacha Natural Resources Limited Partnership (99.99% interest)
- Three Feathers Limited Partnership (33.33% interest)
- Kaska Oil and Gas Services Limited Partnership (20% interest)
- Kaska Drilling Limited Partnership (20% interest)

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Cash

Cash includes cash on hand, cash on deposit net of cheques issued and outstanding at the reporting date, and short-term deposits with maturity dates of less than 90 days.

Inventory

Inventory is recorded at the lower of cost or net realizable value. Cost for retail inventory is valued using the FIFO method; cost for gravel is valued using the weighted average cost method.

Tangible Capital Assets and Amortization

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. Transfers of tangible capital assets from related parties are recorded at carrying value.

Tangible capital assets are amortized at rates calculated to amortize the cost less salvage value as follows:

Automotive	30%
Buildings	4%
Computer equipment	30%
Equipment	20%
Housing	4%
Infrastructure	4%
Renovations	10 years SL

In the year of acquisition, 50% of the annual amortization is expensed. Assets under construction are not amortized until the asset is available to be put into service.

Revenue and Expenditures

Revenue and expenditures are recorded using the accrual basis of accounting. Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. Gains are recognized when realized. Items not practically measurable until cash is received are accounted for at that time.

Government transfers are recognized as revenue 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 in which case are recognized as deferred revenue and 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.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

Funding Recoveries and Reimbursements

Funding received from federal government sources in the form of conditional transfer payments are subject to recovery, by the Crown, of unexpended balances or unallowable expenses. The Crown may also reimburse over expenditures upon determining adherence to the terms and conditions of payment for a specified purpose. Recoveries and reimbursements are accounted for when they are paid or payable or received or receivable.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets, rates for amortization and the collectability of accounts receivable. Actual results could differ from these estimates.

Liability for Contaminated Sites

Kwadacha Nation has adopted accounting standard PS 3260 - Liability for Contaminated Sites, effective for years beginning on or after April 1, 2014. The standard requires the Nation to identify contaminated sites which meet the requirements of the standard, specifically those sites where:

- i. An environmental standard exists
- ii. Contamination exceeds the environmental standards
- iii. The Nation is directly responsible or accepts responsibility
- iv. It is expected that future economic benefits will be given up and
- v. A reasonable estimate of the amount of those benefits can be made

As at the date of these financial statements no contaminated sites have been identified that meet the criteria outline in the standard.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

2. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Government:		
Government of Canada	\$ 43,580	\$ -
Province of British Columbia	165,000	10,083
Canada Mortgage and Housing Corporation	2,587	2,587
Canada Revenue Agency – Goods and Services Tax	<u>19,915</u>	<u>13,228</u>
	231,082	25,898
Kwadacha Nation Members	40,812	74,546
Trade Receivables	635,759	404,620
Other	<u>455,020</u>	<u>660,215</u>
	<u>\$ 1,362,673</u>	<u>\$ 1,165,279</u>

3. INVENTORY

	<u>2017</u>	<u>2016</u>
Retail	259,346	298,772
Gravel	8,236	17,500
Jet Fuel	<u>18,317</u>	-
	<u>\$ 285,899</u>	<u>\$ 316,272</u>

4. RESTRICTED CASH AND RESERVES

	<u>2017</u>	<u>2016</u>
Restricted Cash and Reserves consists of:		
Replacement Reserve	\$ 220,788	\$ 200,105
Capital Asset Reserve	638,927	661,537
Debt Reserve	103,285	-
Secured Revenues Trust Account	313,330	-
Victoria Foundation	<u>19,250,433</u>	<u>17,621,366</u>
Minister of Finance Security Deposit	<u>2,500</u>	<u>2,500</u>
	<u>\$ 20,529,263</u>	<u>\$ 18,485,508</u>

Replacement Reserve

Under the terms of agreement # 17-496-969 with Canada Mortgage and Housing Corporation, the Nation must set aside funds in the amount of \$23,281 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. At year end the replacement reserve is fully funded and is in compliance with the agreement with CMHC.

Capital Asset Reserve

The Capital Asset Reserve consists of internally restricted funds designated for the future acquisition of tangible capital assets in accordance with the Nation's capital plan.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

4. RESTRICTED CASH AND RESERVES, continued

Debt Reserve

Under the terms of a Borrowing Agreement with First Nations Finance Authority, five percent of the loan amount is withheld in the event that FNFA lacks sufficient funds to meet its obligations due to default in payment by the Nation. Upon extinguishment of the loan, the Debt Reserve, \$102,650 plus daily interest at 0.85%, will be repaid to the Nation.

Secured Revenues Trust Account

Under the terms of a Secured Revenues Trust Account Management Agreement with First Nations Finance Authority, a minimum debt service coverage ratio must be maintained with interest calculated monthly at 0.7%. Scheduled principal and interest payments are withdrawn in accordance with the Borrowing Agreement.

Victoria Foundation

Trust funds held on behalf of the Nation in an Endowment Fund created under the Endowment Fund Public Deed of Trust and a Payment Trustee Agreement between Kwadacha Nation, the Victoria Foundation and British Columbia and Power Authority dated November 28th, 2009, consisting of the following:

	<u>2017</u>	<u>2016</u>
Endowment Fund	\$ 17,312,244	\$ 15,766,115
Payment Trustee	<u>1,938,189</u>	<u>1,855,251</u>
	<u>\$ 19,250,433</u>	<u>\$ 17,621,366</u>

5. OTTAWA TRUST ASSETS

	<u>Revenue</u>	<u>Capital</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 117,177	\$ 1	\$ 117,178	\$ 113,556
Interest	2,259	-	2,259	361
BC Special	<u>1,288</u>	<u>-</u>	<u>1,288</u>	<u>884</u>
Balance, end of year	<u>\$ 120,724</u>	<u>\$ 1</u>	<u>\$ 120,725</u>	<u>\$ 117,178</u>

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

6. MORTGAGE RECEIVABLE

Mortgage receivable from a band member on property located in Prince George, BC is non-interest bearing.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

7. INVESTMENTS (Appendix A)

	<u>2017</u>	<u>2016</u>
0936269 BC Ltd. (100%)		
Advances	\$ 113,601	\$ 121,624
Equity	469	3,792
Shares	<u>100</u>	<u>100</u>
	<u>114,170</u>	<u>125,516</u>
Kwadacha Natural Resources GP Ltd. (100%)		
Advances	(100)	(100)
Deficit	<u>(9,008)</u>	<u>(5,090)</u>
Shares	<u>100</u>	<u>100</u>
	<u>(9,008)</u>	<u>(5,090)</u>
Obo Forest Management GP Ltd. (100%)		
Advances	(100)	(100)
Deficit	<u>(5,179)</u>	<u>(1,357)</u>
Shares	<u>100</u>	<u>100</u>
	<u>(5,179)</u>	<u>(1,357)</u>
Three Feathers GP Ltd. (33.33%)		
Advances	(100)	(100)
Equity	25	17
Shares	<u>100</u>	<u>100</u>
	<u>25</u>	<u>17</u>
Chee Ventures Ltd. (30.76%)		
Advances	64,544	47,250
Equity	2,872	2,241
Shares	<u>40</u>	<u>40</u>
	<u>67,456</u>	<u>49,531</u>
Kaska Energy Corp. (20%)		
Advances	24,900	24,900
Shares	<u>100</u>	<u>100</u>
	<u>25,000</u>	<u>25,000</u>
Balance forward	<u>\$ 192,464</u>	<u>\$ 193,617</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

7. INVESTMENTS (Appendix A), continued

	<u>2017</u>	<u>2016</u>
Balance forward	\$ 192,464	\$ 193,617
Kwadacha Natural Resources Limited Partnership (99.99%)		
Advances	1,303,261	1,103,031
Deficit	(259,398)	(140,868)
Units	99	99
	<u>1,043,962</u>	962,262
Three Feathers Limited Partnership (33.33%)		
Equity	128,630	110,579
Units	33	33
	<u>128,663</u>	110,612
Kaska Oil and Gas Services Limited Partnership (20%)		
Advances	-	-
Deficit	(66,707)	(66,707)
Shares	-	-
	<u>(66,707)</u>	(66,707)
Kaska Drilling Limited Partnership (20%)		
Advances	-	-
Deficit	(46,984)	(46,984)
Shares	-	-
	<u>(46,984)</u>	(46,984)
Obo Forest Management Limited Partnership		
Advances	<u>(550,000)</u>	2939
Claw Mountain Outfitters LLP (50%)		
Advances	<u>352,122</u>	-
	<u>\$ 1,053,520</u>	\$ 1,155,739

Shares and partnership units of the government business enterprises above are held by Kwadacha Nation, as represented by Chief and Council, on behalf of and for the benefit of the Kwadacha Nation membership.

0936269 BC Ltd. is a holding company for the building at 497 Third Avenue, Prince George, BC which is rented to Kwadacha Nation.

Kwadacha Natural Resources GP Ltd. is the general partner in Kwadacha Natural Resources Limited Partnership, Kwadacha Air Limited Partnership and Kwadacha Green Energy Limited Partnership and holds one partnership unit in each.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

7. INVESTMENTS (Appendix A), continued

Obo Forest Management GP Ltd. is the general partner in Obo Forest Management Limited Partnership and holds one partnership unit.

Three Feathers GP Ltd. is the general partner in Three Feathers Limited Partnership and holds one partnership unit.

Chee Ventures Ltd. operates a guide outfitter in the central interior of British Columbia.

Kwadacha Natural Resources Limited Partnership is the limited partner in Obo Forest Management Limited Partnership, Kwadacha Air Limited Partnership and Kwadacha Green Energy Limited Partnership and holds ninety-nine partnership units in each.

Obo Forest Management Limited Partnership holds Non-Replaceable Forest License FL A94353 and is actively involved in forestry in the central interior of British Columbia.

Three Feathers Limited Partnership is actively involved in logging operations in the central interior of British Columbia.

Kwadacha Air Limited Partnership, in joint venture with North Cariboo Air Ltd., operates a charter service for the community of Fort Ware.

Kwadacha Green Energy Limited Partnership operates the community biomass plant.

Kwadacha Nation holds a one-fifth interest in Kaska Energy Corp. Kaska Oil and Gas Limited Partnership and Kaska Drilling Limited Partnership, all of which are currently inactive.

Advances due from 0936269 BC Ltd. are unsecured, non-interest bearing with no specific terms of repayment.

Advances due from Chee Ventures Ltd. are unsecured, non-interest bearing with no specific terms of repayment.

Advances due from Kaska Energy Corp. are unsecured, non-interest bearing with no specific terms of repayment.

Advances due from Kwadacha Natural Resources Limited Partnership are unsecured, non-interest bearing with no specific terms of repayment.

Condensed financial information for the government business enterprises is presented in Appendix A to the financial statements.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 799,263	\$ 480,290
Accrued wages and payroll deductions payable	25,746	24,529
Other accrued liabilities	<u>275,827</u>	<u>280,096</u>
	<u>\$ 1,100,836</u>	<u>\$ 784,915</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

9. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
School Expansion Reimbursement – ICMS#9-00126490	\$ 200,000	\$ -
Immediate Needs Lot Servicing – ICMS#9-00126213	250,000	-
Waste Water System Replacement – ICMS#9-00126374	582,542	-
Immediate Needs Renovations – ICMS#9-00126214	44,036	-
Immediate Needs Multi-Unit – ICMS#9-00126213	894,546	-
	<hr/>	<hr/>
	1,971,124	-
BC Hydro Aboriginal Relations and Negotiations	1,771,580	2,291,468
Hunt Deposits	<hr/>	<hr/>
	-	12,250
	<hr/>	<hr/>
	<u>\$ 3,742,704</u>	<u>\$ 2,303,718</u>

Kwadacha Nation has recorded the above as deferred revenue to be used in the completion of capital projects and delivery of future programs.

10. RESERVES

	<u>2017</u>	<u>2016</u>
Replacement Reserve	\$ 220,788	\$ 200,105
Capital Asset Reserve	638,927	661,537
	<hr/>	<hr/>
	<u>\$ 859,715</u>	<u>\$ 861,642</u>

Capital Asset Reserve

The Capital Asset Reserve consists of internally restricted funds designated for the future acquisition of tangible capital assets in accordance with the Nation's capital plan.

Replacement Reserve

Under the terms of agreement # 17-496-969 with Canada Mortgage and Housing Corporation, the Nation must set aside funds in the amount of \$23,281 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. At year end the replacement reserve is fully funded and is in compliance with the agreement with CMHC.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

11. DUE TO KWADACHA EDUCATION SOCIETY

Amount due to Kwadacha Education Society is unsecured, non-interest bearing with no specific terms of repayment. Kwadacha Nation advanced (charged) the Society the following during the year:

	<u>2017</u>	<u>2016</u>
Aboriginal Headstart	\$ 128,854	\$ 133,240
Education Support	106,508	73,868
Financial Assistance	9,635	7,370
Guidance and Counselling	19,869	14,472
Instructional Services	1,843,778	2,414,163
Post-Secondary	197,456	137,418
Teacherages	95,619	94,940
Transportation	50,735	-
Administration Fees	(60,000)	(60,000)
	<u>\$ 2,392,454</u>	<u>\$ 2,815,471</u>

12. PROMISSORY NOTE

Note payable to First Nation Finance Authority for interim financing obtained for the construction of a biomass plant, due the earlier of (a) five years from the first principal amount drawdown (May 11, 2021), (b) the date of completion of the plant (April 21, 2017), or (c) the date upon which the Authority issues debt securities to replace the interim financing, secured by reserves established in accordance with an agreement with First Nation Finance Authority

\$ 2,053,000 **\$ -**

13. LONG-TERM DEBT

Mortgage, repayable in monthly instalments of \$3,434 including interest at 2.11% per annum, secured by a Government of Canada ministerial guarantee, matures September 1, 2018

\$ 60,792 **\$ 100,275**

Mortgage, repayable in monthly instalments of \$3,047 including interest at 1.98% per annum, secured by a Government of Canada ministerial guarantee, matures April 1, 2019

74,575 **109,298**

Mortgage, repayable in monthly instalments of \$3,671 including interest at 0.79% per annum, secured by a Government of Canada ministerial guarantee, matures April 1, 2018

47,505 **90,998**

Balance forward

\$ 182,872 **\$ 300,571**

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

13. LONG-TERM DEBT, continued

	<u>2017</u>	<u>2016</u>
Balance forward	<u>\$ 182,872</u>	<u>\$ 300,571</u>
Mortgage, repayable in monthly instalments of \$1,163 including interest at 2.59% per annum, secured by a Government of Canada ministerial guarantee, matures February 1, 2021	162,617	172,220
Mortgage, repayable in monthly instalments of \$2,917, including interest at 2.24% per annum, secured by a Government of Canada ministerial guarantee, matures April 1, 2020	519,050	542,142
Mortgage, repayable in monthly instalments of \$1,764 including interest at 2.59% per annum, secured by a Government of Canada ministerial guarantee, matures July 1, 2017	191,698	207,672
Mortgage, repayable in monthly instalments of \$2,321 including interest at 3.36% per annum, secured by a Government of Canada ministerial guarantee, matures December 30, 2018	355,015	369,316
Mortgage, repayable in monthly instalments of \$5,518 including interest at 2.56% per annum, secured by a Government of Canada ministerial guarantee, matures January 1, 2021	522,439	574,553
Mortgage, repayable in monthly instalments of \$765 including interest at 2.98% per annum, secured by a Government of Canada ministerial guarantee, matures April 1, 2019	82,118	88,741
Mortgage, repayable in monthly instalments of \$5,119 including interest at 3.44% per annum, secured by a Government of Canada ministerial guarantee, matures August 1, 2018	930,062	958,942
Mortgage repayable in monthly instalments of \$4,900 including interest at 2.99% per annum, secured by a Government of Canada ministerial guarantee, matures November 1, 2019	<u>967,100</u>	<u>996,499</u>
Balance forward	<u>\$ 3,912,971</u>	<u>\$ 4,210,656</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

13. LONG-TERM DEBT, continued

	<u>2017</u>	<u>2016</u>
Balance forward	<u>\$ 3,912,971</u>	<u>\$ 4,210,656</u>
Demand loan, repayable in monthly instalments of \$10,100 including interest at prime plus 1.75% per annum, matures July 17, 2017	1,046,374	1,119,376
Demand loan, repayable in monthly instalments of \$1,050 including interest at 8.25% per annum, matures August 16, 2021	45,912	-
Demand loan, repayable in monthly instalments of \$500 including interest at 7.00% per annum, matures August 16, 2021	22,551	-
Demand loan, repayable in monthly instalments of \$2,850 including interest at 4.15% per annum, matures April 4, 2017	-	32,831
Conditional sales contract repayable in monthly instalments of \$881 including interest at 5.96% per annum, secured by equipment with a net book value of \$16,490, matures December 15, 2019	26,681	35,316
Conditional sales contract repayable in monthly instalments of \$1,245 including interest at 6.29% per annum, secured by equipment with a net book value of \$18,649, matures February 27, 2019	26,786	39,630
Conditional sales contract repayable in monthly instalments of \$4,375 including interest at 3.24% per annum secured by equipment with a net book value of \$216,490, matures March 7, 2022	242,000	-
Conditional sales contract repayable in monthly instalments of \$7,918 including interest at 3.03% per annum, secured by equipment with a net book value of \$531,546, matures September 6, 2021	399,211	-
Conditional sales contract repayable in monthly instalments of \$5,127 including interest at 6.25% per annum	-	248,393
	<u>\$ 5,722,487</u>	<u>\$ 5,686,201</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

13. LONG-TERM DEBT, continued

Principal repayments due in each of the next five years are scheduled as follows:

2018	\$ 549,510
2019	504,195
2020	446,269
2021	450,478
2022	<u>405,319</u>
	 <u>\$ 2,355,771</u>

14. TANGIBLE CAPITAL ASSETS (Appendix B)

	<u>2017</u>	<u>2016</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Automotive	\$ 1,423,191	\$ 545,017	\$ 878,173	\$ 403,933
Band Housing	9,113,041	2,621,465	6,491,576	6,762,058
CMHC Housing	2,224,775	1,372,196	852,579	888,104
Community Buildings	10,547,994	2,218,310	8,329,684	8,197,212
Computer Equipment	308,301	281,391	26,910	19,881
Equipment	391,567	193,225	198,342	172,031
Infrastructure				
ACRS	155,051	17,590	137,461	40,698
Electrical	470,260	86,823	383,437	399,414
PDP	60,084	31,353	28,731	29,928
Waste Disposal	1,453,950	250,147	1,203,803	1,237,775
Wastewater Systems	727,222	85,057	642,165	668,922
Water Systems	1,441,754	480,986	960,768	1,000,799
Renovations	2,612,885	1,821,304	791,581	557,492
School	5,100,993	2,630,394	2,470,599	2,573,541
Store	1,951,630	909,526	1,042,104	1,085,524
Store Equipment	281,342	155,585	125,757	124,329
Subdivision	6,547,063	1,608,916	4,938,147	5,143,903
Guiding Territories	799,994	-	799,994	799,994
	 <u>\$ 45,611,097</u>	 <u>\$ 15,309,286</u>	 <u>\$ 30,301,811</u>	 <u>\$ 30,105,539</u>

15. PLANT UNDER CONSTRUCTION

Plant under construction consists of a community biomass facility with construction near completion. On April 21, 2017, the plant became operational under an Electricity Purchase Agreement with BC Hydro and the asset was transferred to Kwadacha Green Energy Limited Partnership.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

16. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Accumulated surplus on the summary statement of financial position consists of the following:		
Surplus (Note 17)	\$ 28,302,474	\$ 25,521,525
Endowment Fund (Restricted)	<u>17,312,244</u>	<u>15,766,115</u>
	<u>\$ 45,614,718</u>	<u>\$ 41,287,640</u>

17. SURPLUS

	<u>2017</u>	<u>2016</u>
Operations Fund	\$ 584,545	\$ 386,907
Capital Fund	<u>24,655,349</u>	<u>22,216,717</u>
CMHC Housing Fund	<u>(43,438)</u>	<u>(113,645)</u>
Health and Wellness Fund	<u>22,101</u>	<u>528</u>
Investment Fund	<u>798,204</u>	<u>839,107</u>
Own Source Revenue Fund	<u>772,701</u>	<u>1,090,174</u>
Settlement Negotiations Fund	<u>18,825,256</u>	<u>16,867,852</u>
	<u>45,614,718</u>	<u>41,287,640</u>
Less: Endowment Fund	<u>(17,312,244)</u>	<u>(15,766,115)</u>
	<u>\$ 28,302,474</u>	<u>\$ 25,521,525</u>

18. CONTINGENT LIABILITIES

Kwadacha Nation has entered into contribution agreements with various government agencies. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements. The amount of the liability related to current year funding, if any, of the Nation is not determinable at this time.

The Nation may have future silviculture commitments for government business enterprise owned forest licences if future costs exceed current estimates. The amount of the liability, if any, is not determinable at this time.

19. RECONCILIATION OF AANDC FUNDING AGREEMENT REVENUE

Pursuant to the instructions provided by Indigenous and Northern Affairs Canada Financial Reporting Requirements for the fiscal period 2016-2017, the following reconciliation has been prepared:

Recipient total as per 2016/2017 INAC funding confirmation	\$ 9,594,760
Variance	_____ -
Recipient total as per financial statements	<u>\$ 9,594,760</u>

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

20. ECONOMIC DEPENDENCE

The Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada (INAC) and First Nations Health Authority (FNHA). Any disruption in this funding would have a negative effect on the Nation's operations.

21. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
INAC	\$ 5,544,512	\$ 4,050,248	\$ 9,594,760	\$ 5,210,569	\$ 341,751	\$ 5,552,320
FNHA	1,428,763	-	1,428,763	1,400,400		1,400,400
CMHC	31,028	-	31,028	31,028	-	31,028
GOV'T CANADA	<u>91,306</u>	<u>118,640</u>	<u>209,946</u>	<u>91,306</u>	<u>-</u>	<u>91,306</u>
Province of BC	<u>7,095,609</u>	<u>4,168,888</u>	<u>11,264,497</u>	<u>6,733,303</u>	<u>341,751</u>	<u>7,075,054</u>
	<u>1,027,999</u>	<u>1,050,000</u>	<u>2,077,999</u>	<u>786,791</u>	<u>-</u>	<u>786,791</u>
	<u>\$ 8,123,608</u>	<u>\$ 5,218,888</u>	<u>\$ 13,342,496</u>	<u>\$ 7,520,094</u>	<u>\$ 341,751</u>	<u>\$ 7,861,845</u>

22. RELATED PARTY TRANSACTIONS

During the year, the Nation paid rent in the amount of \$45,000 (2016 \$45,000) to 0936269 BC Ltd., at fair market value in the normal course of operations.

23. FINANCIAL INSTRUMENTS

The Nation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include the following:

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Nation has a history of dealing with its funding agencies and customer base and does not believe it is exposed to an unusual level of credit risk with respect to its accounts receivable.

The Nation maintains its cash and deposits with federally regulated Canadian financial institutions, and thus has not experienced any change in risk exposure.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Nation's long-term debt is at fixed rates of interest therefore, a change in market interest rates has no impact to cash flows required to service this debt. The term demand loan and operating line of credit are subject to floating rates of interest. A change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2016 and there is expected to be no substantive change in the next fiscal period.

Kwadacha Nation
Notes to the Consolidated Financial Statements
Year Ended March 31, 2017

24. SEGMENT DISCLOSURE (Appendix C)

Kwadacha Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function and department. For each segment separately reported, the segment revenue and expenditure represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segments and services provided are as follows:

Administration - provides governance initiatives and training through the activities of Chief and Council and administration of other activities relating to program delivery, membership and finance;

Education and Training - provides elementary and secondary education instructional services and provides financial support to Post Secondary students;

Income Assistance - provides programs and services for the social benefit and welfare of Nation members;

Operations and Maintenance - manages community and facilities operations and maintenance including capital projects, municipal services, water and waste water operations, roads, fire protection, and maintenance of community buildings;

Capital - provides for capital infrastructure development;

Own Source - provides for a variety of non-funded local services;

Housing - provides housing and services to Nation members;

Health and Wellness - provides a variety of health care programs, services and support to Nation members;

Settlement Negotiations - provide programs and services not otherwise funded for the social, economic and capital needs of Nation members.

25. EXPENSES BY OBJECT (Appendix D)

26. SUBSEQUENT EVENT

The Plant under Construction was transferred at fair market value to Kwadacha Green Energy Limited Partnership as of its commercial operation date, April 21st, 2017.

27. COMPARATIVE AMOUNTS

Certain of the prior year amounts have been reclassified to conform to the current year presentation.

Kwadacha Nation
Investments in Government Business Enterprises
Condensed Financial Information
Year Ended March 31, 2017

Appendix A

	0936269 BC Ltd.	Kwadacha Natural Resources GP Ltd.	Obo Forest Management GP Ltd.	Three Feathers GP Ltd.	Chee Ventures Ltd.	Kwadacha Natural Resources Limited Partnership	Three Feathers Limited Partnership	Kaska Oil and Gas Services Limited Partnership	Kaska Drilling Limited Partnership	2017	2016
Assets											
Financial assets	\$ -	\$ 100	\$ 100	\$ 300	\$ -	\$ 233,763	\$ 330,911	\$ 150,642	\$ 9,403	\$ 565,174	\$ 574,974
Tangible capital assets	\$ 341,217	\$ -	\$ -	\$ -	\$ 79,758	\$ 875,366	\$ -	\$ -	\$ -	\$ 1,296,341	\$ 1,366,006
Other assets	\$ -	\$ -	\$ 5,031	\$ 83	\$ -	\$ 632,182	\$ -	\$ -	\$ -	\$ 637,296	\$ 799,689
Total Assets	\$ 341,217	\$ 100	\$ 5,131	\$ 383	\$ 79,758	\$ 1,741,311	\$ 330,911	\$ 150,642	\$ 9,403	\$ 2,498,811	\$ 2,740,669
Liabilities											
Debt	\$ 2,047	\$ 2,662	\$ 2,200	\$ 8	\$ 600	\$ 129,213	\$ 4,878	\$ 2,496	\$ 10,344	\$ 141,608	\$ 301,010
Contributed surplus	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ 156,762	\$ -	\$ -	\$ -	\$ 156,762	\$ 215,336
(Deficit) Equity	\$ 569	\$ (8,908)	\$ (5,079)	\$ 375	\$ 14,613	\$ (259,760)	\$ 326,033	\$ -	\$ -	\$ 225,000	\$ 225,000
Total liabilities and equity	\$ 227,616	\$ (6,246)	\$ (2,879)	\$ 383	\$ 15,213	\$ 26,215	\$ 330,911	\$ 2,496	\$ 10,344	\$ 591,213	\$ 931,163
Related party loans	\$ 113,601	\$ 6,346	\$ 8,010	\$ -	\$ 64,545	\$ 1,715,096	\$ -	\$ 148,146	\$ (941)	\$ 1,907,598	\$ 1,809,506
External related party loans	\$ -	\$ 6,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,346	\$ -
Inter-entity loans	\$ -	\$ -	\$ 8,010	\$ -	\$ -	\$ 606,518	\$ -	\$ -	\$ -	\$ 614,528	\$ 835,081
Kwadacha Nation advances	\$ 113,601	\$ -	\$ -	\$ -	\$ 64,545	\$ 1,108,578	\$ -	\$ -	\$ -	\$ 1,286,724	\$ 972,393
Related party loans	\$ 113,601	\$ 6,346	\$ 8,010	\$ -	\$ 64,545	\$ 1,715,096	\$ -	\$ -	\$ -	\$ 1,907,598	\$ 1,807,474
Revenue	\$ 45,000	\$ -	\$ -	\$ 26	\$ 1,895	\$ 1,356,786	\$ 447,614	\$ -	\$ -	\$ 1,851,321	\$ 1,941,697
Expenses											
Amortization	36,977	2,721	2,759	-	-	1,372,862	183,435	-	-	1,598,754	1,351,981
Interest	11,865	-	-	-	-	211,332	-	-	-	223,197	169,142
Corporate income tax	(519)	-	-	3	-	-	-	-	-	(516)	55 1,433
Total expenses	48,323	2,721	2,759	3	-	1,584,194	183,435	-	-	1,821,435	1,522,611
(Loss) Income Before Other Income (Charges)	(3,323)	(2,721)	(2,759)	23	1,895	(227,408)	264,179	-	-	29,886	419,086
Other Income (Charges)	-	(1,197)	(1,063)	-	-	107,681	-	-	-	105,421	(512,893)
Net (loss) income	\$ (3,323)	\$ (3,918)	\$ (3,822)	\$ 23	\$ -	\$ (119,727)	\$ 264,179	\$ -	\$ -	\$ 29,886	\$ 419,086
Kwadacha Natural Resources GP Ltd.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,197)	\$ -	\$ -	\$ -	\$ (1,197)	\$ (451)
Kwadacha Nation	\$ (3,323)	\$ (3,918)	\$ (3,822)	\$ 8	\$ 632	\$ (118,530)	\$ 88,051	\$ -	\$ -	\$ (40,902)	\$ (336,081)
	\$ (3,323)	\$ (3,918)	\$ (3,822)	\$ 8	\$ 632	\$ (119,727)	\$ 88,051	\$ -	\$ -	\$ (42,099)	\$ (336,532)

Kwadacha Nation
Tangible Capital Assets
March 31, 2017

Appendix B

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year
								2017
Automotive	\$ 1,258,358	\$ 948,284	\$ 783,451	\$ 1,423,191	\$ 854,425	\$ 173,156	\$ 482,564	\$ 545,018
Band Housing	9,113,041	-	-	9,113,041	2,350,982	270,482	-	2,621,465
CMHC Housing	2,224,775	-	-	2,224,775	1,336,671	35,524	-	1,372,196
Community Buildings	10,078,239	469,756	-	10,547,994	1,881,027	337,284	-	2,218,310
Computer Equipment	293,014	15,287	-	308,301	273,133	8,257	-	281,391
Equipment	323,500	68,067	-	391,567	151,468	41,757	-	193,225
Infrastructure								198,342
ACRS	54,652	100,399	-	155,051	13,954	3,636	-	17,590
Electrical	470,260	-	-	470,260	70,846	15,977	-	86,823
PDP	60,084	-	-	60,084	30,156	1,197	-	31,353
Waste Disposal	1,438,094	15,856	-	1,453,950	200,319	49,828	-	250,147
Wastewater Systems	727,222	-	-	727,222	58,300	26,757	-	85,057
Water Systems	1,441,754	-	-	1,441,754	440,955	40,032	-	480,986
Renovations	2,231,582	381,304	-	2,612,885	1,674,089	147,215	-	1,821,304
School	5,100,993	-	-	5,100,993	2,527,452	102,942	-	2,630,394
Store	1,951,630	-	-	1,951,630	866,105	43,421	-	909,526
Store Equipment	251,422	29,920	-	281,342	127,093	28,491	-	155,585
Subdivision	6,547,063	-	-	6,547,063	1,403,159	205,756	-	1,608,916
Guiding Territory	43,565,682	2,028,872	783,451	44,811,103	14,260,138	1,531,712	482,564	15,309,286
	799,994	-	-	799,994	-	-	-	799,994
	\$ 44,365,676	\$ 2,028,872	\$ 783,451	\$ 45,611,097	\$ 14,260,138	\$ 1,531,712	\$ 482,564	\$ 15,309,286
								\$ 30,301,811

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Balance End of Year	Opening Balance	Amortization	Disposals	Balance End of Year
								2016
Automotive	\$ 962,188	\$ 296,170	\$ -	\$ 1,258,358	\$ 744,776	\$ 109,649	\$ -	\$ 854,425
Band Housing	9,113,041	-	-	9,113,041	2,069,230	281,752	-	2,350,982
CMHC Housing	2,224,775	-	-	2,224,775	1,299,667	37,004	-	1,336,671
Community Buildings	10,047,693	30,546	-	10,078,239	1,540,113	340,914	-	1,881,027
Computer Equipment	284,614	8,400	-	293,014	266,413	6,720	-	273,133
Equipment	303,015	20,485	-	323,500	110,050	41,418	-	151,468
Infrastructure								172,032
ACRS	54,652	-	-	54,652	12,259	1,696	-	13,954
Electrical	470,260	-	-	470,260	54,204	16,642	-	70,846
PDP	60,084	-	-	60,084	28,909	1,247	-	30,156
Waste Disposal	1,168,532	269,562	-	1,438,094	154,361	45,958	-	200,319
Wastewater Systems	727,222	-	-	727,222	30,428	27,872	-	58,300
Water Systems	1,414,619	27,135	-	1,441,754	399,820	41,135	-	440,955
Renovations	2,035,990	195,592	-	2,231,582	1,542,190	131,899	-	1,674,089
School	5,100,993	-	-	5,100,993	2,420,221	107,231	-	2,527,452
Store	1,942,103	9,527	-	1,951,630	821,074	45,092	-	866,105
Store Equipment	251,422	-	-	251,422	95,127	31,966	-	127,093
Subdivision	6,505,961	41,102	-	6,547,063	1,189,686	213,473	-	1,403,159
Guiding Territory	42,667,163	898,520	-	43,565,682	# 12,778,528	1,481,609	-	14,260,138
	799,994	-	-	799,994	-	-	-	799,994
	\$ 43,467,157	\$ 898,520	\$ -	\$ 44,365,676	# \$ 12,778,528	\$ 1,481,609	\$ -	\$ 14,260,138
								\$ 30,105,538

Kwadacha Nation
Segmented Statement of Revenue, Expenditure & Surplus
For the 12 Period(s) Ending March 31, 2017

	Revenue	Expenditure	Wages and Benefits	Total Expenditure	Excess Revenue over Expenditure	Opening Surplus (Deficit)	Recoveries	Transfers	Other	Ending Surplus (Deficit)
Administration										
Ottawa Trust Funds	3,547	-	-	-	3,547	117,178	-	-	-	120,725
Band Administration	605,975	304,969	359,973	664,941	(58,967)	355,169	-	(15,000)	(26,379)	254,824
Governance	-	102,738	265,330	368,068	(368,068)	232,610	-	250,000	-	114,543
Pension and Benefits	97,509	1,500	101,692	103,192	(5,683)	(30,930)	-	-	-	(36,613)
Strategic Engagement Agreement	139,688	19,196	60,644	79,839	59,849	32,370	-	-	-	92,220
Specific Claims	7,400	-	-	-	7,400	(101,848)	-	-	-	(94,448)
BC Capacity Initiative	94,990	40,149	53,854	94,003	987	-	-	-	(987)	-
Site C Project	-	-	-	-	-	21,631	-	(21,631)	-	-
	949,109	468,552	841,492	1,310,043	(360,935)	626,181	-	213,369	(27,366)	451,250
Education and Training										
Kwadacha Education Society	3,085,465	-	-	-	3,085,465	-	-	-	(2,885,465)	200,000
Elders Trailblazer Project	24,976	12,616	10,913	23,529	1,447	10,306	-	(10,306)	-	1,447
	3,110,441	12,616	10,913	23,529	3,086,912	10,306	-	(10,306)	(2,885,465)	201,447
Income Assistance										
S.A. Administration	50,819	8,056	48,275	56,331	(5,512)	5,512	-	-	-	-
Social Assistance	424,874	401,050	-	401,050	23,824	(88,315)	82,082	-	-	17,591
Homemakers Program	45,266	-	62,701	62,701	(17,435)	(69,993)	-	-	-	(87,428)
National Child Benefit	64,006	54,769	9,237	64,006	-	-	-	-	-	-
Prevention Program	6,856	150	6,706	6,856	-	-	-	-	-	-
	591,821	464,024	126,919	590,943	878	(152,796)	82,082	-	-	(69,837)
Operations and Maintenance										
Operations and Maintenance	449,801	353,385	165,030	518,415	(68,614)	(91,916)	-	61,194	(5,540)	(104,876)
Kwadacha Electric Power System	785,000	785,000	-	785,000	-	(100,000)	-	100,000	-	-
	1,234,801	1,138,385	165,030	1,303,415	(68,614)	(191,916)	-	161,194	(5,540)	(104,876)
Capital										
Phase 3 Subdivision	-	15,887	-	15,887	(15,887)	(62,018)	-	-	-	(77,905)
Lot Servicing ICMS#9-00126213	250,000	-	-	-	250,000	-	-	-	-	250,000
Septic Upgrades ICMS#9-00126374	714,588	132,046	-	132,046	582,542	-	-	-	-	582,542
Fire Mitigation & Preparedness	75,000	75,000	-	75,000	-	-	-	-	-	-
Community Greenhouse	-	83,129	11,329	94,458	(94,458)	-	-	94,458	-	-
Community Biomass Project	2,473,350	3,468,552	3,399	3,471,951	(998,601)	(89,188)	-	950,000	329,273	191,484
Emergency Response Centre	-	53,834	-	53,834	(53,834)	-	-	-	-	(53,834)
Renovations ICMS#9-00126214	250,000	205,964	-	205,964	44,036	-	-	-	-	44,036
Elders Centre Upgrades	40,290	34,781	5,332	40,113	177	-	-	-	-	177
New Housing ICMS#9-00126213	1,726,560	738,196	15,632	753,828	972,732	(78,186)	-	-	-	894,546
Efficiency Upgrades CPMS#11809	209,100	381,304	-	381,304	(172,204)	(16,166)	-	67,796	-	(120,573)
Transfer Station	-	15,856	-	15,856	(15,856)	205,961	(134,299)	(55,806)	-	-
Community/Youth Center	-	10,446	8,712	19,158	(19,158)	25,298	-	-	(6,140)	-
ACRS ICMS#9-00125943	100,399	15,103	68,346	83,449	16,950	-	-	-	(16,950)	-
Water System CPMS#8612	200,000	241,169	-	241,169	(41,169)	(26,283)	-	(5,388)	-	(72,840)

Kwadacha Nation
Segmented Statement of Revenue, Expenditure & Surplus
For the 12 Period(s) Ending March 31, 2017

	Revenue	Expenditure	Wages and Benefits	Total Expenditure	Excess Revenue over Expenditure	Opening Surplus (Deficit)	Recoveries	Transfers	Other	Ending Surplus (Deficit)
Community Beautification	-	1,675	2,786	4,461	(4,461)	(668)	-	5,129	-	-
Aerodrome	-	46,413	-	46,413	(46,413)	(18,115)	-	-	-	(64,529)
INAC Capital Surplus	-	-	-	-	-	17,497	-	-	-	17,497
Capital Schedule	(1,971,124)	(3,024,200)	-	(3,024,200)	1,053,076	22,258,585	-	-	(246,912)	23,064,749
	4,068,163	2,495,155	115,536	2,610,692	1,457,471	22,216,717	(134,299)	1,056,190	59,271	24,655,349
Own Source										
Capital & Operations Management	-	(56,271)	56,271	-	-	-	-	-	-	-
CMHC Housing	148,933	87,886	40,840	128,726	20,207	(113,645)	-	50,000	-	(43,438)
Band Housing	450,079	308,218	82,016	390,234	59,845	33,482	-	(50,000)	-	43,327
Freight Truck	84,054	82,131	58,730	140,861	(56,807)	(33,764)	-	-	-	(90,571)
Kwadacha Community Restaurant	117,659	74,401	66,908	141,309	(23,650)	(82,790)	-	-	-	(106,440)
Building - KCS	45,000	87,491	-	87,491	(42,491)	42,509	-	-	-	17
Operations - KCS	2,564,725	2,189,165	276,279	2,465,444	99,280	(300,677)	-	-	-	(201,397)
Band Revenue	66,531	37,837	10,261	48,097	18,434	8,395	-	-	-	26,829
Road Maintenance	502,952	520,707	52,611	573,318	(70,365)	373,055	-	-	-	302,689
Economic Development	352,390	213,252	59,908	273,159	79,231	584,041	-	(43,369)	(1,202)	618,700
CEDP	45,300	-	45,300	45,300	-	-	-	-	-	-
Capacity Development	74,557	76,729	57,333	134,062	(59,505)	140,400	-	-	-	80,895
Jet Fuel	18,593	29,926	-	29,926	(11,333)	-	-	-	-	(11,333)
Guide Outfitter	191,935	136,978	114,926	251,905	(59,970)	(179,565)	-	-	-	(239,534)
Koh Widak'andza	193,911	48,897	67,064	115,961	77,950	(26,891)	-	-	-	51,059
Charter Service	404,832	461,117	-	461,117	(56,285)	531,978	-	12,913	-	488,606
Greenhouse	-	124,707	65,441	190,148	(190,148)	-	-	-	-	(190,148)
Fort Ware Investment Fund	(40,902)	-	-	-	(40,902)	839,107	-	-	-	798,204
	5,220,548	4,423,170	1,053,888	5,477,058	(256,510)	1,815,636	-	(30,457)	(1,202)	1,527,467
Health and Wellness										
CP - Children & Youth (Prenatal)	158,821	15,310	2,943	18,253	140,568	-	-	-	(140,568)	-
CP - Mental Health & Addictions	210,618	158,229	52,389	210,618	-	-	-	-	-	-
CP - Chronic Disease & Injury Preventio	18,215	8,566	9,649	18,215	-	-	-	-	-	-
Health Protection (Aids/DWS)	13,705	685	13,020	13,705	-	-	-	-	-	-
PHC - Community Health Rep	53,050	4,000	49,050	53,050	-	-	-	-	-	-
SFM - Home Community Care	104,272	53,735	50,537	104,272	-	-	-	-	-	-
SFM - Children's Oral Health	4,991	250	4,741	4,991	-	-	-	-	-	-
Non-Insured Health Benefits	611,765	670,112	60,419	730,531	(118,766)	(149,726)	129,033	-	-	(139,459)
Physician	33,982	67,699	493	68,192	(34,210)	-	-	34,210	-	-
Health Governance & Support	219,344	119,721	99,623	219,344	-	-	-	-	-	-
MCFD - Infant Development	143,584	57,883	57,748	115,632	27,952	118,987	-	(27,952)	-	118,987
MCFD - Family Development	61,752	30,694	31,058	61,752	-	-	-	-	-	-
Justice	183,215	143,431	67,736	211,167	(27,952)	-	-	27,952	-	-
Culture Camp	-	161	-	161	(161)	3,750	-	(3,589)	-	-
Other Health Programs	39,813	25,287	3,058	28,345	11,468	27,517	-	3,589	-	42,574

Kwadacha Nation
Segmented Statement of Revenue, Expenditure & Surplus
For the 12 Period(s) Ending March 31, 2017

	Revenue	Expenditure	Wages and Benefits	Total Expenditure	Excess Revenue over Expenditure	Opening Surplus (Deficit)	Recoveries	Transfers	Other	Ending Surplus (Deficit)
	1,857,127	1,355,764	502,465	1,858,228	(1,101)	528	129,033	34,210	(140,568)	22,101
Settlement Negotiations										
Hydro Endowment Fund	2,228,419	682,290	-	682,290	1,546,129	15,766,115	-	-	-	17,312,244
Hydro Trustee Fund	1,594,834	1,548,500	-	1,548,500	46,334	263,783	-	-	-	310,117
Hydro Operating Fund	113,191	21,079	14,250	35,329	77,862	412,318	-	-	-	490,180
Hydro Dispute Resolution Fund	27,090	-	-	-	27,090	181,142	-	-	-	208,232
Bereavement	30,000	25,852	-	25,852	4,148	(14,158)	-	-	-	(10,010)
Renovations Brief	-	22,913	1,455	24,368	(24,368)	77,164	-	(52,796)	-	-
Physician Brief	40,000	-	-	-	40,000	38,681	-	(34,210)	-	44,471
Job Creation Brief	175,000	62,073	89,409	151,482	23,518	10,307	-	-	-	33,825
Governance Brief	250,000	-	-	-	250,000	-	-	(250,000)	-	-
Elders Cost of Living Brief	200,000	228,011	-	228,011	(28,011)	(5,862)	-	-	-	(33,873)
Elders Society Brief	158,722	161,025	44,131	205,156	(46,434)	44,644	-	10,306	-	8,517
SRTA	352,341	-	-	-	352,341	-	-	-	-	352,341
Recreation-Cultural	150,000	74,791	22,918	97,709	52,291	52,504	-	-	-	104,796
Education Brief	50,000	-	-	-	50,000	-	-	-	(50,000)	-
Off-Reserve Members Brief	50,000	56,214	-	56,214	(6,214)	6,214	-	-	-	-
Off-Reserve Committee Brief	8,500	4,084	-	4,084	4,416	-	-	-	-	4,416
Activities - Brief	112,500	-	-	-	112,500	-	-	(112,500)	-	-
Hydro Briefs - Capital	950,000	-	-	-	950,000	35,000	-	(985,000)	-	-
Trustee Receipts and Disbursements	(2,148,500)	(2,148,500)	-	(2,148,500)	-	-	-	-	-	-
	4,342,098	738,331	172,163	910,494	3,431,604	16,867,852	-	(1,424,200)	(50,000)	18,825,256
Band Member Trust										
Trust Account - L Massettroe	21,747	16,696	-	16,696	5,052	63,066	-	-	-	68,118
Trust Account - Egnell	19,471	13,095	-	13,095	6,376	31,340	-	-	-	37,716
Trust Account - Charlie	-	-	-	-	-	(129)	-	-	-	(129)
Trust Account - J Massettroe	-	-	-	-	-	855	-	-	-	855
	41,218	29,790	-	29,790	11,428	95,133	-	-	-	106,560
	\$21,415,325	\$11,125,787	\$2,988,406	\$14,114,193	\$7,301,133	\$41,287,640	\$76,816	\$	(\$3,050,870)	\$45,614,718

Kwadacha Nation
Expenses By Object
For the period ended March 31, 2017

	<u>Budget</u>	<u>2017</u>	<u>2016</u>
Accomodations	7,500	7,560	7,832
Activities	41,000	31,332	24,819
Administration	251,488	(17,376)	129,761
Advertising and Promotion	18,700	17,897	13,979
Amortization	1,165,000	1,531,712	1,481,609
Appliances	7,500	5,950	14,265
Bad Debts (Recovery)	27,982	17,519	53,656
Band Members Assistance	2,500	7,585	8,678
Bank and Service Charges	30,600	34,506	36,677
Bereavement	10,000	17,433	17,745
Cash Short (Over)	500	3,213	28,522
Charter Expense	745,000	466,272	769,603
Computer Maintenance	26,500	21,625	21,510
Contracts	4,730,597	631,002	2,200,528
Consulting Fees	873,781	1,101,909	245,516
Cost of Goods Sold - KCS	1,371,000	1,962,693	1,699,600
Counsellor Services	15,000	14,281	-
Donations	6,500	-	500
Elders Cost of Living Assistance	179,138	212,700	198,000
Election Expense	250	458	-
Equipment Rental	69,500	88,877	27,153
Equipment Repairs and Maintenance	68,500	72,205	35,400
Fees and Dues	36,600	34,405	26,899
Fuel	117,000	142,746	134,194
Freight	327,458	507,058	188,175
Honorarium	201,200	166,835	120,345
Horse Care	23,000	22,390	29,955
Hot Lunch Program	40,000	39,125	40,095
Inspections	23,000	13,456	1,800
Insurance	180,428	192,290	147,066
Interest	213,000	235,739	196,461
Materials	353,500	285,967	3,438
Management Fees	75,000	82,290	271,796
Meeting Expenses	34,600	20,661	12,529
Membership	4,096	4,096	4,140
Mortgage Payments	4,500	5,182	5,135
Office Supplies	32,750	24,967	19,753
Off Reserve Members Assistance	56,214	56,214	60,181
Office Supplies - Fort Ware	12,000	11,780	9,120
Patient Travel - Transportation	380,000	433,238	449,170
Patient Travel - Accomodations and Meals	151,969	235,350	211,832
Postage and Courier	5,650	6,228	3,508
Premises - Fort Ware	100,860	100,860	39,000
Premises - Prince George	90,460	103,782	95,863
Professional Fees	47,544	40,929	59,211
Purchases - Band Member Trust	-	29,790	49,924
Repairs and Maintenance	133,500	171,762	182,519
Replacement Reserve	129,281	129,281	129,281
Satellite Services	4,650	4,040	3,758
Adult Institutional Care	63,977	65,168	63,966
Basic	185,000	148,012	144,721
Basic Shelter	125,000	138,603	101,604
GFA	30,578	28,947	30,798
Special Needs	20,319	20,319	19,108
Supplies	467,856	568,574	387,343
Telephone and Fax	52,600	57,256	52,312
Telephone and Fax - Fort Ware	12,500	13,890	2,024
Training and Workshops	170,890	102,002	23,964
Travel	392,296	405,576	357,452
Utilities	114,000	247,625	160,866
Wages and Benefits	2,901,971	2,988,406	2,834,049
	<u>\$16,963,784</u>	<u>\$14,114,193</u>	<u>\$13,688,706</u>